

## EMPLOYER BRANDING: COMPANY REPUTATION AND ORGANIZATIONAL ATTRACTIVENESS TO ATTRACT TALENTED EMPLOYEES

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### ABSTRACT

Employer branding is a strategy for attracting and retaining exceptional employees with the purpose of differentiating and creating a unique employment experience. In order to find the best talent, the company needs to pay attention to its reputation and maintain organizational attractiveness from its website recruitment to attract talented employees. This study proposed that employer branding and website recruitment mediated the effect of company reputation on to intention to apply for talented employees in Indonesia's generation Z using 100 respondents. Data was analyzed using partial least square (PLS) software. The result of this study revealed that employer branding has an insignificant effect on intention. Meanwhile, company reputation and website recruitment significantly affect the intention to apply for talented employees.

## INTRODUCTION

In the modern economy, a company's brand and people resources are the most essential sources of competitive advantage. Furthermore, talented and well-educated people are becoming more difficult to come by, and their recruitment and retention have become a major worry. Any company's brand is one of its most valuable assets, and managing it is one of the most important aspects of its success. Although corporations' primary focus has traditionally been on product branding, communication, and maintenance, the notion has recently evolved to include human resource management. Employer branding was born out of the necessity to attract the right talent and retain it strategically within the organization. Employer branding continues to gain traction as a strategic technique for attracting and retaining outstanding people with the goal of differentiating and providing a unique employment experience (Ruchika & Prasad, 2017). Since both competition and employer options were limited in the past, companies were less worried about branding and its many implications (Sharma, 2018). The issue for organizations these days is to attract, hire, and retain the best human resources possible. It is

critical to instill in an applicant the desire to apply for a job, participate in the selection process, and join the organization if hired. According to Highhouse et al. (2003), the research supports the existing relationship between employer brand and intent to join, and employer attractiveness can play an essential role in producing intent to join prospects. As a result, the current study bridges this gap by examining the impact of employer brand on a candidate's intent to join an organization, which is the main goal of the research. Although there is a significant amount of research on employer branding as an attraction technique (Berthon et al., 2005), its significance in setting expectations among prospective employees and driving intent to pursue an employer is woefully lacking. Furthermore, whereas most studies on employer branding have been conducted in affluent Western countries, this is likely the first study of its kind in a developing country like Indonesia.

When looking for a job, job seekers frequently evaluate many organizations and may utilize corporate reputation as a source of information about working conditions in various organizations (Cable and Turban, 2003). According to Weigelt and Camerer (1988), reputation is a set of socially built organizational qualities based on previous behaviors. As a result, initial job-search decisions are frequently influenced by the employer's image or reputation (Gatewood et al., 1993). In this way, potential candidates' views of the organization's image or reputation are developed based on the information available to them and affect their decision to apply for or reject a job offer from that organization. Corporate reputation, according to Sivertzen et al. (2013), has a favorable link with the desire to apply for a job. As a result, an organization with a positive corporate reputation is more appealing in the market (Cable and Turban, 2003). To summarize, employer branding and company reputation are critical components in attracting and retaining top talent (Cappelli, 2001).

In the early stages of a job search, the potential applicant knows very little about their possible company. Thus, appropriate employer branding implementation can present potential employees with an overview and information about organizational qualities. Potential employees then utilize this perception of organizational attributes as a signal to determine how it would be to work for a specific organization (Elving et al., 2012). This study defines three types of employer branding efforts based on previous research: publicity, word-of-mouth endorsements, and advertising (Collins & Stevens, 2002). Previous research findings would serve as a baseline for making predictions regarding how exposure to these activities influences job qualities as assessed by potential applicants. Furthermore, the company's impressions as an employer scored early in the recruitment process are strong predictors of applicant attraction measured later in the recruitment process. This study will make a theoretical contribution to the literature on employer branding and corporate reputation, as well as to the applied field of

human resource management, specifically the recruitment and selection procedures. Understanding how applicants' perceptions of the company influence their decision to apply for a job offer will allow organizations to improve their employer branding and recruitment strategies more purposefully while also improving their corporate reputation.

## LITERATURE REVIEW

### *Employer Branding*

A brand is one of the most valuable assets for every company, and its management is one of the most important aspects of its success. Employer branding is an effort to create a prominent company brand and build a reputation as the best place to work for employees. This means that Employer Branding is aimed at great candidates outside the company and attracts them to join. The stronger your company brand, the more top talent will be interested in sending job applications to your company. Vice versa, a bad brand and reputation will drive away great candidates. Companies with a strong employer brand also have a better chance of winning the competition in getting great candidates. A strong brand is synonymous with the image of a promising work environment, attractive remuneration, high levels of employee welfare, clear career paths, appropriate employee development programs, and so on. In essence, Employer Branding and Employee Branding are two models of company branding. The first concept focuses on the company, while the latter focuses more on workers or employees.

Furthermore, according to Miles and Mangold (2004), employee branding is a process where employees internalize the brand image desired by the company and are motivated to project that image to customers and organizational constituents. In simple terms, employee branding is the image of the company brand on employees. This can be interpreted as an effort to instill organizational values, vision, mission and culture so that their views, attitudes and behavior reflect the face of the company. Employee branding makes employees part of the company's branding duties, the aim of which is to influence the public and stakeholders, including customers. What is in employees is a representation of the organization's brand.

Although organizations' primary focus has traditionally been on product branding, communication, and maintenance, the notion has recently expanded to include human resource management. Employer branding refers to the application of branding efforts to human resource management, in which the employer brand can be perceived as a "good place to work" for both current and potential employees. During the 1990s, businesses began to recognize the necessity of using their staff to obtain a competitive advantage over their competitors. They realized the value of

acquiring and retaining the best human resources for their companies, as well as maintaining and growing their reputation as a desirable employer. This notion gained traction as a result of rising demographic challenges and Generation Y's (those born between 1977 and 1995) distinct attitude characterized by high maintenance, high expectations, and strong self-interest (Rosethorn, 2009). Younger workers (particularly Generation Y) have higher and different expectations for employment challenges and achievement; they desire "job promotion" more swiftly than baby boomers (Smola & Sutton, 2002). As a result, human resource methods have evolved in general. The notion of organizational branding arose in the mid-1990s as a response to this generation's shifting requirements, and it was strategically presented and defined in 1996 by several industries across multiple sectors. It was first described by Ambler and Barrow in 1996 as "the package of functional, economic, and psychological benefits offered by employment, and associated with the employing company," and it has since been expanded upon by numerous other studies.

Employer branding activities are intended to position firms as the employer of choice among potential employees (Ambler and Barrow, 1996). The goal of branding is to symbolize and communicate the functional, financial, and psychological benefits of working with a specific company. Effective employer branding activities, according to Highhouse et al., may result in a better image of the employer in the eyes of prospective employees and encourage organization pursuit behavior in them (2003).

### ***Company Reputation***

Organizational reputation is defined as the degree to which a company is thought to be well-liked (Highhouse, et al., 2003). Because it reflects the perspectives of others in addition to the job seeker's, organizational prestige is usually modeled separately from organizational attractiveness. Organizational prestige was found to be a better predictor of applicant attraction than any other organization attribute in a meta-analysis by Uggerslev et al. (2012). Furthermore, according to earlier research, organizational reputation is favorably associated with job-seeking intentions (Highhouse, et al., 2003; Turban, et al., 1998). Pride is one aspect of organizational prestige. Applicants will feel proud after joining the organization (Devina et al, 2016). Applicants' perceptions of job qualities will have an impact on the quality of the relationship between them and potential employers (Jurgensen, 1978; Powell, 1984). As a result, those who see a job as having good characteristics are more likely to be proud of getting the job and being a member of the company. Furthermore, individuals are prepared to pay a premium for the privilege of working for a reputable company because they appreciate the prestige that comes with membership (Cable & Turban, 2003).

### ***Organizational Attractiveness***

Highhouse et al. (2003) made the most significant contribution in this field, noting that organizational attractiveness is employed as a surrogate assessment of organization desire. In his study, candidates' behavioral intent to pursue an employer was divided into three categories: organizational attractiveness, organizational prestige, and behavioral intent to pursue an employer. In addition, Chapman et al. (2005) discovered a strong link between an organization's attractiveness and a candidate's decision to pursue, accept, and choose a position.

### ***Intention to Apply***

A prospective employee has certain views about an employer they may want to join in the near future, just as a client has certain beliefs about the product. These beliefs serve as the foundation for the applicant's final decision on whether to accept or reject the employment offer (Barber, 1998). These anonymous opinions and impressions may be the outcome of an organization's various marketing and branding activities. According to Collins and Stevens (2002), a product brand's (and, presumably, an employer brand's) knowledge and memory has two dimensions: attitude toward the brand/employer and perceived features of the brand/employer (Keller, 1993). These two factors are proven to be positively associated with a candidate's desire to join an organization in the instance of employer branding. Collins and Stevens are two of the most well-known figures in the (2002). Dimensions of employer brand equity (i.e., attitudes and perceived job characteristics) are positively connected to job-seekers application intentions, according to Aggarwal et al. (2009). Vroom conducted the first study on organizational attraction in 1966, which looked at it as a function of instrumentality perception. Singh (1973) used information integration theory to evaluate the organization's choice using a single item to examine the possibility of a candidate accepting a job offer after several years.

## **METHOD**

A non-probability selection of an uncertain number of persons was used to determine the number of minimal samples based on evaluated parameters (Cooper & Schindler, 2014). The minimum sample size for four variables should be 100 or above, according to Hair et al., (2014). The respondents in this study were 100 students finished their minor thesis and preparing for job applications from 4 big universities in Malang City. Data was gathered via a questionnaire divided into two pieces. The first collects demographic information from respondents, while the second evaluates study variables such as company reputation, employer branding,

website recruitment, and intention to apply. A five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) using 100 respondents. Partial Least Squares (PLS) were used to evaluate the data. The PLS explains the relationship between variables and completes the analysis in one test. According to Ghozali (2011) the PLS method can describe latent variables (not directly measured) and can be measured using other indicators. The data was broken down into three sections: outside model evaluation, inside model evaluation, and hypotheses test. Hypothesis testing in this study used a 5% significance level and a 95% confidence level (Ghozali, 2016). Characteristics of respondents in this research are categorized into four groups, which are gender, age, education, and marital status. There are 102,290 active students in state universities in Malang City, where 100 of them acted as respondents. Information regarding these respondents is presented in Table 1.

**Table 1:** Respondent Characteristics

Particulars	Item	Frequency (N=100)	Percentage
Gender	Male	25	25%
	Female	75	75%
Age	17-23	100	100%
	24-26	0	0%
Education	Bachelor	100	100%

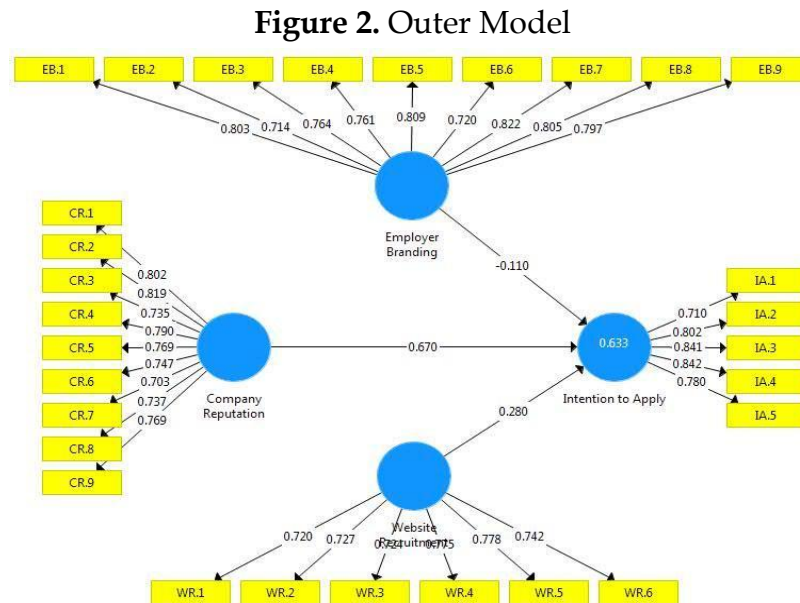
*Source:* processed primary data (2023).

Based on gender, there are more female respondents (75%) than male respondents (25%), which shows that there are 75 women and 25 men that were chosen for this research. The age for all 100 respondents is between 17 to 23, which shows that all 100% of them are aged between 17 years old to 23 years old. All of these respondents already have bachelor's degree, which shows that 100% of them have completed their bachelor's program in their respective universities. From the marital status, it is shown that 100% of them (100 people) are unmarried.

## Result and Discussion

The measurement model shows how the real or observed variables represent the latent variables that need to be measured. The outer loading parameter is used to determine convergent validity. Individual reflective measures are said to be correlated with the concept to be measured if the value is greater than 0.4 (Ghozali, 2016). As a consequence of the analysis of the measurement model, it is known that there are several manifest variables with a loading factor value of 0.4, so the manifest variable with a value of 0.4 must be removed from the model to comply with the top rule. Since the loading factor value is greater than 0.4, no variables are removed from the model.





*Source:* SmartPLS Report, 2023.

Based on the factor loading value, all indicators on the Employer Branding, Company Reputation, Website Recruitment and Intention To Apply show numbers above 0.4, therefore all of the data are valid and nothing is issued. Reliability tests were carried out on the measurement model in addition to seeing the value of the factor loading construct as a validity test. A reliability test was conducted to see the consistency, accuracy, and consistency of the instrument in measuring a construct. The reliability of a construct can be measured in two ways in SEM-PLS using SmartPLS that are Alpha Cronbach and composite reliability. However, using Cronbach's Alpha to measure the dependence of a construct will result in a lower value (underestimate), so composite reliability should be used (Abdillah & Hartono, 2015).

**Table 5.** Construct Reliability and Validity

Variabel	Cronbach's Alpha	Composite Reliability
Company Reputation	0,911	0,927
Employer Branding	0,918	0,932
Intention to Apply	0,855	0,896

*Source:* processed primary data (2023).

Based on the table above, it can be seen that the value of all variables in reliability testing using Cronbach's Alpha and composite reliability is obtained as a value of >

0.7. Therefore, it can be said that the variables tested are valid and reliable so that it can be continued in the next test, namely the structural model test (inner model).

### Inner Model.

Structural models, also known as Inner Models, are used to predict latent relationships between variables. AVE for predictive by utilizing resampling processes such as jackknifing and bootstrap to get estimates from estimates, and structural models by looking at the percentage of variance explained, especially by looking at the R-Square value for endogenous latent constructs (Anugerah & Sutarmin, 2017).

**Table 6.** R-Square ( $R^2$ )

Variabel	R-Square
Intention to Apply	0,633

*Source:* processed primary data (2023).

Looking at the table above, it is found that the influence of employer branding, company reputation, and website recruitment on intention to apply contributes 0.633 which can be interpreted that the variability of the intention to apply can be explained by the three constructs of variability is 29.7%, while the rest is explained by variables others outside of this study.

### Hypothesis Testing

Significant values between constructs, t-statistics, and p-values can all be used to determine whether a hypothesis will be accepted or rejected. As a result, measurement estimates and standard errors are no longer based on assumptions, but rather on empirical observations. The hypothesis is accepted in this study using the bootstrap approach if the significance value of t-values is  $>1.645$  and or p-values  $<0.05$  (Anugerah & Sutarmin, 2017).

**Table 7.** Path Result

Hypotheses	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/ST DEV )	P Values
Employer Branding →Intention to Apply	-0,110	-0,108	0,129	0,854	0,393
Company Reputation →Intention to Apply	0,670	0,680	0,088	7,634	0,000
Website Recruitment →Intention to Apply	0,280	0,275	0,080	3,487	0,001

*Source:* processed primary data (2023).



Table 7 shows that the employer branding construct has no effect on the intention to apply. This is based on the value of t-statistics obtained in this construct relationship is  $0.854 > 1.645$  and p-values  $0.393 > 0.05$ . Therefore, the first hypothesis which states that employer branding has an influence on the intention to apply construct cannot be accepted. The second hypothesis assesses the company's reputation effects on the intention to apply. This is based on the value of t-statistics obtained in this construct relationship is  $7,634 > 1.645$  and p-values  $0,000 < 0.05$ . Therefore, the second hypothesis which states that company reputation has an influence on the intention to apply construct can be accepted. Moreover, the third hypothesis assesses the effect of website recruitment on the intention to apply. This is based on the value of t-statistics obtained in this construct relationship is  $3,487 > 1.645$  and p-values  $0,001 < 0.05$ . Therefore, the third hypothesis which states that website recruitment has an influence on the intention to apply construct can be accepted.

## DISCUSSION

Good reputation and image are very crucial in the effort to develop a company. Especially in the development of human resources which are the most important assets in a company, procurement and development of human resources which are the engine of company management will always be the most important thing to pay attention to. One of the efforts that can be made by companies to adapt to the times is to recruit regularly to get a new generation that is fresher and more experienced. It is not easy for companies to be able to get truly superior human resources unless the company can create trust in prospective employees to be able to join the company. Therefore every company must have an attraction to attract prospective employees. The attractiveness of the company is one of the psychological factors in attracting prospective employees to work in related companies. The higher the attractiveness of the company, the more desire to apply to the company will also increase. In accordance with this explanation, in this study, it was also found that the reputation owned by a company can significantly influence the intention of prospective employees to apply for work. This means that these results support the theory that any company that has a good image and reputation will have more potential to get more job applications than a company that does not have a good reputation. This result is in line with research by Highhouse, et al., (2003) and Turban, et al., (1998) which said that the company's reputation has a strong relationship with the intention of prospective employees to apply. It is also said that the main predictor of intention to apply is the applicant's interest in the organization (Nelloh, 2017).

Apart from a good image and reputation, companies must always be able to adapt to the changing times, especially for the Z generation who are very sensitive to technological developments. Of course, ease and good access to be able to apply for work is one of the considerations that greatly influence the intention to apply. Z Generation was born when the world was experiencing a technological transition, so Z Generation grew and developed when technology became available. That's what makes this generation have a character that likes technology, is flexible, smarter, and tolerant of cultural differences. For Z generation, information and technology are things that have become part of their lives because they grow and develop where access to information, especially the internet has become a global culture, so that it influences their values, views and goals in life (Putra , 2018). Based on this description, one of the efforts that can be made by companies is to provide a good and easily accessible recruitment platform, one of which is the provision of a recruitment website. The availability of a good and easily accessible recruitment website also has a very positive influence on the intention of prospective employees to apply for a job, this is illustrated in the results of this study which found that the recruitment website has a significant and positive effect on Intention to Apply.

Furthermore, no less important than the company's reputation is the image of the employees in the company. Therefore, in terms of building branding in a company, known as Employer Branding, it is an attempt by the company to communicate to employees currently employed and prospective employees that their company is the desired place to work (Kusuma and Prasetya, 2017). So by creating a company with employees who have a good brand, it will pay attention to prospective employees or external parties from the company to join the company. However, this is not the most crucial thing that will greatly impact the interest of prospective employees to apply, because in a company the most important thing is the system, the environment, and the company itself. Because branding built by employees does not always reflect the values of a company, seeing that the character and traits of each individual are different. On the other hand, the intention to apply for a job is not dominated by the branding of a company's employees, but by that company. Because the employees in the company will eventually become competitors in the real of individual development within the company. Therefore the results of this study found that there was no effect between employer branding and intention to apply. Thus it can be said that the branding of an employee of a company is not an important factor in the intention of prospective employees to apply for a job.

## CONCLUSION

Based on the results of this research, it can be concluded that the company's efforts to get superior human resources are by increasing the level of interest of

prospective employees in the company so that the intention to apply for prospective employees will increase. The amount of intention to apply for prospective employees to the company can be formed through increasing the company's reputation, and access to apply which can be reached in the form of a good recruitment website and also through employer branding even though it does not have a significant impact.

In this study, one variable was found that did not have a significant effect, namely employer branding, therefore the researcher gave recommendations to future researchers to replace or add new variables that could have a more significant effect on the intention to apply variables such as allowances/compensation or career paths where This variable is an important factor that is taken into consideration by prospective employees before applying for a job, especially for generations Y and Z.

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