

Employer Branding Effect on Intention to Leave and Turnover Intention: Literature Review

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Abstract

In today's business environment, employer branding becomes one important source of competitive advantage that creates value for all companies. Organizations have identified employer branding as an important tool for attracting and retaining a talented workforce. This study aims to find the effect of employer branding on the intention to leave and turnover intention. This study uses a literature review by collecting related employer branding, intention to leave, and turnover intention articles. Article searches were conducted on the Scopus and Google Scholar databases using Publish or Perish software. Search using keywords employer branding, intention to leave, and turnover intention. The articles selected are international in English and were published from 2018 to 2024. A total of 18 articles on the relationship between employer branding on intention to leave and turnover intention meet the requirements. Most of the research results show that employer branding can reduce employees' intention to leave and turnover intention.

Keywords: *employer branding, intention to leave, turnover intention*

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1. Introduction

In today's business environment, employer branding becomes one important source of competitive advantage that creates value for all companies. Organizations have identified employer branding as an important tool for attracting and retaining a talented workforce (Singh, 2021). Chiu et al., (2020) defined employer branding as an approach used by different companies to maintain their current employment and attract individuals to join the company. Bussin & Mouton (2019) defined employer branding as a management strategy for retaining current employees and attracting the right talent. John & Raj (2020) stated employee engagement is a major outcome of employer branding and the importance of engaging employees. Employer Branding is a key challenge in most organizations today to encourage the best and most desirable employees to remain in the organization for a maximum period, (Karnadi and Baskoro, 2019). John & Raj (2020) offered employer branding as a solution to the problem of talent attraction, employee engagement, and retention which is faced by organizations today. Employer branding also aids the organization in cutting down the cost of hiring as it attracts a talented workforce to the organization. It has become a vital task for employers to attract and retain a talented pool of human capital (Singh, 2021). Employee retention is the determination by employers to retain required workers in their organizations (Arasanmi & Krishna, 2019). Ahmad et al. (2020) concluded that factors determining employee retention are career development and image. Another research finding by Easa & Bazzi (2020) stated that focusing on employee retention as a main tool for achieving competitive advantage. Dechawatanapaisal (2018) concluded that internal brand positively related to employee retention. Arasanmi & Krishna (2019) showed that employer branding affects employee retention. Bussin & Mouton (2019) concluded that increased perceptions of employer branding relate to staff with greater retention reports and lower compensation expectations. Matongolo et al., (2018) found employer branding which consists of reward strategy, people-orientedness, and leadership and development as significant predictors of talent retention.

The research finding by Kaur et al. (2020) concluded that employer branding positively impacted job satisfaction and organizational citizenship behavior. Chiu et al. (2020) in their study result showed that employer branding has a positive relationship with job satisfaction and elaborated that if the employees are satisfied with their work, their intention to leave will decrease. Slavković et al. (2018) stated the built employer brand also affects employee satisfaction, so it should be seen as an important precondition for the effective recruitment process. Employee engagement and turnover intention are significant goals to pursue for all vibrant organizations. To pursue these goals, organizations need to differentiate itself from other organizations. One important concept that

leads organization to a different pedestal is employer branding, (Yadav et al., (2020)

The purpose of this article is to review the relationship between employer branding on intention to leave and turnover intention. The article integrates the existing works of literature in the area and helps to identify the outcomes of employer branding.

2. Literature Review

Turnover intention refers to the desire to relocate or leave an organization to find a better job (Lestari and Margaretha, 2021), and it is the most important indicator of actual leaving behavior (Ajzen, 1991). An employee's intention to leave is the final step of leaving the organization, whether through resignation or termination (Kakar et al., 2021). Organizations should recognize valuable and productive employees and satisfy their needs at the workplace, family, and other needs such as education and social interaction. The satisfaction of various employees' needs will result in the reduction of employees' turnover intention, (Saufi et al., 2023). High turnover intention inhibited primary business goals and resulted in substantial organizational losses (Kumar et al., 2021). The loss of a highly competent employee affects organizational reputation, profitability, and performance (Muzaffar and Javed, 2021; Kakar et al., 2023), commitment, and overall vision (Kumar et al., 2021). Higher perceived value in employer brands reduces turnover intention (Kashyap and Verma, 2018). In the present competitive era, it has become difficult for organizations to attract and retain talented employees. Because of this constraint, many organizations have adopted the employer branding concept in organizations, (Jalees and Mateen Khan, 2019).

Intention to leave is defined as an employee's plan to leave the current job and look to find another job shortly. The employee's intention to leave means that the workers in an organization have the willingness to leave the organization and are actively looking for work opportunities in other companies. Determining the employee's intention to leave is very critical to the organization as it contributes as being a predictor of employee turnover, (Kamel, 2022).

Employer branding is defined as 'the package of functional, economic and psychological benefits provided by employment, and identified with the employing company' (Ambler & Barrow, Citation1996, p. 187). According to Backhaus and Tikoo (Citation2004), employer branding refers to the unique and exclusive features of an employer and encompasses distinctive characteristics of the company's employment offerings and/or environment that will differentiate it from competitors. These definitions allow for further inquiries as to whether companies could offer unique employment offerings in a market largely regulated and defined by legislation, (grigore et al., 2023).

The theoretical basis for the current study includes Social exchange theory and Reciprocity theory. Social exchange theory explains "social change and stability as a process of negotiated exchanges between parties" (Emerson 1976). In the business context, this theory is used to indicate a consensual, equally dependent and gratifying process mainly involving transactions and/or simply exchange. For the current study, the social exchange theory provides the basis for proving the fact that in cases where an employer or an enterprise offers its employees value, the proposition will result in higher levels of employee loyalty and faithfulness. This is directly related to the preservation of an organization's reputation, its future, and its optimistic image, because of this social exchange between employer and employees, proving it to be a two-way thing. Additionally, Reciprocity theory also directly relates to the current study suggesting that "reciprocity is a social rule which implies that one should repay and individuals/people reward kind actions and punish the unkind ones" (Paese and Gilin 2000). In the context of the study at hand, within a business environment, if the enterprise (management) provides its employees with values, the employees will be morally bound to stay highly motivated and loyal to the firm, proving it to be a mutual process. Reaction to such organizational (management) actions improves the employee retention levels within the firm, (Hadi and Ahmed, 2018).

Both of the above-mentioned theories concurrently provide a sound base for the current study. Organizations are social entities and are formed only when the interaction occurs among the individuals, i.e., employer and employees. This interaction is mainly social and is based on culture and formal and informal affiliations among employers and employees within the work setting. Based on the theory it is assumed that the organization must maintain a strong employer brand which can only be achieved through providing its employees with a strong sense of belonging through its core values, vision, and mission. This results in increased levels of employee commitment and loyalty. By doing so, employees become a great tool for the preservation of reputation and image in the market. This aspect is covered under social exchange theory, which is interlinked with reciprocity theory because the social exchange among the employees involves actions and reactions on the part of both

parties, i.e., the organization and its employees. Here it is important to note that firms with a sound organizational brand offer their employees strong culture, values, and vision. Therefore, as per reciprocity theory in organizations, that maintain a strong employer brand, employees repay with higher loyalty and commitment, thereby enabling firms to maintain higher levels of employee retention, (Hadi and Ahmed, 2018).

3. Method

This study uses a literature review by collecting related employer branding and intention to leave/turnover intention articles. Article searches were conducted on the Scopus and Google Scholar databases using Publish or Perish software. Search using keywords employer branding, intention to leave, and turnover intention. The articles selected are international in English and were published from 2018 to 2024. A total of 16 articles on the relationship between employer branding and intention to leave/turnover intention meet the requirements from 500 articles.

4. Discussion

Kashyap and Verma, (2018) conducted the study to explore the impact of employer branding dimensions i.e. Social value, interest value, economic value, development value, and application value on turnover intentions of employees working in Indian information technology (IT) sector organizations. The results show that employer branding dimensions are negatively correlated with employees' turnover intentions, and two dimensions (social value and development value) are significant predictors of turnover intentions. Higher perceived value in employer brand reduces turnover intentions. Higher employee retention rates further lead to a reduction in the cost of hiring and training new employees, thereby contributing to the profitability of any organization.

The study by Chiu et al., (2020) among the utility sectors in the Philippines showed that employer branding and job satisfaction are positively related. And as job satisfaction increases; the turnover intention of employees decreases. Yadav et al., (2020) concluded that employer branding is positively related to employee engagement and negatively aligned with turnover intention. The research findings from Chawla (2020) highlight that employer branding has an affirmative relationship with person-organization fit and employee engagement.

Okolocha, (2020) conducted a study to investigate employee turnover intention among small and medium-sized enterprises (SMEs) in Malaysia. Firstly, the findings supported the relationship between employee-focused CSR and turnover intention. Secondly, employer brand was also a significant mediator between CSR and turnover intention. The research by Espinoza et al., (2019) at a company in the fast-food sector in Peru showed that an agile recruitment process and development of personnel training significantly reduces high rates of personnel turnover. The research by Gracita and Anindita, (2023) has proven that employer branding increases organizational commitment and decreases turnover intention. Organizational commitment reduces turnover intention. Moreover, the relationship between employer branding and turnover intention might be mediated by organizational commitment. The association between organizational commitment and turnover intention or employer branding and turnover intention cannot be moderated by generation because it has no impact on turnover intention in the pharmaceutical industries in Indonesia.

Syal, (2021) conducted research on the 10 public sector banks and 10 private sector banks from Ludhiana City, Amritsar City, and Jalandhar City India and the results of the study have indicated that to secure the lifelong success of any banking institution the retention of key bank employees have been a critical factor to be taken into consideration. It has been observed that it is more profitable for organizations to have a good and attractive brand name, which reflects employees' perception of the employer and their beliefs and values about the bank. By providing employees with social security, economic stability, and career development, they will be more satisfied, more committed to keeping the brand name, and less likely to leave for another bank. Therefore, it becomes necessary for bank employers to keep their employees happy and contented in the bank culture by providing them an attractive work environment.

The study by Karnadi and Baskoro, (2019) indicated that employer branding has a significant effect on employee expectations, employer branding has a significant effect on turnover intention, and employee expectations have a significant effect on turnover intention. The significance of the study for "The Effect of Employer Branding on Employee Expectations and Turnover Intention in Vidio.com" should be beneficial for future researchers to design their investigation on a similar study. Moreover, the finding could help Vidio.com and other online streaming firms to improve their employer branding strategy to avoid the amount of higher turnover rate. Azmy et al., (2023) conducted a study at IT start-up companies and found that psychological contracts, employer

branding, and job environment, directly and indirectly, affect turnover intention. Organizational commitment was found to have the most significant direct effect on turnover intention. Meanwhile, employer branding exhibited the most significant indirect effect on turnover intention.

The study by Oliveira et al., (2019) that focused on employee turnover and how it is affected by internal branding and the psychological contract, in a company of informatic services in Portugal found that reveal low values for the internal branding and psychological contract, although, men feel slightly more satisfied with their situation than women. A positive association was found between internal branding and the psychological contract, admitted as a possible cause of turnover. Anyway, the results denote an insufficient concern of the company towards its human resources.

To develop a comprehensive understanding of employer branding dimensions as well as the dimension's possible links with turnover intentions through the lens of existing hospitality employees in Vietnam, Kar and Nguyen Thi Phuong conducted research in 2023. The findings found that economic, social, development and security values had negative impacts on turnover intentions; however, the impact of application and interest values on turnover intentions was not confirmed. The study by Wowor et al., (2022) in Jakarta found that the greatest factor affecting the turnover intention of five-star hotel employees was employer brand through employee engagement. Therefore, to reduce turnover intention, hotels need to increase employee engagement by strengthening hotel brand employers.

The study by Kamel, (2022) to investigate the effect of employer branding on job satisfaction, loyalty, and intention to leave in the e-commerce sector in Egypt found the effect of employer branding on employees' behaviors and stress the importance of employer branding in retaining employees. To examine the relationship between socially responsible human resource management (SR-HRM), employer brand and employee turnover intention in Turkey, Eser & Kalemci Tüzün, conducted the study in 2021. The results of the study indicated that SR-HRM practices influenced employees' turnover intentions. Furthermore, interpreted organizational identity image (IOII), which is considered a sub-dimension of employer brand in the study, has a moderate effect on the relationship between the SR-HRM perceptions of employees and their turnover intentions.

The study by Acar and Yıldırım, (2019) indicated that employer branding has a significant effect on career anchor and intention to leave; career anchor also has a significant effect on the intention to leave. However, the mediator effect of career anchor did not appear in the relationship between employer branding and intention to leave. The object of this research is the companies operating in the technology, finance, and pharmaceutical sectors in Turkey. Mittal et al., (2022) conducted a study to examine employee brand love and its relationship with affective commitment, positive word-of-mouth (PWOM) behavior, and turnover intention at public and private sector insurance companies in India. The result found that employee brand love has a significant positive effect on affective commitment and PWOM, as well as a significant negative effect on turnover intention. Furthermore, affective commitment mediates the relationship of employee brand love with PWOM and turnover intention. Three of the five dimensions of employer branding namely working environment, company reputation, and corporate vision provide a positive and significant influence on the interest of talented local employee's careers in Indonesia, (Purusottama and Ardianto, 2019).

5. Conclusion and Recommendation

Employer branding is gaining increasing importance both in academic literature and practitioners. Employer branding is defined as a management strategy for retaining current employees and attracting the right talent. This study provides an overview of what employer branding means and its impact on intention to leave and turnover intention. This research can be a starting point for the subject area and gives a relatively clear understanding of the importance of employer brand management. From the discussion, it can be concluded that employer branding can reduce intention to leave and turnover intention. Therefore, every organization must build a good reputation to attract and retain talented employees.

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