

# Confirmatory Factor Analysis of Employer Branding Attributes with regards to Existing and Potential Employees in Indian Organisations

<sup>1</sup>Dr. Nisha

<sup>1</sup>Assistant Professor, Panipat Institute of Engineering and Technology

## Abstract

Now a days, organisations are fighting vigorously to position themselves as distinctive employer with unique set of benefits and attributes to motivate the talented potential employees to join the company and existing employees to retain in the company. Today, organisations are differentiating themselves from their rivals not only on their products and services, but also as an attractive employer for both job seekers as well as existing employees. Some transformational changes like product-based to knowledge-based economies, economic integration, sociological trend, pressure for innovations and increasing mobility have forced the organisations to be the part of war for talent and to attract the most competent employees. As competition in the labour market is increasing companies are now focusing on more innovative strategies to differentiate themselves from their competitors. But companies cannot go isolated while making strategies related to attraction and retention of employees, while making strategies related to attraction and retention a company must try to know the viewpoints of its existing and potential employees about the attributes which makes its more attractive in the eyes of both. So, the present study is undertaken to identify and confirms the attributes which makes a company more attractive from the perspective of both existing as well as potential employees and helps the company to increase its employer brand.

**Keywords:** Employer branding, Attributes, Reliability, Validity, Existing Employees, Potential Employees, Transformational changes.

## Introduction

The concept of employer branding is relatively new area for researcher and practitioners. It is affix in resource-based view which explains that human capital is important for the success of organisation (Priem & Butler, 2001). Before moving further it is important for a researcher to investigate the evolution and development of the concept employer branding.

### Evolution of Employer Branding

Ambler and Barrow (1996) were the first to define the concept employer branding and published their work entitled 'Employer Brand'. They have created a framework by uniting some selected concepts of human

resource and brand management. They have defined the employer branding concept as the package of functional, economic and psychological benefits provided by employment and identifying with employing company. Backhaus and Tikoo (2004) describe the concept as a process of building a distinguishable and notable employer identity. Sullivan (2004) added more strategic view and stated employer branding as a targeted, long-term strategy to manage the awareness and perceptions of employees, potential employees, and related stakeholders with regards to a particular firm. Minchington and Thorne (2007) argued that employer branding is seen as a integrated organizational process which supports the overall strategy of the business and

integrate the requirements of firm's stakeholders. According to Sluis and Kokhuis (2009) employer branding is a story telling process which helps in leveraging the image of employer and brings the employer closer to the pool of the candidates. Chartered Institute of Personnel and Development (2008) has explained that employer branding is the set of intangible attributes and qualities which attract the potential employees to offer the services for the particular organization. According to Edwards (2010) employer branding is moved from operational recruitment tool to strategic organizational discipline and cooperates with other parts of the organisation such as human resource management, marketing management, corporate communication and with potential and current employees of the company. According to Olapido et al., (2013) employer branding motivates an increased in the desired perception of existing and potential employees and helps the organization to become employer of choice.

#### Characteristics of Employer Branding

According to Moroko and Uncles (2008), the characteristics of employer branding are viewed same as the characteristics of product and service branding like- known and perceivable, relevant and resonant as well as unique. In addition to these characteristics, they have identified two more characteristics of employer branding. First characteristic of employer branding is that it is employment specific which lays down the foundation of psychological contract between company and its current or potential employees (Backhaus & Tikoo, 2004). According to Robinson and Morrison (1995) if this contract is fulfilled then it leads to high engagement and loyalty but if this contract is violated then it leads to low productivity and high employee turnover. The second characteristic of employer branding is asymmetric information. According to Moroko and Uncles (2008) there is lack of possibility to assess the future employer before being employed. The potential employees take risk when encountering their future employer; however this risk is minimized due to easy availability of information about the company in the last decade.

#### Review of Literature

This section provides the theoretical overview of the literature available on the concept of employer branding.

Gao (2006) in her study investigated the key attributes of an employer and their significant influence on student's choice for an preferred employer among different countries like China, US and Germany and found that Chinese students give preference to good/ confidence inspiring management, strong corporate culture and exciting products and services. The top three choices among the USA students are high ethical standards, financial strength and attractive location while top three choices among Germany students are exciting products/services, good/ confidence inspiring management and market success.

Sripirabaa and Subha (2013) elaborated the concept of employer branding and the factors which are important for its measurement in organization according to IT professional. They concluded that good relations with supervisor and colleagues, happy working environment, value your creativity, high quality products and services, an above average basic salary, good promotion opportunities, providing job security, opportunities to teach others etc are the important attributes for measurement of employer branding.

Karkhanis (2014) elaborated the various dimensions which may result in the applicant's intension to apply for a job. He approached 250 students of graduate business school and observed that employee value proposition (organization level attributes like work culture, motivational level and encouragement to training and development), company reputation and perceived job characteristics have a great impact on applicant's intension to apply for a job.

Ilesanmi (2014) surveyed the 100 existing employees of Nigeria's brewery industry to know the factors which influence their decision to join and stay in an organization. He concluded that the important factors which influence the decision of junior staff to join and stay in the organization are opportunities for development, brand image and perceived reward system and the factors which influence the decision of senior staff includes management style, job security, consistency

with promises and good interpersonal relationship.

#### Statement of the Problem

Confirmatory Factor Analysis of Employer Branding Attributes with regards to Existing and Potential Employees in Indian Organisations.

#### Objective of the study

The study aims to identify and confirm the factor structure of the attributes of employer branding.

#### Sample

The total sample size of research consisted of 800 respondents. Out of total 800 respondents, 400 respondents were existing employees who were already working in Indian organizations and rest of the respondents were final year students of different courses like M.B.A, M.C.A, B. tech and B.Pharma.

#### Instrument

An employer branding scale developed by the researcher with the help of existing literature available and related studies on the topic was used. The total eighty variables were identified, but some variables were left due to low inter-item correlation and communalities. The total sixty three variables were left for the further study. A summated rating scale format is used, with five-point Likert scale ranging from "Not at all important" to "Extremely Important" (Not at all important, least important, neutral, very important and extremely important). A score of 1 for the response of 'not at all important', 2 for 'least important', 3 for 'neutral', 4 for 'very important' and 5 for 'extremely important' is assigned

### Results and discussions Overview

The results of the study are presented in three sections. In first section the outcomes of exploratory factor analysis are revealed. In second section the outcomes of confirmatory factor analysis are presented and in third

section the overall reliability and validity of final scale are demonstrated.

#### Exploratory Factor Analysis

Exploratory factor analysis is a statistical technique which is used for the orderly simplification of a large number of intercorrelated measures to a few representatives constructs (Ho, 2006). In the present study the factor analysis with varimax rotation was used to check the unidimensionality among the items. Exploratory factor analysis starts with the KMO (Kaiser-Meyer-Olkin) measure of sampling adequacy which demonstrates that the sample is adequate to use factor analysis (Ho, 2006). In the present study the value of KMO came out to be 0.957, which is more than the suggested value of 0.6 or above (Pallant, 2005). The satisfactory value of KMO (0.957) suggests that the data is suitable to use exploratory factor analysis. The total numbers of attributes actually extracted were ascertaining by the number of items with eigen value more than 1. Out of total identified eighty variables from the available literature related to employer branding attributes one variable was dropped due to inter-item correlation of less than 0.3 and sixteen variables were dropped due to communalities of less than 0.5 and remaining sixty three variables were considered for the further analysis.

#### Extraction and Profiling of Employer Branding Attributes

In the present study it is highlighted by the way of eigen value that twelve attributes are explaining 62.088 of total variance which are demonstrated in table 1. These attributes were named as- corporate social responsibility, training and development, security and safety, work life balance, career advancement opportunities, supervisor and colleagues, work force diversity, product and services, communication system, working environment, recognition and appreciation and recruitment and selection.

Table 1: Extraction of Employer Branding Attributes

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	18.402	29.210	29.210	18.402	29.210	29.210	5.039	7.998	7.998
2	3.163	5.021	34.232	3.163	5.021	34.232	4.155	6.596	14.594
3	2.584	4.101	38.333	2.584	4.101	38.333	3.838	6.092	20.686
4	2.203	3.497	41.830	2.203	3.497	41.830	3.697	5.868	26.554
5	2.029	3.221	45.051	2.029	3.221	45.051	3.584	5.688	32.242
6	2.012	3.193	48.244	2.012	3.193	48.244	3.004	4.769	37.011
7	1.778	2.822	51.066	1.778	2.822	51.066	2.997	4.758	41.768
8	1.717	2.726	53.792	1.717	2.726	53.792	2.763	4.386	46.154
9	1.483	2.354	56.147	1.483	2.354	56.147	2.733	4.338	50.492
10	1.360	2.158	58.305	1.360	2.158	58.305	2.487	3.948	54.440
11	1.236	1.963	60.268	1.236	1.963	60.268	2.478	3.934	58.373
12	1.147	1.821	62.088	1.147	1.821	62.088	2.340	3.715	62.088

Source: Primary Data

Extraction method: Principal component analysis

KMO (Kaiser-Meyer-Olkin) measure of sampling adequacy: 0.957

Bartlett's Test of Sphericity chi square=25370.491

Degree of freedom=2016, Sig. =0.000

The individual contribution of these twelve attributes is 7.998, 6.596, 6.092, 5.868, 5.688, 4.769,

4.758, 4.386, 4.338, 3.948, 3.934, and 3.715 percent of variance as shown in table 1. The detail of all the extracted attributes and the variables under each attribute along with their

factor loadings are shown in the table 2. The below table highlights that the factor loadings of all the variables are more than 0.5, which is satisfactory. The value of cronbach's alpha came out to be more than 0.7 for each attribute and the overall reliability coefficient is more than 0.9 which indicates that scale is highly reliable.

Table 2: Profiling of Employer Branding Attributes

Sr. No.	Attributes and Variables	Factor loadings	Cronbach's Alpha	Overall reliability coefficient
<b>Attribute 1</b>	<b>Corporate Social Responsibility</b>		0.901	
EB64	Undertakes initiatives to promote greater environmental responsibility and conservation.	.752		
EB67	Efficient waste management program.	.732		
EB68	Actively participating in HIV/AIDS testing and wellness programmes.	.713		
EB65	Performs in a manner consistent with expectations of government and law.	.712		
EB66	Socially responsible organization that always does what is right, fair and just.	.706		
EB69	Actively participate in poverty alleviation programmes.	.695		
EB70	Doesn't use malpractices and unhealthy competitive practices.	.672		

EB63	Regular financial support to local community activities and projects (e.g. donations).	.650		
<b>Attribute 2</b>	<b>Training and Development</b>			
EB61	Training to its employees in foreign to groom their career.	.733	0.883	
EB60	Induction training to its newly recruited employees to remove their fear and tension.	.726		
EB58	Invests heavily in training and development of its employees.	.700		
EB59	Good internal training opportunities to its employees.	.686		
EB62	Career development opportunities to employees and executives.	.648		
EB74	Provides training to its employees to use new technology to overcome fear of unemployment.	.601		
EB26	Foreign language training to employees	.539		
<b>Attribute 3</b>	<b>Security and Safety</b>			
EB48	Providing health and safety information through manuals, signboard and intranet.	.735	0.879	
EB47	Consults its employees about health and safety concerns.	.724		
EB49	Up-to-date Health and Safety Policy that is communicated to its employees.	.706		
EB51	Health and Safety committee meetings are held regularly.	.688		
EB46	Training to employees to handle the incidents of fire, short circuit or any other emergency situation.	.665		
EB50	Suitable workplace for physically challenged workers.	.656		
<b>Attribute 4</b>	<b>Work Life Balance</b>			
EB31	Allows to work from home to make balance between work and personal life.	.766	0.858	
EB30	Involvement of family members in work- achievement reward functions.	.697		
EB32	Invitation to family members in special events organized by organization	.680		
EB28	Formal system of job sharing for its employees.	.672		
EB27	Flexible working hours to make balance between work and personal life.	.659		
EB29	Guidance and counseling to make work life balance	.638		
<b>Attribute 5</b>	<b>Career Advancement Opportunities</b>			
EB18	Financial support to learn new things	.711	0.852	
EB15	Opportunity to apply what was learned	.690		
EB44	Study leave to enhance qualifications.	.684		
EB45	Allow working on special projects to grow career.	.664		
EB16	Advance opportunity to learn new skills	.646		
EB19	Inviting experts to share ideas and experience	.618		
<b>Attribute 6</b>	<b>Supervisor and Colleagues</b>			
EB36	Good relations with superiors on work.	.717	0.837	
EB35	Knowledgeable supervisor to help on every aspect	.689		
EB34	Supportive supervisor.	.679		
EB37	Top management really cares employees as individual.	.629		
EB79	Supportive and encouraging colleagues	.588		
<b>Attribute 7</b>	<b>Work Force Diversity</b>			
EB21	Special training sessions for diverse groups	.698	0.824	
EB24	Creation of diversity awareness in the form of celebrating different cultural events	.678		
EB22	Career development opportunities to diverse employees	.677		
EB23	Retention strategies designed to retain diverse workforce	.668		

0.967

EB20	Equal opportunities by organization.	.632		
<b>Attribute 8</b>	<b>Product and Services</b>			
EB14	Economical products and services	.776	0.822	
EB12	Innovative product and services	.761		
EB11	High quality products and services	.755		
EB13	Eco friendly products	.704		
<b>Attribute 9</b>	<b>Communication System</b>			
EB76	Informal and friendly communication system.	.752	0.830	
EB77	Opportunity to voice criticism openly.	.743		
EB78	Employer that guides rather than directs.	.712		
EB75	Open communication system.	.688		
<b>Attribute 10</b>	<b>Working Environment</b>			
EB3	Performance based pay	.698	0.799	
EB8	Positive and supportive work environment	.688		
EB9	Flexible and stress free work environment	.679		
EB7	Fair distribution of work among the employees.	.604		
<b>Attribute 11</b>	<b>Recognition and Appreciation</b>			
EB42	Good promotion opportunities within the organization.	.702	0.803	
EB41	Encouragement to take initiative.	.686		
EB43	Clear opportunities for long term career progression.	.664		
EB40	Recognition and reward for your knowledge and expertise.	.618		
<b>Attribute 12</b>	<b>Recruitment and Selection</b>			
EB54	Recruitment process is monitored by experts to ensure fairness and transparency.	.712	0.780	
EB56	Candidates are selected on the basis of their competency and qualification.	.682		
EB53	Clear internal policies and procedures for recruitment and selection.	.648		
EB57	Cases of suspected irregularities regarding recruitment can be reported to management.	.589		

Source: Primary Data

The finally twelve factors model with sixty three items was considered for performing confirmatory factor analysis.

#### Confirmatory Factor Analysis

It is multivariate statistical technique which is used to test how well the measured variable represents the number of constructs (Hafiz et al., 2013). The main aim of this technique is to test whether the data fit to a hypothesized measurement model or not. In the present study confirmatory factor analysis has been applied to confirm the factors extracted from exploratory factor analysis. The researcher used AMOS version 18.0 to perform CFA. To achieve the model fitness, fit statistics like

relative chi-square (the chi-square/degree of freedom), Tucker Lewis Index (TLI), Comparative Fit Index (CFI), Goodness of Fit Index (GFI), Root Mean Square of Error Approximation (RMSEA) are used. Confirmatory Factor Analysis has been performed to know whether all the attributes of employer branding (viz. corporate social responsibility, training and development, security and safety, work life balance, career advancement opportunities, supervisor and colleagues, work force diversity, product and services, communication system, working environment, recognition and appreciation, recruitment and selection) are significantly representing their main construct or not. The results of confirmatory factor analysis are shown in table 3.

Table 3: The Results of Model fitness for Confirmatory Factor Analysis

Overall model	No. of variables	Cronbach's Alpha	CMIN/df	GFI	TLI	CFI	RMSEA	Remarks
Initial Model	63	0.967	1.770	0.882	0.936	0.939	0.031	
Final Refined Model			-	-	-	-	-	No model improvement required

Source: Primary Data

The table 3 shows that all the values of CMIN/df, GFI, TLI, CFI and RMSEA are under acceptable criteria and good for fitness of model. The value of CMIN/df is 1.770 which is less than 5. The value of TLI and CFI are more than 0.9 and the value of GFI is 0.882 which is also acceptable for fitness of model (Zikmund, 2003). The value of RMSEA is 0.031 which is also under acceptable range and good for fitness of model. So the goodness of fit statistics confirmed that the overall model adequately fit the data and there is no further improvement required in the model. The path diagram for confirmatory factor analysis is shown in figure 1.

As highlights in figure 1, the measurement model specifies the relationship between latent variables and observed variables. The observed variables and the latent variables are represented by boxes and ellipse respectively. In the figure employer branding is the main construct and the corporate social responsibility, training and development, security and safety, work life balance, career advancement opportunities, supervisor and colleagues, work force diversity, product and services, communication system, working environment, recognition and appreciation, recruitment and selection are the sub constructs.

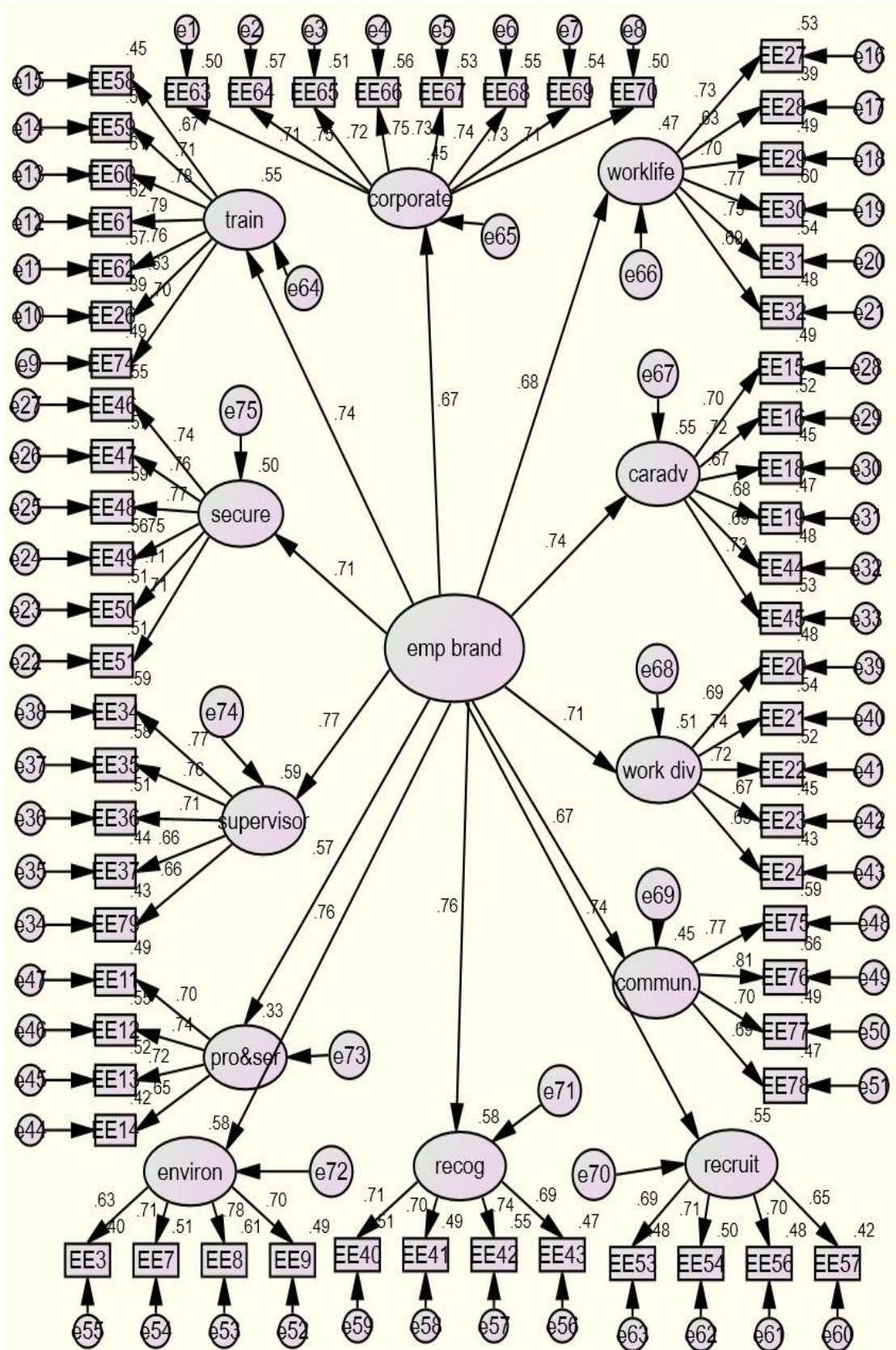


Figure 1: The finalized standardized measurement model of CFA



Main Construct- Employer Branding,

Sub Constructs- Corporate Social Responsibility, Training and Development, Security and Safety, Work Life Balance, Career Advancement Opportunities, Supervisor and Colleagues, Work Force Diversity, Product and Services, Communication System, Working Environment, Recognition and Appreciation, Recruitment and Selection

-e is the error term

Single Headed Arrow-Standardized Regression Weight,

## Conclusion

In the present study an attempt has been made to identify and confirm the attributes of employer branding from the perspective of both existing as well as potential employees. The researcher identified eighty variables related to employer branding attributes from the available literature and related studies but seventeen variables were dropped due to low item-total correlation and communalities and remaining sixty three variables were taken for further analysis. The researcher applied exploratory factor analysis to reveal underlying structure of relatively large set of variables. Total twelve attributes were extracted which were named as-corporate social responsibility, training and development, security and safety, work life balance, career advancement opportunities, supervisor and colleagues, work force diversity, product and services, communication system, working environment, recognition and appreciation, recruitment and selection. After satisfactory results of exploratory factor analysis the researcher applied confirmatory factor analysis to confirm the factors extracted from exploratory factor analysis and to test how well the measured variable represents the number of constructs. The results reveal that all the twelve measurement variables of employer branding are significantly associated with their respective latent variables and all the sixty three variables are under acceptable criteria for fitness of model.

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