



The Relationships among Perceived Employer Branding, Employee Engagement, and Employee Expectation in Service Industry

Piyachat Burawat¹

¹Rajamangala University of Technology Thanyaburi, Pathumthani, Thailand

ABSTRACT

The purpose of this study is to test the relationship between perceived employer branding and employee engagement via the effect of employee expectation. A survey was conducted with 400 current employees working in service industry. The results indicated that there were strong positive relationships between perceived employer branding and employee engagement, perceived employer branding and employee expectation, and employee expectation and employee engagement. The results further indicated that there was a partial effect of perceived employer branding on employee engagement through employee expectation.

Keywords: Perceived employer branding, Employee engagement, Employee expectation, Expectancy theory, Social exchange theory

JEL Classification: Category M: Business administration and business economics

1. Introduction

In recent years, many CEOs and managers believe that the talent pool has not significantly grown, and they have difficulty in getting the right employees. Best employers are differentiated from competitors by a high level of employee engagement, which leads to high revenues, profits, and overall returns on investment resulting in a sustainable competitive company (Ritson, 2002; Backhaus & Tikoo, 2004; Barrow & Mosley, 2005). Service companies with strong understanding of their employees' expectation could apply the notion of employer branding to increase the level of employee engagement, which will in turn, lead to high performance.

Both academic researchers and practitioners are intensifying the level of interest in employees' relation with employers. Some studies revealed the relationship between employer branding and employee expectation while some studies revealed the relationship between employee expectation and employee engagement. However, these relationships are regardless of the theories that engender these relationships. In addition, the study which confirmed the simultaneous relationships among employer branding, employee expectation, and employee engagement is scarce, especially in academic approach. Therefore, this study proposes to investigate the simultaneous relationships among employer branding, employee expectation, and employee engagement in the context of current employees. This study has four research questions: (1) Is there a relationship between employer branding and employee engagement? (2) Is there a relationship between employer branding and employee expectation? (3) Is there a relationship between employee expectation and employee engagement? (4) Is there an effect of employer branding on employee engagement through employee expectation?

2. Literature Review

Since studies on the relationship of employer branding, employee expectation, and employee engagement are scarce in academic approach, the theoretical foundation is therefore ambiguous in that it does not fully explain why employees would respond to the conditions offered by the organization with different degrees of engagement. However, Saks (2006) proposed that these varying degrees could be explained by social exchange theory while Vroom and Deci (1992) proposed that these varying degrees could be explained by expectancy theory. Social exchange theory is the relationship between parties into trusting, loyalty, and mutual commitment that evolve over time, as well as parties that dwell by certain reciprocity rule which is best known as an exchange rule (Cropanzano & Mitchell, 2005). Vroom (1995) explained that “given the opportunity a person will choose to work when the valence of outcomes that he expects to attain from working is more positive than the valence of outcomes that he expects to attain from not working” (p.35). Besides, Vroom and Deci (1992) stated that employees said they engage in behaviors because they expect those behaviors lead to their goals.

2.1. Employer Branding

Employer brand is defined as “the package of functional, economic, and psychological benefits provided by employment and identified with the employing company” (Ambler & Barrow, 1996, p. 187). This study developed Ambler and Barrow’s (1996) three dimensions to four dimensions. First of all, employment dimension measured job characteristics and working conditions. Second, development and application dimension measured feeling valued and emotional motivation. The latter dimension was organizational reputation which measuring the organizational success, products or services, and external image. Finally, the economic dimension measured tangible motivation such as attractive compensation and benefit packages.

2.2. Employee Engagement

Saks (2006) was the first researcher who separated engagement into job and organizational engagement which was explained through the social exchange theory. Moreover, Saks (2006) defined engagement as “a distinct and unique construct that consists of cognitive, emotional, and behavioral components associated with individual role performance” (p. 602). On one hand, cognitive dimensions were associated with commitment and satisfaction such as the value of a work goal, job enrichment, and work role fit. On the other hand, emotional dimensions were associated with feeling about the relationship with managers and coworkers, feeling able to show and employ one’s self without fear of negative consequences. Lastly, behavioral dimensions were associated with an adaptive behavior such as behaviors that support organizational effectiveness and aim to encourage an innovation and change, discretionary effort, and retention.

2.3. Expectancy Theory

Expectancy theory provides a general framework for assessing, interpreting, and evaluating employee behavior in learning, decision-making, attitude formation, and motivation (Chen & Lou, 2002) which was supported by empirical studies and was one of the most popular means used to understand motivation in the workplace (Heneman & Schwab, 1972; Campbell & Pritchard, 1976). Vroom (1964) suggested that expectancy theory was the process theory which explained how individuals consciously make decisions on various behavioral alternatives. The theory insisted that employees will select the option with the greatest motivation forces associated with three conditions composed of expectancy, instrumentality, and valence (VIE theory). VIE theory suggested that employees felt motivated when three conditions are perceived. First of all, the personal expenditure of effort will result in an acceptable level of performance. Second, the achieved performance level will result in a specific outcome for the person. Finally, the achieved outcome is personally valued.

Expectancy theory used both extrinsic and intrinsic motivators to describe the possible causes for behaviors in the workplace. The extrinsic motivators were factors that bring satisfaction through salaries, compensations, bonuses, commissions, benefits, and cash whereas the intrinsic motivators were such as sense of pride, dignity, and valued which employees obtained from their job.

3.Theoretical Framework

The competing model is to test the direct effects of employer branding on employee engagement, and employee expectation. Meanwhile, the proposed theoretical model is to test the mediate effect of employer branding on employee engagement through employee expectation.

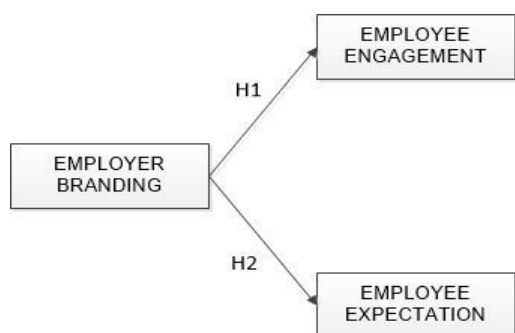


Figure-1. The competing model.

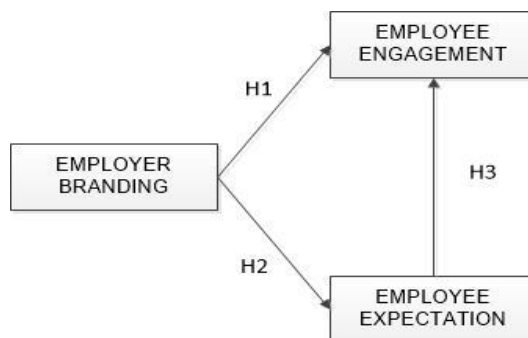


Figure-2. The proposed model.

4. Research Methodology

4.1. Samples and Procedure

The population for the study consisted of current employees from four organizations service industry. Free parameter is not constrained and is to be estimated using observed data (Weston & Gore, 2006). The preferred ratio of sample size to number of free parameters would be 10:1 (Bentler & Chou, 1987). Number of free parameters equaled 26, therefore, the minimum sample size is 260. A total of 412 samples were collected from current employees from July to August, 2014. The respondents were collected from hospital, banking, tourism, and university.

Table-1.Characteristics of the Majority of Respondents

Characteristics	Percent
Collected from 412 current employees	
Response rate	51.50%
Female	41.7%
Above 40	26.9%
Single	59.2%
Bachelor’s degree	61.4%
Working experiences above 10 years	44.4%
Plan to work with current company in next 3 years	78.9%

4.2. Instruments

The design of this study was a quantitative approach, which was done by using questionnaires composed of four parts: demographic information, employer branding (EB), employee engagement (EE), and employee expectation (EXP). The first part was to ask for demographic information of the participants. Second, the employer branding questionnaire was measured by using the scale of Burawat et al. at 0.968 alpha scales. Third, the employee engagement (EE) was measured by using the scale of Burawat et al. at 0.911 alpha scales. Finally, the employee expectation was measured by using the scale of Burawat et al. at 0.914 alpha scales.

4.3. Structure Equation Model (SEM)

Wright (1921) defined that SEM is a statistical technique for testing and estimating causal relations using a combination of statistical data and qualitative causal assumptions. This study was comprehensive by the following seven hypotheses: (H1) There is a positive relationship between employer branding and employee engagement; (H2) There is a positive relationship between employer branding and employee expectation; (H3) There is a positive relationship between employee expectation and employee engagement; and (H4) There is an effect of employer branding on employee engagement through employee expectation. This study was to determine the appropriate research model related to seven indicators (Table 2). The relationships among variables were determined by *t*-test related to critical ratios (C.R.) and *p*-value.

Table-2.The Minimum Criterion of Model Fit Indices

Model fit index	Threshold/Minimum criterion
χ^2 or CMIN	- should not be significant at a 0.05 threshold ($p > 0.05$) (Hu & Bentler, 1999)
χ^2/df or CMIN/df	- should be less than 5.0 to judge the fitness of the model (Bentler, 1989)
CFI	- should be greater than 0.9 to judge the good fit (Bentler & Bonett, 1980)
IFI	- should be greater than 0.9 to judge the good fit (Bentler & Bonett, 1980)
AGFI	- should be greater than 0.9 to judge the good fit (Jöreskog & Sörbom, 1996) - AGFI of 0.8 is sometimes proposed as sufficient as recommended cut-off (Chau & Hu, 2001)
PGFI	- should be greater than 0.5 to judge acceptable fit (Hair et al., 1998)
RMSEA	- should be less than 0.05 to judge good fit and between 0.05 and 0.08 to judge reasonable fit (Browne & Cudeck, 1993)

5. Results

The results indicated the values of skewness range from -1.001 to -0.200 and the values of kurtosis range from -0.081 to 1.239 (Table 3). Meanwhile, the Pearson's bivariate correlations of all relationships were significant. Thus, it could be concluded that the rule of normal distribution and linearity were satisfied.

Table-3.Values of Skewness and Kurtosis

Factor	Value of Skewness	Value of Kurtosis
Employment	-0.543	0.077
Development & Application	-0.763	0.553
Organizational Reputation	-0.586	0.235
Economic	-0.946	0.426
Job Engagement	-0.200	0.306
Organization Engagement	-0.461	0.716
Functional Expectation	-0.671	0.671
Economic Expectation	-1.001	1.239
Psychological Expectation	-0.310	-0.081

The Chi-square is essential statistic. However, a statistical significance test is sensitive to sample size which means that the Chi-square statistic nearly always rejects the model when large samples are used (Bentler & Bonnet, 1980; Jöreskog & Sörbom, 1996). Therefore, several authors indicated that a model could also be accepted if the majority of fit indices show good adoption measures and only a few are less than the required threshold (Fornell & Larcker, 1981; Bagozzi & Yi, 1988).

Although the competing and the proposed models provided a significant result at a 0.05 threshold, the remaining results were above the minimum criterion. Thus, it could be concluded that both models appropriated to explain the relationships among variables (Table 4). According to above results, the model fit statistics of the proposed theoretical model was better than the competing model. Thus, it could be concluded that the relationship between employer branding, employee engagement was greater explained by an effect of employer branding on employee engagement through employee expectation.

Table 4.Model Fit Indexes of the Competing Model and the Proposed Theoretical Model

Model fit index	Competing model	Proposed theoretical model
χ^2 or CMIN	104.351 at $p = 0.000$	37.039 at $p = 0.008$
df	20	19
χ^2/df or CMIN/df	5.218	1.949
CFI	0.964	0.992
IFI	0.965	0.992
AGFI	0.886	0.955
PGFI	0.422	0.414
RMSEA	0.101	0.048

According to Garson (2005), random sample variables with standard normal distributions, estimates with critical ratios (C.R.) more than 1.96 are significant at the 0.05 level. Thus, each endogenous variable’s C.R. value was assessed with a statistical significance supported by those greater than 1.96. Meanwhile, *p*-value less than 0.05 was at the significant at 0.05 level, *p*-value less than 0.01 was at the significant at 0.01 level, and *p*-value less than 0.001 was at the significant at 0.001 level (Arbuckle, 2011). The value of *t*-test revealed that all standardized estimated values were positive values and all critical ratios (C.R.) more than 1.96 indicated that there were positive relationships among variables (Table 5). Therefore, it could be concluded that H1, H2, and H3 were supported at a significance level of 0.001.

Table-5.Hypotheses Testing of the Proposed Theoretical Model

			Estimate	S.E.	C.R.	<i>p</i> -value
H1: Employer branding	--->	Employee engagement	0.188	0.030	6.283	***
H2: Employer branding	--->	Employee expectation	0.363	0.038	9.604	***
H3: Employee expectation	--->	Employee engagement	0.354	0.053	6.715	***

****p*-value< 0.001 (*p*-value less than 0.001 was at the significant at 0.001 level)

Table-6.Standardized Direct, Indirect, and Total Effect of the Competing Model

			Standardized direct effect	Standardized indirect effect	Standardized total effect
Employer branding	--->	Employee engagement	0.659	0.000	0.659
Employer branding	--->	Employee expectation	0.619	0.000	0.619

Regarding the results (Table 6), the equations for the competing model were conducted.

$$Z EE = 0.659 EB \dots\dots\dots(1)$$

$$Z EXP = 0.619 EB \dots\dots\dots(2)$$

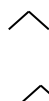


Table-7.Standardized Direct, Indirect, and Total Effect of the Proposed Model

			Standardized direct effect	Standardized indirect effect	Standardized total effect
H4: Employer branding	--->	Employee engagement	0.263	0.385	0.648
Employee expectation	--->	Employee engagement	0.443	0.000	0.443
Employer branding	--->	Employee expectation	0.594	0.000	0.594

Regarding the results (Table 7), the equations for the proposed theoretical model were conducted.

$$Z EE = 0.648 EB + 0.443 EXP \dots\dots\dots(3)$$

$$Z EXP = 0.594 EB \dots\dots\dots(4)$$

Considering the competing model, the standardized direct effect between employer branding and employee engagement was 0.659. In contrast, the results from the proposed theoretical model showed that standardized direct effect between employer branding and employee engagement was 0.263 while the standardized indirect effect was 0.385, and standardized total effect was 0.648 (Table 7). Accordingly, the standardized direct effect of the proposed theoretical model was less than that of the competing model. Therefore, it could be concluded that there is an effect of employer branding on employee engagement through employee expectation. As a result of better model fit statistics and the low level of the standardized direct effect, it could be concluded that H4 was supported.

6. Discussions and Conclusions

Hypothesis 1

The result reported that there is a positive relationship between employer branding and employee engagement which supported the results of the previous studies. For example, the study of Aon Hewitt (2011) reported that the best employer is differentiated by high level of engagement. Meanwhile, Gibbon (2006) proposed that emotional drivers had four times more impact on individual's engagement than other factors such as pay.

Hypothesis 2

The result revealed that there is a strong positive relationship between employer branding and employee expectation. No research findings explored this relationship in the context of current employees. Although a previous study was interested in the context of prospective employees, the results were corresponding with the result of this study. For example, Harris and Fink (1987) conducted pre-interview and post-interview from job seekers and found that job seekers intend to accept a job with an organization when they perceived attractive job offer, compensation, and company image. Consistently, Rose (2006) revealed that job seekers in Queensland tend to apply for job with the organization according to perceived competitive pay image, attractive job image, and good organization image.

Hypothesis 3

The result revealed that there is a strong positive relationship between employee expectation and employee engagement which supported the result of previous studies. For example, Macleod and Clarke (2009) found that employees' perception of their career development opportunities and supportive procedure have a substantive impact on the level of employee engagement. In addition, the study from IPSOS Mori (2006) suggested that employees' perceptions of corporate values, community commitment, favorable pay, and feeling of friend and family member have significant impacts on employee engagement.

Hypothesis 4

The result found that there is a partial effect of employer branding on employee engagement through employee expectation. Considering the result of this study, it was revealed that when employees judged that their perceived employer branding is above than their expectation, they would thus intend to respond well and repay to their company by increasing their performance and engagement, especially Thai culture which is normally sympathetic and considerate culture. Consequently, the results indicated the strong correlation.

7. Recommendations

7.1. Implications for Future Research

The findings provided several implications for researchers. First, the future research would be to investigate other potential antecedents and consequences of employer branding. Second, the study applied to the notion of employee engagement developed from Saks (2006). Nevertheless, there are other notions which might provide also better understanding about engagement in the complex organizational phenomena. Regarding the fact, the relationship between various antecedents and engagement tend to be stronger for employees with a strong exchange tradition. As a result, the future research would be to test the moderate effects of exchange tradition on the relationship between antecedents and engagement. Third, the future research might investigate the extent to which interventions could create a sense of obligation for leading employees to respond with the higher engagement levels. Finally, the future research should apply qualitative method to understand more insight information so that the company could provide good benefits suitable for their employees and the organization context.

7.2. Implications for Practice

The findings provide numerous implications for the organization, especially those who are working in human resource department and management. The result showed that development and application is the most important dimension, followed by senior management, employment, organizational reputation, and economic. Thus, the organizations should emphasize more on emotional rather than economic drivers. Considering the second implication for practice, the organizations wishing to improve employee

engagement should focus on the expectations of employees regarding the received offerings. Furthermore, the organizations should understand that employee engagement and discretionary effort are a long-term and continuous process requiring continued interactions over time to create the obligations and a state of mutual interdependence (Cropanzano & Mitchell, 2005). Finally, the result revealed that all items of the instruments have concurrent validity which means these instruments could be applied to the context of current employees' work in the other industry.

7.3. Limitations of the Study

Several potential limitations were expected in this study. The first limitation included the effect of extraneous variables which may affect employer branding, employee engagement, and employee expectation such as macroeconomics and economic crisis. Second, since the study used cross-sectional and self-report data, the conclusions could not only make causal inferences but also raises some concerns about common bias. Therefore, a longitudinal study is required to provide more definitive conclusions. The final limitation was the findings explaining behaviors and emotions of Thai employees which may not be corresponding with foreign employees.

8. Summary

Even though employer branding is one of the most interesting strategies in business firms and practitioners, an academic study is scarce (Backhaus & Tikoo, 2004) which is similar to employee engagement (Robinson et al., 2004). Due to the lack of present time, it is likely to be a challenge for the future research to explore both independent and dependent variables which lead to better understandings of the concepts and applications. In addition, the future research can further explore the possible variables into the model, which could be moderators and/or mediators, that can lead to a better understanding about the complex organizational phenomena relating to employees' behavior and performance. Finally, the study and the other additional future researches may continue to explore how human resource management could enhance the well-being and productive behaviors of employees who are the most valuable assets of the organization leading to an organizational success.

References

- Ambler, T. and Barrow, S., 1996. The employer brand. *Journal of Brand Management* 4(3): 185–206.
- Aon Hewitt, 2011. Trends in global employee engagement. Available at: <http://www.aon.com/attachments/thoughtleadership/Trends Global Employee Engagement Final.pdf> (accessed 26 May 2012).
- Arbuckle, J. L., 2011. IBM SPSS AMOS 20 user's guide. IBM Corporation, Armonk, NY.
- Backhaus, K. and Tikoo, S., 2004. Conceptualizing and researching employer branding. *Career Development International* 9(5): 501-517.
- Bagozzi, R. P. and Yi, T., 1988. On the evaluation of structural equation models. *Journal of the Academy of Marketing Science* 16(1): 74-94.
- Barrow, S. and Mosley, R., 2005. *The employer brand: Bringing the best of brand management to people at work*. John Wiley & Sons, England.
- Bentler, P. M., 1989. EQS structural equations program manual, BMDP Statistical Software. Los Angeles.
- Bentler, P. M. and Bonett, D. G., 1980. Significance tests and goodness of fit in the analysis of covariance structures. *Psychological Bulletin* 88(3): 588-606.
- Bentler, P. M. and Chou, C., 1987. Practical issues in structural modeling. *Sociological Methods & Research* 16: 78-117.
- Browne, M. W. and Cudeck, R., 1993. Alternative ways of assessing model fit in Bollen, K. A. and Long, J. S. (Eds.), *Testing structural equation models*. Sage, Newsbury Park, CA.
- Burawat, P., Kuntunbutr, C. and Mechinda, P., 2014. The relationships among perceived employer branding, employee engagement, and discretionary effort in the petroleum industry (Doctoral dissertation). Rajamangala university of technology Thanyaburi. Pathumthani, Thailand.
- Campbell, J. P. and Pritchard, R. D., 1976. Motivation theor in industrial and organizational psychology, in Dunnette, M.D. and Hough L.M. (Eds.), *Handbook of Industrial and Organizational Psychology*. Wiley, New York.
- Chau, P. Y. K. and Hu, P. J. E., 2001. Information technology acceptance by individual professionals: A model comparison approach. *Decision Sciences* 34(4): 699-719.
- Chen, Y. and Lou, H., 2002. Toward an understanding of the behavioral intention to use a groupware application. *Journal of End User Computing* 14: 1-16.
- Cropanzano, R. and Mitchell, M. S., 2005. Social exchange theory: An interdisciplinary review. *Journal of Management* 31(6): 874-900.
- Fornell, C. and Larcker, D. F., 1981. Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research* 18(1): 39-50.
- Garson, G., 2005. Structural equation modeling example using WinAMOS. Available at: <http://www2.chass.ncsu.edu/garson/pa765/semAMOS1.htm> (accessed 23 May 2011).

- Gibbons, J., 2006. Employee engagement: A review of current research and its implications. The Conference Board, Inc., New York, NY.
- Hair, J. R., Anderson, R. E., Tatham, R. L. and Black, W. C., 1998. Multivariate data analysis (5th ed.). Prentice Hall International Inc., New Jersey.
- Harris, M. and Fink, L., 1987. A field study of applicant reactors to employment opportunities: Does the recruiter make a difference?. *Personnel Psychology* 40(4): 765-784.
- Heneman, H. G. and Schwab, E. P., 1972. Evaluation of research on expectancy predictions of employee performance. *Psychological Bulletin* 78: 1-9.
- Hu, L. and Bentler, P. M., 1999. Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling* 6(1): 1-55.
- IPSOS Mori., 2006. Engaging employee through corporate responsibility. Available at: <http://www.ipsos-mori.com/researchpublications/publications/1380/Engaging-Employees-through-Corporate-Responsibility.aspx> (accessed 23 May 2012).
- Jöreskog, K. and Sörbom, D., 1996. LISREL 8: User's Reference Guide. Scientific Software International Inc., Chicago, IL.
- Macleod, D. and Clarke, M., 2009. Engaging for success: Enhancing performance through employee engagement. Available at: <http://www.bis.gov.uk/files/file52215.pdf> (accessed 3 May 2011).
- Ritson, M., 2002. Marketing and HR collaborate to harness employer brand power. *Marketing*, 18 October. Available at: <http://search.proquest.com/docview/214988658?accountid=32078> (accessed 23 May 2011).
- Robinson, D., Perryman, S. and Hayday, S., 2004. The drivers of employee engagement. Institute for Employment Studies Brighton, UK.
- Rose, N. M., 2006. Influences of organizational image on applicant attraction in the recruitment process (Master's thesis). Queensland University of Technology, Queensland, Australia.
- Saks, A. M., 2006. Antecedents and consequences of employee engagement. *Journal of Managerial Psychology* 21(7): 600-619.
- Vroom, V. H., 1964. *Work and motivation*. McGraw-Hill, New York.
- Vroom, V. H., 1995. *Work and motivation*. John Wiley & Sons, New York.
- Vroom, V. H. and Deci, E. L., 1992. *Management and motivation* (2nd ed.). Penguin Books, London.
- Weston, R. and Gore, P. A., 2006. A brief guide to structural equation modeling. *The Counseling Psychologist* 34(5): 719-751.