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## EMPLOYER BRANDING AND ITS INFLUENCE OF EMPLOYEE RETENTION: A LITERATURE REVIEW

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### Abstract:

The impact of employer branding on employee retention is essential for organizations aiming to create a strong and sustainable workforce. This literature review aims to examine the role of employer branding on employee retention in the organizations. Limited empirical evidence exists regarding studies exploring the connection between employer branding and employee retention especially in Malaysia. By synthesizing and analyzing a wide range of studies published between 2019 and 2023, this review provides insights into the key determinants of employee retention, identifies gaps in the literature, and offers implications for practice and future research. The articles were screened, filtered and followed by the reading of the full-text articles. From the previous results, most studies applied a quantitative approach which is the most popular research method. Therefore, this study suggests that employer branding studies should be given adequate concentration. The findings highlight the importance of various factors, including dimension of employer branding such as perceived organizational support, development value, work environment, and social value, in influencing employee retention. Furthermore, this literature review recommends that researchers should investigate and focus more on the influence of employer branding on employee retention.

### Keywords:

Employee Retention, Employer Branding, Organization, Dimension, Review

## Introduction

Over the years, a multitude of studies have diligently explored and analyzed the complex relationship that exists between employer branding and employee retention. It is a critical aspect of workforce management and involves creating strategies and practices that encourage employees to stay with the company rather than seeking opportunities elsewhere.

Hee and Rhung (2019) stated that employee retention is very common issue in every organization, thereby presenting a formidable challenge for the field of human resource management (Mahadi et al., 2020). In order to attract and keep the right talent, organizations need to position themselves as the top choice for employees. Additionally, employees tend to prefer organizations with advanced talent management practices in areas like recruitment, learning and development, performance management, succession planning, and leadership development. This is the reason organizations are progressively employing employer branding as a vital strategy to draw in and retain employees in a fiercely competitive recruitment landscape (Padhi & Joshi, 2022).

The main objective of this review is to determine whether there exists substantial evidence indicating that other factors related to employee retention have led to this outcome. According to Yap (2023), in The Star, talent retention is the key for private business. He also added that 67% of private company employers have difficulties when the staff turnover has increased over the past year and most of the companies been impacted by several factors, also considering the COVID-19 pandemic, corporations were facing a lot of problems in the retention of employees (Zainal et al., 2022) such as supply chain disruption, changes in customer behavior, workforce challenges and labour shortage, and changes in work culture. Employee retention constitutes a significant facet of the employer branding concept, as the concept of employer branding was first defined by Ambler and Barrow (1996) aligning with its fundamental goals of both attracting and maintaining a talented workforce.

Recruitment has become a costlier endeavor, as numerous companies face challenges in luring, recruiting, empowering, and retaining the utmost talented human resources. Hence, they adopt employer branding as a strategy approach to distinguish their employer identity from competitors and highlight their offerings, encompassing various facilities that facilitate employee retention within the organizational environment (Raja et al., 2021).

Every organization possesses an employer brand, representing how they set themselves apart in the job market. This distinctiveness enables them to allure, hire, maintain, and captivate suitable individuals (CIPD, 2022).

Limited empirical evidence exists regarding studies exploring the connection between employer branding and employee retention (Ibrahim et al., 2018) and different research studies have been explored there is a deficiency of empirical evidence supporting the theoretical connection between employer branding and employee retention (Ahmed et al., 2022).

Therefore, this paper was carried out to study how important is employer branding to employee retention. As an illustration, when employers mistreat their employees, they expose themselves to potential harm to their reputation. This, in turn, could adversely affect how prospective candidates view the organization. However, the research on employer branding and employee retention conducted in Malaysia is very limited and thus the scope of research was set to include

companies operating in Malaysia. Therefore, the objective of this research is to determine the following:

- i) The importance of employee retention
- ii) Relationship between employer branding and employee retention

## Literature Review

### *Employer Branding*

There are two points will be discussed in this literature review, namely employer branding and employee retention. Employer branding has gained significant attention in the literature over the past few years, with numerous studies exploring its impact on organizational outcomes. Employer branding has been introduced from the marketing discipline to the realm of human resource management (HRM). Scholars have investigated various dimensions of employer branding, such as its relationship with employee attraction, engagement, retention, and overall organizational performance. The conceptualization and measurement of employer branding have evolved to reflect the changing nature of the workforce and the importance of a strong employer brand in attracting top talent.

According to Chacko and Zacharias (2020), employer branding refers to the methods and strategies an organization employs internally to engage, inspire, and retain its employees, ultimately positioning the organization as a premier workplace. Similarly, according to Dasan (2022) employer branding refers to the strategies employed by an organization to actively involve, inspire, and keep its employees through internal initiatives that establish the organization as the premier workplace.

Hence, employer branding plays a crucial role in employee retention by shaping the overall perception of the organization as a desirable place to work. When employees have a positive experience and connection with their workplace, they are more likely to stay engaged and committed to the company. The primary focus of employer branding revolves around drawing in and retaining employees, contingent upon the company's image, policies, and procedures (Easa & Bazzi, 2020).

In essence, employer branding is about creating a lasting impression of an organization as an employer of choice, making it easier to attract and retain the right talent that can contribute to the company's success and growth. Therefore, a robust employer brand contributes to employee retention by creating an attractive workplace, making employees less inclined to seek opportunities elsewhere as other organizations appear comparatively less appealing (Hadi & Ahmed, 2018).

### *Employee Retention*

High employee turnover across industries can lead to low morale due to increased workloads on remaining staff, resulting from the need to take on additional responsibilities and tasks left vacant by departing employees. The costs associated with hiring new employees vary by industry (Mahadi et al., 2020).

In addition, an effective employee retention is vital for an organization's stability, expansion, and financial success (Cloutier et al., n.d.). Employee retention refers to the organization's ability to retain its employees over a certain period of time (Ghani et al., 2022). In other words, the employee will choose to work and remain in the organization.

Previous studies showed that employee retention also becomes a big challenge for the banking industry in Pakistan (Shah et al., 2018). Kuuyelleh (2021) in the study examines the various employee retention strategies and their implications for business organizations. It also provides some recommendations for enhancing employee retention and reducing turnover. In existing research, Hadi and Ahmed (2018) examined the role of employer branding dimensions on employee retention from the educational sector perspective. Findings of the study revealed that development value has a substantial relationship with employee retention.

In other hand, Irshad and Afridi (2011) endeavored to recognize the components of HR practices and their impact on retaining employees. The study revealed a significant and compelling link between HR practices and employee retention within any organizational context. Notably, factors such as compensation, rewards, flexible timings, training, and advancement opportunities stood out as crucial contributors among various others.

Research on employee retention was also highlighted by Zainal et al. (2022) revealed that work-life balance and work environment had a strong positive effect on employee retention, but reward and compensation had a much stronger positive effect on employee retention. Additionally, Alzaid and Dukhaykh (2023) examined the relationship between employer branding and employee retention and conclude that the study indicated that employer branding is a strong predictor of employee retention.

## **Materials And Methods**

The focal point of this literature review is to unveil the relationship between employer branding and employee retention in the organization. In this study, a total of 58 different research papers or articles have been classified and the results indicate areas for a potential angle of recommendation. Most of the studies was conducted using quantitative method. Hence, LR was conducted to answer the following research questions; What are the types of employer branding that have been studied in employee retention researches and how strong the relationship between employer branding and employee retention?

## **Selection Of Papers**

The utilization of literature review aimed to examine the trajectory of research on the employee retention in the context of employer branding. The initial step involved identifying a dependent variable, namely employee retention. To identify related studies, automatic searches were performed using the search engines of electronic databases such as Scopus, Science Direct, Web of Science and Emerald. The subsequent phase entailed refining the search scope to encompass literature published over a span of seven years, commencing from 2018 until 2023. The following keywords were included in the searches such as “retention”, “turnovers”, “employee retention”, “employee turnover”, “retain”, “intention to leave”, “retention rate”, “turnover rate”, “leave”, “stay”, “employer branding”, and “company image”.

## **Results**

In this section, the literature review presents the data collected according to i) the overview of the employer branding, employee retention articles, and journals publications between years 2018 to 2023; and ii) the relationship between employer branding and employee retention.

### ***Overview Of Studies On Employer Branding And Employee Retention***

It is understandable that employee retention has attracted many researchers and the number of studies has continued to increase every year. There was a significant increase from 2014 to

2015 but experienced a sharp decline in 2016 with 6 research papers. While the year 2022 recorded the highest number of researches conducted, and the percentages for 2018, 2019, and 2020 remained constant with 9 papers reviewed. However, not many research done between employer branding and employee retention.

### ***To Investigate The Relationship Between Employer Branding And Employee Retention***

The previous research revealed the relationship between employer branding and employee retention. In a study carried out by Hadi and Ahmed (2018), it was discovered that the qualities associated with training and development have a substantial predictive influence on employee retention within educational institutions in Pakistan. They also argued that a strong employer brand enables organizations to retain their talented employees by building a positive image for the organization as a preferred choice for employment. When the level of employer branding is significantly strong, there will be minimal incentives for employees to depart from the company (Bussin & Mouton, 2019). According to Easa & Bazzi (2020), it is more effective for an organization to maintain their existing customers rather than to acquire new ones. Some studies have suggested that employer branding is the predictor for employee retention (Alzaid & Dukhaykh, 2023, Chacko & Zacharias, 2020, Gupta et al., 2018).

However, some organizations still pay little attention to employer branding and the linkage with employee retention in organization is still not encouraging. By reviewing and analysing the obtained literature related to employer branding, only a few articles are quantitative-based studies, as illustrated in Table 1, and a total of nine different types of employer dimension were recognised in this study.

**Table 1: Summaries Of Previous Studies On Employer Branding And Employee Retention**

Author	Year	IV	DV	Findings	Results
Thalgaspitiya	2020	Employee growth need strength, Psychological contracts, Perceptions of organizational support, Organizational identification	Employee Retention	Employer growth need strength was the most influential dimension	Significant
Chacko and Zacharias	2020	Economic value, Social value, Developmental value, work life balance value, Reputational value	Employee Retention	Employer branding is a crucial piece of effective talent	Significant
Dasan	2022	Employer branding	Employee Retention	Recruitment and retention of employees are strongly	Significant



				influenced by the employer branding	
Alzaid and Dukhaykh	2023	Employer Branding	Employee Retention	Employee branding is the strong predictor of employee retention	Significant
Sharif and Sharif	2017	Employer branding dimension (work environment, social aspect, compensation structure, developmental value, knowledge sharing)	Employee Retention	Work environment, social aspect, developmental value are significant predictors of employee retention	Partial
Udayanga, et al	2021	Work environment, Corporate social responsibility, Work-life balance, Training & Development	Employee retention	Work-life balance and training & development have the most significant impact on employee retention	All the dimensions/variable are statistically significant except Corporate social responsibility
Chacko and Zacharias	2020	Employer branding	Employee retention	Employer branding	Significant
Arasanmi and Krishna	2019	Perceived Organisational support (POS)	Employee retention	POS as employer branding strategy affect employee retention	Significant
Hadi and Ahmed	2018	Application value, Development value, Interest value, Work/life balance	Employee retention	Only one dimension, development value significant positive relationship with employee	Partial Significant

				retention	
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## Discussion

This should explore the significance of the results of the work. The literature review highlights that employer branding should be a cohesive organizational process leading to favorable outcomes that actively contribute to employee retention.

Previous research has also suggested that a combination of findings has emerged from the selected papers. Hence, additional research is required to determine the relationship between employer branding and employee retention.

## Conclusion

Employer branding and employee retention are gaining increasing in importance both in academic literature and practitioners. This paper explored the literature on the role of employer branding on employee retention. Literally, this topic is very interesting to discuss in literature review. Objectively, this study has achieved in exploring the relationship between employer branding and employee retention. Forthcoming research should assess the influence of other dimension as employer branding on retention. This paper contributes to a comprehensive review of the literature on employee retention and employer branding especially in Malaysia. Therefore, considering the findings from the chosen papers within the framework of employer branding, it becomes evident that there is a need for additional research in specific sub-area like employee perceptions and employee loyalty towards the organization. Hence, this research can be a starting point for many other areas of research on the subject area and gives relatively clear understanding on the importance of employer brand management influencing employee retention.

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