



## Employer Branding and Employee Commitment in Selected Banking Organisations

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### ABSTRACT

*In today's fast-changing business environment it is crucial for an organization to possess a highly qualified and motivated workforce in order to keep up with the fast pace of the market. The demand of competent personnel is increasing steadily, in particular for key-positions which require in-depth knowledge and expertise. But due to shortage of availability of skilled workforce, the employers are facing more than ever the challenge of switching jobs by its employees. Also it is becoming more and more difficult for organizations to approach and recruit so called 'high potentials'. As a result the companies are found indulging in a "war of talent". Therefore the companies have started showing interest to differentiate themselves from other employers so as to win this war for talent. The concept for the attraction and retention of skilled personnel called Employer Branding, which has become more and more popular in recent years. The employer brand is a holistic concept of strategic brand management from the field of marketing. This study served to elucidate employer branding (internal employer brand image) in banking organizations and have a comparative study between private and public banks. The study presents the state of affairs of employer branding (internal employer brand image) and a perspective view of organisational commitment in public and private banks.*

**KEYWORDS :** Employer Branding, Employee Commitment and Banking Organisations

### INTRODUCTION

#### EMPLOYER BRANDING

Employer branding has emerged from applying marketing principles to the field of people management. It represents organisations' efforts to communicate to internal and external audiences what makes it both desirable and different as an employer. True employment branding ensures high motivation and helps align employees' vision and values with those of the company. In a tight labour market, a weak employment brand identity can stonewall even the most creative hiring and retention strategies. **Fernon, (2008)** found that the power of the employer brand is its ability to deliver organisational success by attracting and retaining the right people and providing an environment in which employees really do 'live the brand'. The employer brand 'promise' is what an employee expects when he/she joins an organisation. **Melin (2005)** opined that the employer branding can be described at two levels. The first level being the employer brand identity, which is the actual employment offer or job offer that is designed and provided by the organization and the second level would be the employer brand image, which is what is perceived by employees and prospective employees based on the employer brand identity that is projected to the labour market by the organisation.

**Backhaus and Tikoo (2004)** found that the Employer branding represents a firm's efforts to promote, both within and outside the firm, a clear view of what makes it different and desirable as an employer. **Jenner & Taylor (2007)** suggested that a strong employer brand was being promoted as the key to winning this 'war for talent' by establishing organizations' unique selling point in employment identify these as Brand power, HR's search for credibility, employee engagement, prevailing labour market conditions.

**Moroko and Uncles (2005)** suggested that the segmentation should be in the form of potential profitability, product-feature preferences, reference groups, branding done right i.e. employees can be grouped according to the career benefits they value, bargaining power and choice barriers. **Berthon and Hah (2005)** talked about internal branding. It is therefore important to consider how employees' values and behavior can be aligned with a brand's desired values. **Martin et al (2005)** brings together diverse sources of literature from marketing, communications, organizational studies and HRM to produce a model of the links between branding and HR and set out some propositions that serve as a future research agenda and guide to practice, and illustrate these with some case study research.

**Mahnert and Torres (2004)** found that internal branding seeks to

achieve consistency with the external brand and encourage brand commitment and the possibility of brand championship among employees. **Minchington & Thome (2007)** said that employer branding is an essential part of modern HRM. Therefore, successful employer branding is a joint responsibility of HRM department and corporate brand strategy department, which creates and coordinates a general corporate brand concept that is later applied to marketing and HRM departments' strategies.

#### ORGANIZATIONAL COMMITMENT

Employee Commitment or Member Identity is a value laden behaviorally anchored cultural variable of organisational environment. It is an attitudinal or emotive dimension of HRM motivation, manifesting itself in member's behaviour. Employee commitment is widely studied area in interest of individually and collectively with other vital organisational factors predicting the success of an organization in the true sense. Before getting into its nitty-gritty's, a more simple and comprehensive definition of employee commitment is certainly needed to be mentioned.

**Hall et al. (1970)** defined employee commitment as the "process by which the goals of the organizations and those of the individual become increasingly integrated and congruent". **Buchanan (1974)** concluded that an acceptable definition of employee commitment was still lacking. A more basic problem appears to be that there are at least two distinct approaches to defining commitment, the psychological approach and the exchange approach. In an example of the psychological approach, **Sheldon (1971)** defined employee commitment as an attitude or an orientation towards the organizations, which links or attracts the identity of the person to the organizations. **Kanter (1968) and Buchanan (1974)** also emphasized the affective attachment of the individual to the organization. A common deficiency in this approach is that commitment is treated as discrete from complementary work attitudes without specifying the nature or direction of links with these other orientations (e.g., loyalty, job involvement, motivation et cetera).

**Salancik (1977)** defined employee commitment as "a state of being in which an individual becomes bound by actions to beliefs that sustains activities and involvement". **Salancik (1977)** proposed two approaches-prospective and retrospective. In prospective view, commitment is conceived as an individual's psychological bond to the organisation/social system, as reflected in his involvement with, loyalty for and belief in the values of the organisation. In retrospective view, commitment results as individual becomes bound to the

behavioral acts that are chosen voluntarily (Raju and Srivastava, 1986).

**EMPLOYER BRANDING AND EMPLOYEE COMMITMENT**

Mahnert (2004) stated that internal branding attempts to achieve employee understanding of organisational goals, objectives and commitment to the organisational brand. Baldoni (2004) defined internal brand as an Identity which represents the culture and values of your organization, is akin to the vision and mission of your organization. A brand is a powerful communication tool. It provides consistency to the organization, helps in nurturing identity of the organization and the employees start relating to the values of the organization. Troy (1998) points out, that the principal purpose of the brand is to efficiently bring employers and employees together in order to establish a relationship. Thus, a good brand should convey both the unique benefits of the organisational environment and the type of person who is likely to do well in that setting.

Das (2003) found that human resource managers strive to achieve employee engagement is driven by six factors: reward, recognition, relationships, opportunity, environment and leadership. Engagement consists of three key elements: 'say' (where employees speak positively about where they work); 'stay' (not only do employees stay, but show this by wanting to contribute to the good of the group) and 'strive' (where an employee goes the 'extra mile' in contributing to the organisation). These factors are closely related to employees acting as brand ambassadors. Mitchell (2002) believed that employees must be treated like customers in order for them to believe in the company's brand. Employees need to be seen as the internal market within the organization as part of the larger relationship marketing plan. Beagrie (2003) believed that the best way to bring the commitment of the employees to live the brand is through employing the same persuasive methods of communication that companies employ to market products and services externally.

**Methodology  
Present study**

The above mentioned and other similar studies made the plot for the present study. The paper attempts to study employer branding and employee commitment in few selected banking sector organisations. In all, 4 banks were studied. To make the study comparative, the banks were chosen from the public and private sector in Kerala. Descriptions of the Banks selected are as follows:

**Exhibit-1 (Targeted Organisations)**

Public Sector Banks	State Bank of India IOB
Private Sector Banks	HDFC ICICI

**RESEARCH OBJECTIVES**

The paper studies employer branding and employee commitment in few selected banking sector organizations. The main objectives of the study are as follows:

- To compare employee commitment using psycho-demographic factors i.e. gender, age, total work experience, and work experience in present organization in few selected public and private sector banks under study.
- To compare the employer branding and level of employee
- To find the relationship of employers branding with employee commitment and sub-scales of employee commitment.
- To find the impact of employers branding on employee commitment.

**RESEARCH DESIGN**

The study is descriptive and empirical in nature. Two banks were chosen from each public and private sector using Systematic Random Sample. Then a sample of 30 respondents from each bank taking the total number of respondents to 124.

**DATA COLLECTION**

Primary data was collected through preliminary interviews and questionnaires ultimately.

**INSTRUMENT**

Employee commitment questionnaire (Allen & Mayer 1991) and Hewitt Associates Survey of employer branding in 2003 is used to undertake the study. These scales are multidimensional, suggesting three subscales of employee commitment i.e. Normative (7 items), affective (12 items) and continuance commitment (7 items) and five of employer branding i.e. quality and balance, compensation, people, work and opportunity. The cronbach alpha coefficient of the scales were found to be .852<sub>(OC)</sub> and .879<sub>(EB)</sub>. The questionnaire also sought demographic information of respondent's i.e. age, marital status, gender, work experience in present organization and total work experience.

**Independent Variable: Employer Branding**

The independent variable of internal employer brand image in this study was based on the dimensions by Hewitt Associates, (2000), as listed below:-

- (1) Quality and Balance:** Strategic objective: To develop a quality of workplace for all staff.  
This objective can be fulfilled by employees having the tools necessary to do their work, comfortable working environment, employees work requirements matches their abilities, employees health and safety being given emphasis, learning difficulties being removed and employees having work-life balance.
- (2) Compensation:** Strategic objective: Individual effort and group success are valued, recognized and rewarded. This objective is fulfilled by having a job that pay according to work an employee does, individual and group achievement being rewarded, and having benefit plans tailored to the need of the employee.
- (3) People:** Strategic objective: Individual participation is enabled by inclusive leadership and targeted training. This objective may be met when employees are given the opportunity to voice their criticism openly without fear, having employers that guides rather than directs, employees ensuring that employees have strong soft skills, employers changing for the better and having work place relationships characterised by mutual respect.
- (4) Work:** Strategic objective: Facilitate work through multi-skilled individuals in cross-functional teams across a network community. This objective is facilitated by having employees required to be multi-skilled, a knowledge sharing environment, employees having positively challenging work, a workplace that allows an employee to work with all people with the required skill sets in the organisation and employees having the option to join knowledge networks like professional organisation.
- (5) Opportunity:** Strategic objective: Grow the workforce through tailored learning and the adoption of multi-aged employment practices. This objective can be fulfilled by employers providing relevant opportunities catered to the working needs of the employee, having training opportunities that deliver long-term value to the organisation, allowing for coaching by senior employees and enabling job rotation.

**Dependent Variable: Employee Commitment**

The three dimensions of employee commitment by Meyer and Allen, (1991) are:-

- (1) Affective Commitment:** It is an individual's emotional attachment to an organisation -"wanting to stay."
- (2) Continuance Commitment:** It is the commitment that results from the perceived cost of leaving the organisation- "having to stay."
- (3) Normative Commitment:** It is the individual's feeling of obligation to remain with the organisation- "moral obligation to stay."

**DATA ANALYSIS**

The data was analysed using SPSS. Necessary tables encompassing SPSS output is included in the paper at the appropriate places. The Confidence Level of 0.05 is assumed for the study.

**Table 1: One-Sample Kolmogorov-Smirnov Test**

		Employer Branding	Employee Commitment
N		124	124
Normal Parameters <sup>a,b</sup>	Mean	3.3332	3.2465
	Std. Deviation	.54010	.46324
Most Extreme Differences	Absolute	.104	.120
	Positive	.104	.120
	Negative	-.070	-.076
Kolmogorov-Smirnov Z		1.157	1.332
Asymp. Sig. (2-tailed)		.138	.057

a. Test distribution is Normal.  
b. Calculated from data.

**Table 2: Independent Samples Test**

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Organisation Commitment	Equal variances assumed	.059	.808	1.119	122	.265
	Equal variances not assumed			1.128	113.265	.262
Affective Commitment	Equal variances assumed	.048	.827	.259	122	.796
	Equal variances not assumed			.258	108.636	.797
Normative Commitment	Equal variances assumed	.138	.711	.270	122	.788
	Equal variances not assumed			.266	104.981	.790
Continuance Commitment	Equal variances assumed	.063	.802	.971	122	.334
	Equal variances not assumed			1.004	120.355	.317

The results of Independent Sample t-test (table-2) suggested no difference in the level of normative, affective and continuance commitment for male and female employees, getting p-value more than .05 (p equals .788, .796 and .334 in all three cases in order). Therefore the 1<sup>st</sup> null hypotheses (H<sub>0</sub>), that there is no significant difference in the level of normative, affective and continuance commitment for male and female employees, is not rejected or may be accepted.

**In order to meet the objectives of the study data collected was analyzed. However, before undertaking a comprehensive data analysis normalcy of data was checked. It was done to determine if the data was suited for parametric or non-parametric tests.** Kolmogorov-Smirnov test was conducted to meet these objectives. The table 1 presents the statistic of Kolmogorov-Smirnov Test for employer branding and employee commitment. The p value for both the variables was found to be p<sub>(eb)</sub> = .138 and P<sub>(ec)</sub> = .057. **These results indicated that the data was normally distributed. Based on these results it was decided that the data was suitable for parametric tests and therefore, ANOVA, t-test, Karl Pearson's correlation and Simple Linear Regression test were used to test the relationship between the two variables.**

**Results of Independent Sample t-test (Comparison vis-à-vis Gender)**

The results generated through Independent Sample t-test are shown in the table 2.

**Results of Karl Pearson's Correlation (Correlation of Commitment with Age)**

The results are presented in the table 3 below.

**Table 3: Correlations**

		Employee Commitment	Affective commitment	Normative Commitment	Continuance Commitment	Age	TWE	WEPO
Employee Commitment	Pearson Correlation	1	.588**	.755**	.756**	.176	.155	.182*
	Sig. (2-tailed)		.000	.000	.000	.051	.085	.043
	N	124	124	124	124	124	124	124
Affective commitment	Pearson Correlation	.588**	1	.355**	.421**	.034	.072	.072
	Sig. (2-tailed)	.000		.000	.000	.710	.429	.429
	N	124	124	124	124	124	124	124
Normative commitment	Pearson Correlation	.755**	.355**	1	.308**	-.007	.042	.080
	Sig. (2-tailed)	.000	.000		.001	.937	.646	.376
	N	124	124	124	124	124	124	124
Continuance commitment	Pearson Correlation	.756**	.421**	.308**	1	.223*	.157	.184*
	Sig. (2-tailed)	.000	.000	.001		.013	.081	.041
	N	124	124	124	124	124	124	124
Age	Pearson Correlation	.176	.034	-.007	.223*	1	.733**	.822**
	Sig. (2-tailed)	.051	.710	.937	.013		.000	.000
	N	124	124	124	124	124	124	124
TWE	Pearson Correlation	.155	.072	.042	.157	.733**	1	.706**
	Sig. (2-tailed)	.085	.429	.646	.081	.000		.000
	N	124	124	124	124	124	124	124
WEPO	Pearson Correlation	.182*	.072	.080	.184*	.822**	.706**	1
	Sig. (2-tailed)	.043	.429	.376	.041	.000	.000	
	N	124	124	124	124	124	124	124

\*\* . Correlation is significant at the 0.01 level (2-tailed).  
\* . Correlation is significant at the 0.05 level (2-tailed).

The results of Karl Pearson's Correlation (Table 3) suggested that there is no correlation between age of the employees and level of normative commitment (r= -.007, p=.937) but suggested a correlation between age of the employees and level of affective commitment (r=.034, p=.710) and continuance commitment (r=.223, p=.013). Therefore the 2<sup>nd</sup> null hypotheses (H<sub>0</sub>), that there is no significant correlation between normative com-

mitment and age of the employees, is rejected but the correlation of affective and continuance commitment with age of the employees is not rejected or may be accepted.

**Results of Karl Pearson's Correlation (Correlation of Commitment with Total Work Experience)**

The results are presented in the table 3.

The results of Karl Pearson's Correlation (Table 3) suggested that there is correlation between total work experience of the employees and level of normative commitment (r=.042, p=.646), affective commitment (r=.072, p=.429) and continuance commitment (r=.157, p=.081). Therefore, the 3<sup>rd</sup> null hypotheses (H<sub>3a</sub>), that there is correlation between normative, affective and continuance commitment and total work experience of the employees is not rejected or may be accepted.

**Results of Karl Pearson's Correlation (Correlation of Commitment with Work Experience in Present Organisation)**

The results are presented in the table 3.

The results of Karl Pearson's Correlation (Table 3) suggested that there is correlation between experience in the present organisation of the employees and level of normative commitment (r = .080, p=.376) and affective commitment (r=.072, p=.429) but a significant correlation was found between experience in present organisation and continuance commitment (r=.184, p=.041). Therefore, the 4<sup>th</sup> null hypotheses (H<sub>4a</sub>), that there is significant correlation between normative, affective and continuance commitment and work experience in present organisation of the employees is not rejected or may be accepted.

**Results of Independent Sample t-test (Comparison vis-à-vis Organisation)**

The results generated through Independent Sample t-test are shown in the table 4.

The result of Karl Pearson's Correlation (table 5) suggested that there is significant positive correlation between employer branding and organisational commitment (r = .657, p = .000). Therefore the 6<sup>th</sup> null hypothesis (H<sub>6a</sub>) that there is significant correlation between employer branding and organisational commitment is not rejected or may be accepted.

Results of Karl Pearson's Correlation (Correlation between Employer Branding and sub-scales of Employee Commitment)

The result of Karl Pearson's Correlation (table 5) suggested that there is significant correlation between employer branding and the level of normative commitment (r = .394, p = .000), affective commitment (r = .518, p = .000) and continuance commitment (r = .178, p = .048). Therefore the 7<sup>th</sup> null hypothesis (H<sub>7a</sub>) that there is significant correlation between employer branding and sub-scales of employee commitment is not rejected or may be accepted.

Results of Simple Linear Regression test (Causal relationship between Employer Branding and Employee Commitment)

The results are presented in the Table 6, 7 & 8 below.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.657 <sup>a</sup>	.432	.427	.35051

a. Predictors: (Constant), Employer Branding

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.406	1	11.406	92.838	.000 <sup>a</sup>
	Residual	14.989	122	.123		
	Total	26.394	123			

a. Predictors: (Constant), Employer Branding  
b. Dependent Variable: Employee Commitment

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.367	.198		6.920	.000
	Employer Branding	.564	.059	.657	9.635	.000

a. Dependent Variable: Employee Commitment

The result of Simple Linear Regression test suggests that emotional branding has significant impact (Result of ANOVA in **Table 7**, with p-value= .000) on employee commitment with R=.432 (**Table 6**), slope of regression line= .564 and intercept=1.367 (**Table 8**), therefore 8<sup>th</sup> null hypothesis (H<sub>8a</sub>) that employer branding has a significant impact on employee commitment is accepted.

**SECTION 4: FINDINGS AND CONCLUSION**

- No significant difference was found in the level of affective, normative and continuance commitment for male and female employees in banking organisations.
- No significant correlation was found between age and the level of normative commitment but the results suggests a significant correlation of age with affective and continuance commitment of employees in banking organisations.
- A significant correlation was found in the level of affective, normative and continuance commitment and total work experience of employees in banking organisations.
- A significant correlation was found in the level of affective, normative and continuance commitment and total work experience of employees in present organization in banking organisations.
- No significant difference was found in the level of employee commitment and employer branding in public and private sector banks in banking organisations.
- A significant positive correlation was found between employer branding and employee commitment in banking organisations.
- A significant positive correlation was found between employer branding and sub-scales of employee commitment in banking organisations.
- The result of Simple Linear Regression test suggests that employer branding has significant impact on commitment level of employees in banking organisations.

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