

**EMPLOYER BRANDING AND ITS INFLUENCE ON EMPLOYEE
ENGAGEMENT:
THE CASE OF FABTRONIC SDN. BHD.**

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DECLARATION

“I declare that this thesis is my own work except the citation and excerpts of each of which I have mentioned in the references.”

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DEDICATION

This Final Year Project is dedicated to my parents for their loves, endless support, encouragement, attention and prayers.

ACKNOWLEDGEMENT

All praise to Allah S.W.T for the His blessings bestowed upon me.

First, I would like to express my gratitude to Allah S.W.T, for giving me strength and opportunity to finish this research project. Without His consent, I would never complete this research.

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ABSTRACT

Employer branding is the firm's corporate image and culture created to attract and retain the type of employees the firm is seeking (Mondy, 2012). With employer branding everyone in the organization works to promote the image of the firm. The key in keeping employees is to create a strong engagement between the employees and employers. This research is employer branding and its influence on employee engagement. This research adopts quantitative approach with a descriptive purpose a case study. Data will collected samples of 150 respondents comprising of employee through direct questionnaires method. The period of study will cover 6 months. The findings from this study will assist organizations invest in building high level of employee engagement, develop strategies to address issues such as poor external image, difficulty in attracting talent, low employee morale and poor retention. They provide implications for organizations in establishing a strong business rationale by focusing attention on the employer branding, provide link between the strength of the employer branding and high levels of employee engagement.

ABSTRAK

Penjenamaan majikan adalah imej korporat syarikat dan budaya yang dicipta untuk menarik dan mengekalkan jenis pekerja yang dipohon di firma itu (Mondy, 2012). Dengan penjenamaan majikan setiap orang dalam organisasi bekerja untuk mempromosikan imej syarikat. Kunci dalam menjaga pekerja adalah untuk mewujudkan penglibatan yang kukuh antara pekerja dan majikan. Kajian ini adalah penjenamaan majikan dan pengaruhnya terhadap penglibatan pekerja. Kajian ini menggunakan pendekatan kuantitatif dengan tujuan deskriptif kajian kes. Data akan dikumpul sampel 150 orang responden yang terdiri daripada pekerja melalui kaedah soal selidik langsung. Tempoh pengajian akan meliputi 6 bulan. Dapatan daripada kajian ini akan membantu organisasi melabur dalam membina tahap tinggi penglibatan pekerja, membangunkan strategi untuk menangani isu-isu seperti imej luaran yang lemah, kesukaran dalam menarik bakat, semangat pekerja rendah dan pengendalian lemah. Ianya memberi implikasi kepada organisasi dalam mewujudkan rasional perniagaan yang kukuh dengan menumpukan perhatian kepada penjenamaan majikan, menyediakan hubungan antara kekuatan penjenamaan majikan dan tahap penglibatan pekerja.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter provides the introduction of this research project, which consist of several sections. The first section will share the background and view of the research project. Purpose of study, research questions, research objectives and the significance of this research can be obtained on the following sections.

1.2 Research Background

Employees are valuable asset to organization and important for organization success. Employees are 80% of organizational success (Hall & Densten, 2002). The good relationship between employees and employer in organization will lead employee's intention to engage in the organization. Once employee satisfied it also will lead to employees retention. According to Reggio (2003) it is important that

organizations must keep employees satisfied. Satisfied employees may be less likely to absent from their job voluntarily or to look for work elsewhere. The factors of employee engagement are important because employer must develop interventions and processes that may facilitate the intent to remain in organizations and to prevent the costs associated with employee turnover.

Employer branding is company's corporate image and culture are created to attract and retain employees of the firm to apply (Mondy 2012). Employer branding refers to at least two disciplines: human resource management and marketing, which mutually derived from their work (Wojtas, 2012). However, data obtained from a survey of the current global recession continues to show that the employer brand is also closely related to strategic management. The scientists detected the basics of management concepts Brandin employers, such as the psychological contract and customer relationship management (Beaumont & Graeme, 2003). However, the article's author deems necessary for the employer brand in the more general context as an important part of the strategic management of human resources, competitive market strategies and successful leadership (Minchington, 2013). For companies, brands fulfill various functions. They help the company differentiate their products, they create higher brand-loyalty, they benefit from Halo-effect, they provide a platform for new products and their products and services to protect themselves from the crisis and competition (Esch F, 2010). Branding includes all practical steps to build a brand that is appropriate to make an offer stand out from the deal with the same quality and to enable the provision of appropriate bids for a particular brand (Esch F, 2010).

The International Survey Research (ISR) defines employee engagement, to a process in which the organization will increase the commitment and continuity of its employees to achieve superior results. The ISR split into three sections commitment, commitment cognitive, affective commitment, and the commitment of behavior or thinking, feeling and acting. Dell Inc. defines employee engagement with said, To compete today, companies need to win over the minds (rational commitment) and

heart (emotional commitment) workers in a way that leads to a tremendous effort (Vance, 2006). Gibson (2006) defines employee engagement as a heightened emotional connection that employees feel for their organization, which influenced him to exert effort greater discretion to each task. Gallup Consulting (2008) describes the involvement of employees as the extent to which workers psychology in relation to something or someone in the organization. the level of employee engagement is related to the level of organizational performance (Soladati, 2007).

A less of employee engagement can lead to disloyalty and failure (Khan, 2007). However, it will also lead to employee turnover is high, the rate of turnover statistics in Malaysia (Table 1), the increase in the turnover rate of 32% in February 2014 compared with a earlier year in the same month of 20%, which means that the turnover rate an increase of 12%. Which showed an increase in employee turnover, so employers need to improve their management skills and become more aware and focused on incentives to attract and engage employees in the organization.

Table 1: Statistic turnover rate in Malaysia

Source: The Job Openings and Labor Turnover Survey results for year 2015

Month	Percentage
February 2015	20%
February 2014	32%
Total change	12%

As we see today, the brand will also be able to establish the involvement of the employees to work longer based brand. This company is because the brand can give a great advantage in working market. Among advantages, a strong employer brand to attract applicants better (Collins & Stevens, 2002, Slaughter et al, 2004) and form their expectations about their work (livens & Highhouse, 2003). The role of the brand is to generate and increase satisfaction and satisfaction predict future behavior toward the brand (Mittal & Kamakura, 2001) .In terms of jobs, the brand plays an

important role in creating employee engagement in organization. Employee involvement with employer branding is also important because best employer brand is distinguished from competitors with a high degree of employee engagement which leads to higher revenue, profitability and total returns when the reason investment in sustainable competitive (Ritson, 2002; Backhaus and Tikoo, 2004).

1.3 Problem Statement

Employee is a key challenge in most of the organization today to encourage the best and most desirable employees to remain in the organization for maximum period of time employees today are different. Once employees feel dissatisfied with the current employer or the job, they switch over to the next job. It is the responsibility of the employer to know how to attract, satisfied and retains its best employees. However, many organizations are facing problems to retain their employees due to certain factors. Today, there are numerous difficulties to hold the employee on the organization that the real reason of employee turnover on the organization is lacking fiscal or non-money related inspiration, insufficient backing from their senior partner, uncondusive workplace, absence of preparing and improvement, truant of prizes for employment well done, absence of administration style, society of the association, atmosphere of the association, wrongful occupation outline, deficient pay plans, non-accessibility of work life offset (Johanim, 2012; Kumar, 2012; Sanjeevkumar, 2012). The reason behind the intention also not fully acknowledged (Harbourne, 1995). Once employee not satisfied, they will switch to other jobs so, employer must ensure that their employee to satisfy and stay retain in organization for a long period of time.

Furthermore, a weak brand image and reputation as an employer can lead to difficulties in attracting and retaining employees. Employers with „high value of employer brand“ are considered by potential employees as more attractive than those

with employer brand value is lower (Berthon et al. 2005). Although, there are also organizations that have the involvement of employees because the employer brand. According to Sime Darby Portal, Sime Darby Berhad has the highest number of employees by 104,000 workers, while in Portal Petronas company has 50,000 employees working. One of the main objectives of the manager is to build a strong brand (Kay, 2004). The brand is strong when it can offer an organization that "a sustainable differential advantage" (Doyle, 1990). Ritson (2002) supports this by emphasizing the importance of employer branding reduce recruitment costs, improve employee relations and retention and the ability to offer lower wages, compared with companies with weaker brands.

1.4 Research Questions

The research questions in this research are:

1. What are the factors that influence the employee engagement on employer branding?
2. What are the impact employer branding in attracting and retaining of employee?
3. What are the most influence factors of employee engagement on employer branding?

1.5 Research Objectives

The research objective in this research are:

1. To identify the factors that influence employee engagement on employer branding.
2. To examine the impact employer branding in attracting and retaining of employee.
3. To determine the most influence factors of employee engagement on employer branding.

1.6 Scope

The scope of this research focused on employer branding and its influence employee engagement in Fabtronic Sdn. Bhd. which is located in Bayan Lepas, Pulau Pinang. The respondents ranging from managers, engineers, technicians, administrative, operators in Fabtronic Sdn. Bhd. Researcher will distribute questionnaires to 150 respondents. This technique will help the researcher to obtain more accurate data and information

1.7 Limitation of Study

There are a few limitations in this research. The study only focus on Fabtronic Sdn. Bhd. because the limitation of time and organization private and confidential.

1.8 Significant of Study

The main purpose of conducting this research is to investigate the relationship between corporate brand and reputation through corporate image, organizational culture, and security of tenure in employment / long term job security. All those factors is crucial in engaging the employee to retain in an organization based on employer branding.

Besides, the organization will be more understand about their employees and thus minimizing the turnover intention among them and make the employee engage with the company longer. In addition, organization will be able to engage the employees by create a positive experience for candidates throughout the recruitment process. If candidates are treated in a way that makes them feel valued, the employer will easy in attract the employee to join in organization.

1.9 Summary

In chapter 1, the researchers have described introduction of the topic and background of the research study clearly. Then, the research problems are identified by the researchers. After that, the research question and research objectives are formed during this research study has conducted. Both of these are important because they contribute a clear way to complete the whole research study and also the significant of the study.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The literature review is a report evaluating studies found in the literature related to the area of your choice. This review shall explain, formulate, evaluate and The literature explains. It should give a theoretical basis to study and help you determine the nature of your own research. Select a limited number of works center for your area from trying to collect a large number of works which are not as closely related to your topic area. (Boote, D.N. & Beile, P., 2005). This chapter includes a literature review of the research in detail. At the end of this chapter, the researchers will summarize the literature through the framework of research and hypotheses testing.

2.2 Employer Branding

The concept of employer branding was borrowed from marketing. It assists organisations to focus on how they might locate themselves in their market as an employer of existing employees, and also as a potential employer of new employees (Tuzuner & Yuksel 2009). Although employer branding was a fairly new concept, in practice some organisations had been applying the idea for some time now. Recently, brand image had begun to play a significant role in the recruitment and retention of employees (Berthon, Ewing & Hah 2005; Sullivan 2004). The benefit of brand image was not only in attracting customers, it also assisted in a competitive job market. It had the potential to assist organisations to stand out amongst their competitors as a desirable employer, but only if well targeted (Backhaus & Tikoo 2004; Knox & Bickerton 2003; Martin et al. 2005).

The concept of Employer Branding was first brought up in literature in the 1990s in consequence to the “war for talent” (Mosley, 2007). In the beginning of the 21st century due to tight labour markets and low rate of unemployment companies were facing skill shortages (Chartered Institute of Personnel and Development, 2010) and yielding a need to attract the best talent to survive in the markets. In literature it is agreed that the rising interest in employer brands has emerged from economic and demographic changes locally and globally (Moroko and Uncles, 2008). Employer branding is an extension of product or business branding, employer brand has become a major recruitment and retention strategy (Jeffrey, 2012). While according to Toni Kaski (2012) strong consumer brands might sell goods and services but strong employment brands attract people and make them want to stay.

Furthermore, Sullivan (2004) described the concept of employer branding as the process of creating an image of being a “great place to work”. Based on the marketing concept, branding was designed to create a lasting image in customers’ perception (Sullivan 2004). The aim of employer branding is to create an image designed to encourage people to want to work for the organisation, supported by

developing a workplace that lives up to the positive image conveyed, an employer brand would have the ability to also influence current employees. This would make them feel that they were working for a well managed firm where they were continually developing and growing in their careers (Sullivan 2004).

This has led to companies increasingly understanding the value of attracting and retaining the top talent (Mosley, 2007). Employer branding aims to promote both internally and externally the desirable aspects of working for a specific company in order to attract recruits and engage current employees (Backhaus and Tikoo, 2004). Employees are seen as resources that are more difficult to imitate. Companies that nurture an employer branding can secure and retain the most significant employees who will promote brand success and bring profits hence generating value to firm and shareholders (Moroko and Uncles, 2008). Ritson (2002) supports this by emphasising the importance of employer branding in reducing costs of recruitment, enhancing employee relations and retention and in the ability to offer lower salaries, compared to the companies with weaker brands.

2.3 Employee Engagement

Kahn (1990) defines employee engagement as the harnessing of organization members selves to their work roles in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances. The cognitive aspect of employee engagement concerns employees' beliefs about the organisation, its leaders and working conditions. The emotional aspect concerns how employees feel about each of those three factors and whether they have positive or negative attitudes toward the organisation and its leaders. The physical aspect of employee engagement concerns the physical energies exerted by individuals to accomplish their roles. Thus, according to Kahn (1990), engagement means to be psychologically as well as physically present when occupying and performing an organisational role. Most often employee engagement has been defined as emotional

and intellectual commitment to the organisation (Baumruk 2004, Richman 2006 and Shaw 2005) or the amount of discretionary effort exhibited by employees in their job (Frank et al 2004). Although it is acknowledged and accepted that employee engagement is a multi-faceted construct, as previously suggested by Kahn (1990), Truss et al(2006) define employee engagement simply as passion for work, a psychological state which is seen to encompass the three dimensions of engagement discussed by Kahn (1990), and captures the common theme running through all these definitions. The existence of different definitions makes the state of knowledge of employee engagement.

Perrin Global Workforce Study (2003) uses the definition of employee willingness and ability to help their companies succeed, largely by providing discretionary effort on an ongoing basis. According to the study, the involvement influenced by many factors involving both emotional and rational factors related to employment and work experience overall. Gallup organization defines employee engagement and involvement with the spirit of the work. Gallup ascited by Dernovsek (2008) likens to the involvement of employees' emotional and positive employee employee commitment.

A survey by the US Gallup Employee Engagement 2013-2014 (Table 2) indicated that less than one-third (31.5%) of US workers engaged in their work in 2014. The average is up nearly two percent of the 29.6% in 2013 and represents the highest reading since 2000, when Gallup first started tracking the level of involvement of the working population in the United States. However, the majority of workers, 51%, is still "not involved" and 17.5% are "actively disengaged" in 2014.

Table 2 : U.S Employee Engagement, 2013 vs. 2014

Sources : Gallup Daily Tracking, 2014

<i>U.S. Employee Engagement, 2013 vs. 2014</i>		
% Employees	2013	2014
Engaged	29.6	31.5
Not engaged	51.5	51.0
Actively disengaged	18.8	17.5
GALLUP®		