The Relationship between Employer Image and Organizational Attractiveness in the Information Technology Industry

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ABSTRACT

The study examined the effects of employer image on attractiveness of a firm as an employer among two different samples in the Indian Information Technology (IT) sector. For the purpose of the study 585 respondents were drawn (Students = 351, IT Employees = 234) from the applicant population. The subjects responded to a structured questionnaire on a five-point rating scale. Multiple Regression Analyses reveal that application, development and social value significantly predicted the organization's attractiveness among employees, whereas development and economic values emerged as significant predictors among the students sample.

Introduction

Recruitment strategies are evolved to increase the quality and quantity of applicants by creating attractiveness towards the organization (Barber, 1998). In today's scenario there is an impending talent shortage, especially in the technology-intensive industry. Kamal Karanth, Chief Executive Officer of Kelly Services is of the view that, "The Information Technology (IT) sector is already facing a talent crunch in more specialized areas, which will become severe in future. There will always be demand for specialized IT professionals" (Anuradha, 2011, February 4). Previous research states that organizations find it difficult to attract, hire, and retain the "right fit", due to lack of competency (Highhouse, Zickar, Thorsteinson, Stierwalt, & Slaughter, 1999; Rynes, 1991).

Today companies have started revolutionizing their approach to win the "war for talent" by portraying themselves as the best employer. Job and organizational factors are considered to be an important aspect for creating positive attitude in the minds of the prospective applicants. Particularly, the IT sector is now facing increased competition from global players. The Indian IT industry which grabs a 55 per cent market share in the global market outsourcing also faces a problem of huge attrition. Thus, IT companies are forced to differentiate themselves through the "quality of human resource" as recruitment quantity is enormous.

Review of Literature

Employer Image

In the marketing literature brand image it is defined as "a set of perceptions about a brand as reflected by brand associations in consumer's memory" (Keller, 1993). Whereas according to Biel (1992) it as "a cluster of attributes and

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associations that consumers connect to the brand name". Similarly employer image is defined as "the set of beliefs that a job seeker holds about the attributes of an organization" (Cable & Turban, 2001; Highhouse et al., 1999). They describe it as, how well the prospective applicants evoke attributes pertaining to an organization. Organization's image as an employer is the 'perception of job and organizational attributes among the job seekers' (Cable & Turban, 2001; Lievens, Hoye & Schreurs, 2005). In other terms, Schreurs and Syed (2011) express it as "individuals' subjective interpretation of the job and organizational characteristics".

Rynes (1991) suggested that a potential applicant may be attracted to an organization based on the perception of job and organizational attributes and quoted that "one useful direction of future research would be to determine the major components of organizational image, and whether any of them can be cost-effectively modified or communicated to improve applicant attraction". Thus the perception of a firm's image as an employer is one of the most important factors that affect applicant's initial attraction to a firm (Fombrun & Shanley, 1990; Rynes, 1991).

Perceived job and organizational characteristics are generally considered as instrumental attributes because they describe the job or organization in terms of objective, concrete, and factual attributes (Lievens, 2007; Lievens, Hoye, & Anseel, 2007).Some researchers' state that applicants differ in their level of attraction to certain job and organizational attributes (Bretz & Judge, 1994; Cable & Judge, 1994).

Based on Biel's (1992) classification of brand image (image of the maker, image of the product, and image of the users), Cable and Turban (2001)

organized the attributes to determine the image of an organization, into three broad categories: 1) details of organizations, varying from real or historical aspects to organizational procedures and policies like organizational values and culture (employer information). It denotes any attribute which specifies 'what an organization is all about', 2) prospective applicants' knowledge about the attributes of a specific job at the organization to which they might like to apply for (job information). It may include the pay and benefits, type of work to be performed, and career development, 3) information about the individuals working in the organization like co-workers, superiors, subordinates etc. with whom the job seeker would interact (people information).

Gatewood, Gowan, and Lautenschlager (1993) stated that the features of the prospective job, general firm reputation, attitudes toward the firm's products or services, advancement opportunities, and location were some of the important determinants to job and organizational characteristics.

Organizational Attractiveness

Chapman, Uggerslev, Carrloo, Piasentin and Jones (2005) refer to the organizational attractiveness as 'an overall evaluation of the attractiveness of the organization from the point of view of prospective applicants'. Berthon, Ewing, and Hah (2005) define 'employer attractiveness' as "the envisioned benefits that a potential employee sees in working for a specific organization".

According to Highhouse, Lievens, and Sinar (2003) Organizational attractiveness is considered as "an attitude component, expressing the company as a potential place for employment to initiate some relationship". Jiang

and Iles (2011) defined organizational attractiveness as the "power that draws applicants' attention to focus on an employer brand and encourages existing employees to stay and work hard in the company".

Turban and Greening (1997) used a five-point rating scale ranging from 1, "unattractive employer," to 5, "one of the most attractive employers" to measure companies attractiveness as an employer. Whereas Turban and Keon (1993) measured organizational attractiveness, on a 7-point rating scale with five items like: 'the extent to which the applicant would exert a great deal of effort to work for the company', etc.

Backhaus and Tikoo (2004), proposed a conceptual model wherein Employer Branding is said to influence brand associations and brand loyalty. Brand associations are then anticipated to increase employer image which in turn leads to employer attractiveness.

Collins and Stevens (1999), examined a nine-item measurement based on the categories like innovation and risk-taking, reputation and product knowledge, people-orientation, team orientation or work structure, stability versus growth as initial organizational image scale. The initial organizational image was found to be significantly related to organizational attractiveness.

In recruitment literature, organizational image acts as a major determinant of organizational attractiveness (Highhouse et al., 1999; Cable & Turban, 2001). Studies have confirmed the influence of applicants' perceptions of job and organizational characteristics such as salary, (Cable & Judge, 1994; Judge & Bretz, 1992) level of centralization, (Rynes & Barber, 1990) flexible career paths and policies, (Honeycutt & Rosen, 1997) respectability, coworkers, product image,

(Highhouse et al., 1999) level of internationalization, (Lievens, Decaesteker, Coetsier, & Geirnaert, 2001) organizational size and structure, (Turban & Keon, 1993) job security, location, working with customers, (Lievens & Highhouse, 2003) ecological rating, (Aiman-Smith, Bauer, & Cable, 2001) and the firm's corporate social performance (Turban & Greening, 1997) on organizational attraction.

Jiang and Iles (2011), proposed on the same line as Backhaus and Tikoo (2004) that Employee-Based Brand Equity (EBBE) would result in internal and external organizational attractiveness. They defined EBBE as an "envisioned benefits that potential/existing employees see in working for a specific organization". They proposed that the applicants would give importance to the various dimensions of EBBE such as brand trust, development value, economic value, social value and interest value, which would in turn lead to employer attractiveness.

Thus the goal of this study is to examine the relationship of employer image on attractiveness of a company as an employer among two different samples from applicant population, in the Indian IT sector, which is yet to be empirically researched. This sector is relevant because it is occupied with qualified knowledge workers and has significant levels of attrition.

Research Method

Based on the literature review the following hypotheses were developed for the study:

Hypotheses

H$_1$: Employer image will explain the variance in the attractiveness towards an IT company as an employer among Students.

H$_2$: Employer image will explain the variance in the attractiveness towards an IT company as an employer among Employees.

Sample

Two samples namely student and employee were considered as the applicant population for the purpose of the study. Applicant population (potential applicants group) is considered as the target segment from which the organization can recruit (Barber, 1998). Based on a pre-study with twenty students and twenty employees, the top two companies in the sector for the study were selected. Respondents were randomly assigned to one of the two Indian IT companies.

The first sample consisted of 351 final year engineering and MCA students from a large government aided technical university. Only those programmes which were considered to be the primary interest to the IT industries were chosen. The survey was carried out before the commencement of campus interview in the university. Questionnaires were distributed during the break time with the help of class representatives and faculty in charge. The second sample consisted of 'industry insiders' with hands on experience in the IT sector, comprising of 234 employees. Employees from varied IT companies were targeted to complete the questionnaire except the two, which were selected for the study. Employees sample did not constitute those people who had already worked for the chosen companies. The surveying adopted non-probability, purposive sampling.

Measures

The independent variable (perceived employer image dimensions) and the dependent variable (organizational attractiveness) were measured through an established and validated questionnaire. In the current study employer image has been conceptualized as, the advantage that a prospective employee foresees in terms of attributes pertaining to a specific job, social relationship and organizational details of a firm as an employer. It is the belief of the prospective applicants' about the organization as a whole (Cable & Turban, 2001; Highhouse et al., 1999). In line with Highhouse et al., (2003) organizational attractiveness is a positive attitude towards the organization, persuading the prospective employees' to become a part of the firm. It signifies 'how appealing an organization is, as an employer to its prospective applicants'.

The employer image was measured using the five dimensions: interest value, social value, economic value, development value, and application value developed by Berthon et al., (2005). The study employed 25 items measured on a five point rating scale ranging from (1) "strongly disagree" to (5) "strongly agree". To check the internal consistency the reliability analysis was carried out. The Cronbach coefficient Alpha values for the five dimensions were Interest Value á = 0.76, Social value á = 0.74, Economic value á = 0.77, Development value á = 0.73, Application value á = 0.78 in the student sample. In the employee sample Alpha values were as follows: Interest Value á = 0.78, Social value á = 0.75, Economic value á = 0.69, Development value á = 0.75, Application value á = 0.68.

Confirmative Factor Analysis (CFA) was performed for 25 items of job and organizational characteristics. The ÷2 associated with the five-factor model was 791.31 (df = 265, p < 0.001), ÷2/df =2.986, RMR=0.06, AGFI=0.88, CFI = 0.90, GFI = 0.91, and RMSEA = 0.05. The CFA showed that the five-factor model, on the whole produced a good fit to the data.

The organizational attractiveness scale comprising three items was adapted from the study of Highhouse, Lievens, & Sinar (2003). A sample item from the scale is "This Company is attractive to me as a place for employment" (1= strongly disagree; 5= strongly agree). Coefficient alpha of this scale accounted to 0.85 for the student sample and 0.75 for employee sample.

Results

In order to examine the effect of employer image on organizational attractiveness, a step-wise regression analysis was carried out. Before the analysis, for both the samples the assumptions of normality and linearity were evaluated through examination of scatter plots (Tabachnick and Fidell, 2001). The absence of multicollinearity was assessed by tolerance and its reciprocal, called Variance Inflation Factors (VIF). Generally, a tolerance level less than .20 indicates the presence of multicollinearity and a VIF value less than 5 is treated as the limit for absence of multicollinearity. Multicollinearity can also be measured through Condition index. The value of condition index greater than 15 indicates a possible problem with multicollinearity and a value greater than 30 suggests serious problems.

VIF value of the indicators in this study is less than 5 and their corresponding condition indexes are all less than 15. The tolerance value is more than .20. Thus, in this model all the criteria's are satisfied, and there is no sign of multicollinearity. At the same time, auto correlation of residuals was examined by Durbin-Watson statistic and the test reveals that the residuals are independent from each other as the values were between the limit of 1.5 to 2.5

Student sample

The results of the regression analysis show that (table 1) development value and economic value are significant positive predictors of organizational attractiveness. The development value (Beta = 0.30, $p<0.001$) has a higher impact than economic value (Beta = 0.28, $p<0.001$). The set of job and organizational characteristics account for a significant portion of the variance of 22% with F-value 50.16 ($p<0.001$).

Table 1 - Multiple regression analysis of Employer Image on Organizational Attractiveness among Students (n = 351)

Variables	β	t	p
Development	0.30	6.00	0.000
Economic	0.28	5.50	0.000
Note: R = 0.47, Adj. R2 = 0.22, F = 50.16, p < 0.001			

Based on the results H_1 is supported. Therefore, the dimensions of job employer image explain the variance in the attractiveness towards an organization as an employer in Indian IT sector, among the students sample.

Employee sample

From the table 2, R the multiple correlation coefficients, value of 0.51 indicates the linear correlation between the observed and model-predicted values of the dependent variable. Its large value indicates a strong relationship. With respect to the employer image, the model explained 25 % of the variance in employees' sample on organizational attractiveness, F-value 27.38 ($p<0.001$).

Table 2 - Multiple regression analysis of Employer Image on Organizational Attractiveness among Employees (n = 234)

Variables	β	t	p
APP	0.30	3.99	0.000
DEV	0.25	4.68	0.000
SOC	0.15	2.63	0.009
Note: R = 0.51, Adj. R2 = 0.25, F = 27.38, p < 0.001			

Application values emerge as a significant positive predictor of company's attractiveness as an employer (Beta = 0.30, p<0.001) than development value (Beta = 0.25, p<0.001) and social value (Beta = 0.15, p<0.01). The model reveals that the dimensions of employer image positively predict the employees' organizational attractiveness in Indian IT industry. Therefore H$_2$ is supported.

Discussion

This study was designed to examine how employer image predict an organization's attractiveness as an employer with respect to IT sector in India. The results show that employees give a greater importance to 'Application value', that assesses the extent to which an employer provides an opportunity for the employee to apply what they have learned, in an environment which gives a sense of belongingness coupled with a customer orientated and humanitarian aspects. Employees perceive an organization as attractive if it provides recognition, self-worth, confidence, a launch pad to future employment with a career-enhancing experience. 'Social value', like the extent to which an organization provides an opportunity to maintain good relationship with colleagues, a team atmosphere with a working environment that is fun and happy, etc. increases a firm's attractiveness among the 'industry insiders' (Berthon et al., 2005).

Similar to the perception of employees, students also view, 'Development value' as the major determinant for attractiveness of the employer. Being an 'industry outsider', students give importance to the monetary benefits, job security, promotional opportunities offered by the organization, to measure company's attractiveness. Thus, more the students perceived the presence of development and economic value greater was their attraction towards the organization.

Previous studies have demonstrated the importance of job and organizational characteristics on organization's attractiveness as an employer (Cable & Graham, 2000; Highhouse et al., 1999; Lievens et al., 2005; Turban, Forret, & Hendrickson, 1998). In the previous study by Lievens et al., (2003), not much emphasis was given to job and organizational characteristics in employee sample which contributed for 16% of the variance toward attractiveness as against 25% of variance with three out of five attributes contributing significantly in the present study. Hence, being an industry insider, employees in the study have a relatively good insight in the job and organizational attributes of IT companies. This study confirms the significant effect of employer image in increasing the attractiveness of a firm with attributes varying across the two samples.

Limitation

The study is not without any limitations. Only the IT industry, one of the service sectors, is taken up for this study. The generalization of the findings across service industry may be restricted, as this study has considered only a single service industry. The data collection was made within the limited geographical area of a metropolitan city in India due to cost and time constraints.

Conclusion

It is often a problem to decide which attribute an organization should promote to enhance its attractiveness as an employer. In this respect, this study has key practical implication for managers since the study attempted to differentiate the primary dimensions of prospective applicants' perception on employer image based on two samples. Applied to an Indian IT industry context, it seems that the companies should focus on the students' sample (industry outsiders) and employees' sample (industry insiders) separately. The results of this study suggest that in order to increase the attractiveness of the company, the employers should promote the application and social value as far as industry insiders are concerned. Social responsibility on part of the organizations is generally seen to be a step towards giving back to the society. On the other hand it also adds to the media publicity thereby creating a positive image in the minds of the job seekers. 'Rural Business Process Outsourcing' is one of the key steps, which requires more attention. IT sector must spread its wings in the small towns for further growth and sustained development of the country.

It is seen that economic value must be targeted when the students are concerned, as they are fresher's and have the tendency to compare a job based on the pay-packet. Companies must provide an above average basic salary, so as to attract talented personnel. Development values are considered to be most important aspect as it is preferred by both the samples. Organizations must value their employees by proper career development program. Creative ideas must be valued by the organization. The organization must differentiate itself from its competitors based on the job and organizational attributes, to become an 'employer of choice'. In general, positive employer image can attract more potential job seekers towards an organization.

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