

Employer Branding Strategy to Increase Employee Engagement

(Study at Private State-Owned Enterprises in Indonesia)

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ABSTRACT

Indonesia has begun to apply the concept of employee engagement in every organization, including State-Owned Enterprises (BUMN). Research shows that the higher employee engagement drives organizational performance. The company's growth depends on how the ability of human assets are able to adapt the changes of business environment, to create new ideas, to innovate and to develop products, which lead to the company's competitive advantage. The author perceives that engaging is used as one of the basic emerged organization such as in one of the State-Owned Enterprises' phenomena in Indonesia. In business competition, a company does not only need employees who have high job satisfaction, but also a strong employer branding to increase employee engagement due to customer satisfaction. The methodology of this study used was descriptive survey method. The technique analysis used was a questionnaire. The result of the study showed that employer branding and job satisfaction have a positive effect on employee engagement. The author concludes that job satisfaction is the mediator for employer branding to create employee engagement, and will improve employee engagement directly.

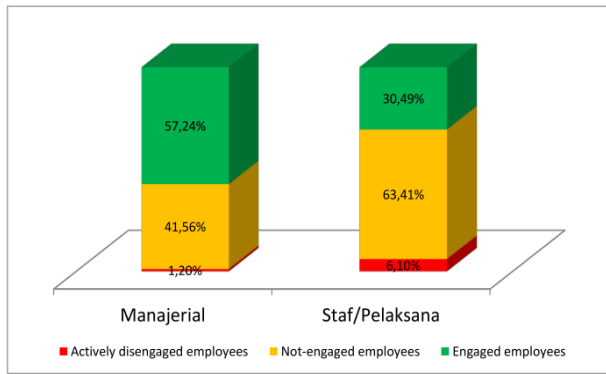
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1. INTRODUCTION

Most of companies identify the essential of human resources role in an organization. As stated by Sadri & Less in reference [1] that the key to achieve competitive advantage is recruiting, developing and retaining employees' skill. A company required to expands market share by holding the hearts and minds of their employees [2]. Thus, employees who have strong employee engagement with their organization are needed. Engagement creates employee's productivity, positive behavior in the workplaces, and customer satisfaction of the organizational performance [3,4]. Every organization is expected to realize the importance of the concept of employee engagement to compete in the business world. Moreover, many institutions conducted surveys in measuring the level of employee engagement such as in reference [2,5] was Global Employee Engagement Index and so on. Based on the survey, it shows that employee

engagement index globally in 2011 was 59%, decreased in 2012 to 58%, increased in 2013 by 60%, increased to 62% in 2014 and in 2015 reached 65% [5].

State-Owned Enterprises (BUMN) conducts employee engagement measurement since 2013. Employee engagement index of BUMN has not optimal yet, mainly in the central office as much as 63.4% employee is not engage and 30,5 % employees are engaging. The index of employee engagement in this company based on the managerial, 57, 24% engage employee, 41,45% not engage employee and 1,20 % actively disengage employee. Then based on executive staff, 30, 49% engage employee, 63, 41% not engage employee and 6, 1% actively disengage employee as shown in fig.1.



Source : Laporan survey kepuasan& engagement karyawan private bumn company 2014

Figure 1 Index and classification engagement 2014 based on position / occupation.

Based on the data above, employer branding is the influence aspect to perceive the level of employee engagement. The concept of Employer Branding is indicated as one approach to support companies effectively [7]. In line with this, the author is interested in conducting research to examine employee engagement through employer branding mediated by job satisfaction.

1.1. Employer Branding

Employer branding is a concept that needs to adapt and practice the sustainable corporation strategies [7]. Employer Branding can be defined as a functional, economic and psychological package of benefits that provides work and identification by companies as employers [8-11]. It includes a system of corporation values, policies and behavior towards the goal of attracting, motivating, and retaining potential employee in the company. Thus, employer branding can be defined as an effort made by the company (as an employer) to attract and get (external) employees who have best competencies, and to retain talented employees who remain in the company.

A Strong employee branding increases the average level of employee engagement and customer satisfaction, reduces organizational costs, and contributes to better financial results. Such as reduce costs of recruitment, turnover and absenteeism [9].

The factors that affect employer branding are realistic job previews, perceived organizational support, equity in reward administration, perceived organizational prestige, organizational trust, top management leadership, psychological contract obligation, corporate social responsibility [12-15].

1.2. Job Satisfaction

Job satisfaction is an emotional situation as the result of what employees feel about their work [15-18]. The aspects of job satisfaction include work itself, salary / wages, promotions, supervisors, co-workers [15,19]. If

the situation in the workplace overdoes employee's expectation, they will be satisfied with their work.

According to McShane in [20] there is a model of response to job dissatisfaction (EVLN). It covers in Exit, Voice, Loyalty, and Neglect (EVLN). Employee behavior to leave organization and neglect of work affected employee performance, absenteeism and turnover. However, it is caused employee responses indirectly to tolerate unpleasant situations or to encourage working condition in increase satisfaction. There are three hypotheses proposed in this study as shown in fig. 2.

H1: Employer branding has an effect on job satisfaction

H2: Employer branding affects employee engagement

H3: Job satisfaction has an effect on employee engagement.

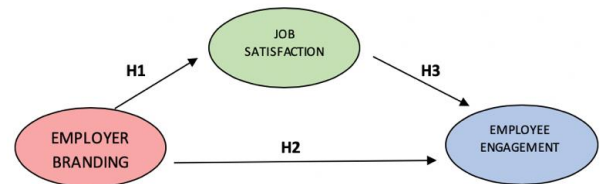


Figure 2 Research paradigm

2. METHODS

This research method of the study used was descriptive with survey method. The object of this study was employer branding as an independent variable, job satisfaction as an intervening variable and employee engagement as the dependent variable. The researchers tried to examine the views of employees about employer branding, employee engagement and job satisfaction. The sampling technique used was simple random sampling [21] involved with the number of respondents 30 employees.

The technique of data collection used was a direct review of the object by distributing questionnaires, containing questions about the research variables then disseminating to employees who became research samples, and then conducting library studies to find the theoretical foundation

3. RESULTS AND DISCUSSION

3.1. Result and Discussion

Based on instrument testing, there are 30 respondents who have been valid (>0.05). Reliability value data as much 0,992 Cronbach's Alfa showed that the instrument of the research was reliable. Then, we conducted classic assumption test by normality test (table 1.) and data

homogeneity (table 2.) resulting the data distribution is normal and the homogeneous for employer branding, job satisfaction, dan employee engagement variable.

Table 1. Normality test

One-Sample Kolmogorov-Smirnov Test			
	EB_RATA	JS_RATA	EE_RATA
N	30	30	30
Mean	3.7167	3.6767	3.8533
Normal Parameters a,b			
Std. Deviation	.48000	.49944	.50972
Absolute Most Extreme Differences	.111	.139	.187
Positive	.111	.109	.187
Negative	-.082	-.139	-.103
Kolmogorov-Smirnov Z	.607	.761	1.023
Asymp. Sig. (2-tailed)	.855	.608	.246

Table 2 Homogeneity Test

Test Statistics			
	EB_RATA	JS_RATA	EE_RATA
Chi-Square	10.000 ^a	12.000 ^b	20.267 ^c
Df	14	13	12
Asymp. Sig.	.762	.528	.062

Then to see the influence among variables, regression liner analysis was used with the results as fig. 3 and fig 4.

Coefficients ^a						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlation
	B	Std. Error	Beta			
1	(Constant)	.305	.361		.845	.405
	EB_RATA	.907	.096	.872	9.422	.000

a. Dependent Variable: JS_RATA
b. Predictors: (Constant), EB_RATA

Table 3. Result of employer branding of job satisfaction test.

Coefficients ^a						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlation
	B	Std. Error	Beta			
1	(Constant)	.397	.382		1.040	.308
	EB_RATA	.442	.205	.416	2.151	.041
	JS_RATA	.493	.197	.483	2.498	.019

a. Dependent Variable: EE_RATA
b. Predictors: (Constant), JS_RATA, EB_RATA

Table 4. Result of employer branding of employee engagement test mediated by job satisfaction.

Based on the finding, Employer Branding has effect on job satisfaction 0,872 (fig. 3.). Meanwhile Employer Branding had significant effect on employee engagement 0,416 (fig. 4.). Moreover, the effect of Employer Branding to Employee Engagement through job

satisfaction as mediated was 0,421 (Significant, p-value is 0,041<0,05). In line with this result, Job satisfaction is mediated variable for employer branding to appear employee engagement, but the effect was small (0,5%). It can be concluded that it would increase employee engagement if the employer branding in BUMN Company was strong.

A strong employer branding improves the level of employee Job Satisfaction. Employee who has high job satisfaction will engage more to the company. As Barrow said that a strong Employer branding increased employee engagement and employee commitment [6, 8, 22-24]. Companies that built a strong employer branding can attract employee to work, and retain employee who join with the company to give potential performance that impact on the service and customer satisfaction indirectly [4, 25-26].

4. CONCLUSIONS

4.1. Conclusion

There has been a great deal of interest in the influence of employer branding and employee engagement. The hypotheses of the study were accepted. Thus, Employer branding effect job satisfaction, employer branding effect employee engagement and job satisfaction became variable in employer branding.

4.2. Recommendation

The further research is needed to enhance model of increasing employer engagement through employer branding with another mediated variable.

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