

## CHAPTER II

### LITERATURE REVIEW

#### 2.1 Literature Review

Human resource management has been an integral part of management. Management itself refers to the achievement of organizational goals effectively and efficiently through a flow of planning, organizing, leading, and controlling organizational resources (Griffin, 2016). Multiple organizational resources, such as people, money, and equipment, need proper management to ensure their efficient usage (Robbins & Coulter, 2021). It can be concluded that people or talent is considered to be an organizational resource that needs proper management.

Hence, human resource management is a crucial managerial function in organizations. As Griffin (2016) stated, human resource management can be defined as a series of activities conducted by organizations to attract, develop, and retain an effective labor force. Adequate implementation of human resource management can aid organizations in enhancing their profits and performance (Dessler, 2020).

One of the processes of human resource management is recruitment. According to Griffin (2016), recruitment is a process of attracting individuals with the qualifications that are needed by the position/job on offer. In other words, recruitment is an essential process in human resource management as it enables an organization to attract and obtain one of its resources to help achieve optimal performance.

### 2.1.1 Employer Brand Attractiveness

Employer brand attractiveness itself is a concept born from the concept of employer branding. Understanding the concept of employer branding will provide a stronger foundation for comprehending the concept of employer brand attractiveness.

One of the earliest concepts that discusses employer branding was initiated by Ambler & Barrow (1996), it defines employer branding as “the package of functional, economic, and psychological benefits provided by employment, and identified with the employing company” (p. 187). Furthermore, it explains that the purpose of executing employer branding is to attract, retain, and commit potential talents by implementing such strategies (Junça Silva & Dias, 2022; Ambler & Barrow, 1996).

Rana et al. (2021) define employer branding as the relationship between a positive perception of any organization in the eyes of its potential and/or existing employees. Employer branding is deemed to be the aligning factor of functional, economic, and psychological benefits provided and can elevate the organization’s position by generating a value proposition for the organization.

Another perspective on employer branding is defined by Garibaldi & Alicia A (2014), as it is seen as the basis of an effective recruitment strategy and can contribute to successfully obtaining top talent. It is closely related to employer value proposition (EVP), which consists of the reasons of why job seekers should choose your company instead of the others.

Another recent definition of employer brand is stated by Santiago (2019), where employer brand can be defined as a series of benefits offered by an organization in order to establish a distinct image in the

perspective of its current or potential employees in hopes that it can make them stay or join the organization.

Proper implementation of employer branding can bring companies several benefits, including more efficient recruitment, as it will help companies to attract applicants more effectively (Łacka-Badura, 2015; Barrow & Mosley, 2005). Meanwhile, Junça Silva & Dias (2022) emphasize the importance of implementing employer branding as it can establish a reliable and attractive employer image that strengthens the company's position as an employer.

Berthon et al. (2005) define employer brand attractiveness as “the envisioned benefits that a potential employee sees in working for a specific organization” (p. 156). In simpler terms, employer brand attractiveness is the attraction that is seen from the eyes of potential employees to the company (Kashive et al., 2020; Berthon et al., 2005).

Furthermore, employer brand attractiveness is seen as the result of the employer branding strategies implemented that enable a company to attract new talent and enhance the probability of that talent joining the company (Junça Silva & Dias, 2022). Hence, there is a positive relationship between employer branding and employer brand attractiveness. A more compelling employer branding will result in a stronger employer brand attractiveness in the eyes of its potential employees (Berthon et al., 2005).

Employer brand attractiveness is recognized as an outcome of a company's ability to position itself as a credible and attractive employer in the eyes of its potential and current employees through a well-communicated identity (Bustamante et al., 2021).

Employer brand attractiveness is frequently studied and measured as a multidimensional construct (Junça Silva & Dias, 2022; Kashive et al., 2020; Santiago, 2019; Sivertzen et al., 2013; Berthon et al., 2005).

Therefore, five categories of employer brand attractiveness can be identified from the developed dimensions by Berthon et al. (2005) which is developed from the basic concept of employer branding derived from Ambler & Barrow (1996), as follows:

**1. Interest Value**

Evaluate employer attractiveness by measuring the employer's ability to create a creative, innovative work environment, stimulate employee's creativity, and implement it to produce better quality products and services.

**2. Social Value**

Evaluate employer attractiveness by measuring the employer's ability to establish a positive work environment that facilitates the development of collaborative and associative social relationships between employees.

**3. Economic Value**

Evaluate employer attractiveness by measuring the employer's ability to provide an adequate salary, benefits, compensation, job security, and opportunities for promotion for its employees.

**4. Development Value**

Evaluate employer attractiveness by measuring the employer's ability to offer recognition, develop employee growth along with their self-confidence, and appropriate career development as a base for future employment.

**5. Application Value**

Evaluate employer attractiveness by measuring the employer's ability to provide its employees the chance to apply and implement their knowledge to upskill others in a customer and/or humanitarian context.

## 2.1.2 Organizational Reputation

Organizational reputation is a concept that emerged from the understanding that an organization's success does not merely rely on its financial performance (Kaul & Desai, 2014). Instead, there's a growing need for companies to generate a well-communicated identity that will serve as a base to generate reputational capital. Furthermore, organizational reputation can be defined as a "collective assessment of the company's ability to provide valued outcomes to a representative group of stakeholders" (Kaul & Desai, 2014, p. 7).

Organizational reputation is also considered as a resource for companies to obtain competitiveness and establish a differentiating identity which results from corporate conduct (Hanu et al., 2021; Gaultier-Gaillard & Louisot, 2006). Moreover, organizational reputation is also seen as a representation of the company's history in executing its values in the eyes of its current and/or potential employees (Hanu et al., 2021; Kimpakorn & Tocquer, 2009).

Whereas Foroudi et al. (2020) state that organizational reputation can be linked to the perception of an organization from the present and future stakeholders' point of view. The concept of organizational reputation is considered to be a multidimensional construct (Fombrun et al., 2000). In other words, organizational reputation can be defined as the collective image regarding an organization in the eyes of its internal and external stakeholders (Fombrun et al., 2000). Moreover, there are 6 categories of organizational reputation identified:

### 1. Emotional Appeal

Evaluate organizational reputation based on how others see the organization as appealing and develop their respect and trust in the organization.

## **2. Products and Services**

Evaluate organizational reputation based on how the organization is perceived to provide high-quality products/services and is identified for the products/services that they provide.

## **3. Vision and Leadership**

Evaluate organizational reputation based on the organization's mission and goal-oriented approach in conducting its organizational activities.

## **4. Workplace Environment**

Evaluate organizational reputation based on the organization's capability to create an impressionable positive image of itself as a workplace to work in.

## **5. Social and Environmental Responsibility**

Evaluate organizational reputation based on the organization's commitment and responsibility in supporting good causes, whether in the social or environmental scope.

## **6. Financial Performance**

Evaluate organizational reputation based on the organization's profitability and capability to perform better than its competitors. An organization with good financial performance is expected to be able to generate value for its stakeholders.

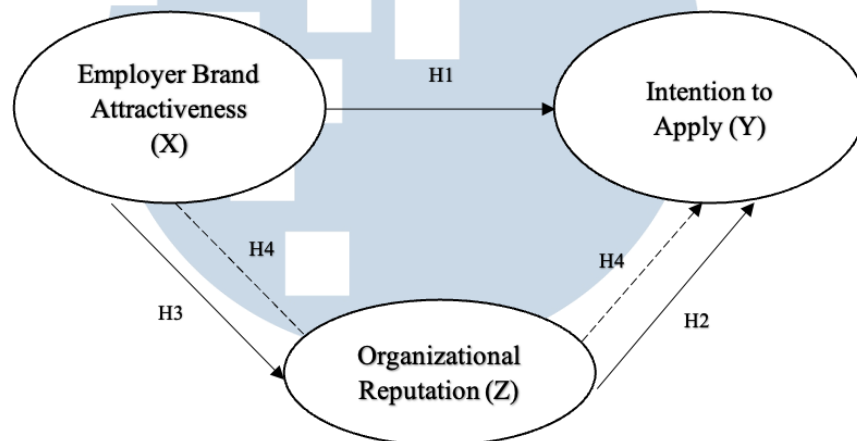
### **2.1.3 Intention to Apply**

Intention to apply can be defined as an individual's willingness to apply for a job, attend interviews, or any other activity that expresses the willingness to pursue a job (Adams & de Kock, 2015; Chapman et al., 2005). Intention to apply is initially discussed by Barber & Roehling (1993) and is considered as an influential factor in job seekers' behavior at the early stages of recruitment. According to Highhouse et al. (2003), intention to apply is often linked with an applicant's thought regarding a company that directly indicates their future intent in applying for a job in that company. In other words, the stronger the intent that someone

has, the more likely that they will execute that behavior. In the context of intention to apply in this research, an individual's intention to apply is considered to be a strong predictor of their actual decision to apply for the job in question.

## 2.2 Conceptual Framework

This research implements the conceptual framework from previous research entitled "Organizational reputation: does it mediate the effect of employer brand attractiveness on intention to apply in Indonesia?" (Soeling et al., 2022)



**Figure 2.1 Conceptual Framework**

Source: Soeling et al., 2022

There are no modifications from the original conceptual framework to the framework implemented in this research. All variables and hypotheses from the previous research are fully implemented.

## 2.3 Hypothesis

Based on the problem formulation and research questions that have been explained in the previous chapter, and also based on the previous research being used as the main journal of this research, therefore four research hypotheses can be developed to be investigated further. Here is the explanation regarding the relation between the variables and their hypothesis development.

### **2.3.1 Influence of Employer Brand Attractiveness to the Intention of Apply of Generation Z in Jakarta**

Based on the study conducted by Elbendary et al. (2023) on 356 job seekers found that employer brands have a significant positive influence on intention to apply for a job vacancy. Furthermore, the study conducted by Amara et al. (2023) also discovered that employer brand attractiveness is considered to be a crucial factor that influences job pursuit intention or intention to apply in this context. Moreover, more generation-focused research that studied millennials' perspectives also found similar results (Soeling et al., 2022; Santiago, 2019).

Based on the findings of these previous studies that have found the influence of employer brand attractiveness on the intention of apply and with the opportunity to investigate this influence on the research object further, hence the hypothesis formulated is as follows:

**H<sub>0</sub>**: Employer brand attractiveness does not influence the intention to apply of Generation Z in Jakarta.

**H<sub>a1</sub>**: Employer brand attractiveness influences the intention to apply of Generation Z in Jakarta.

### **2.3.2 Influence of Organizational Reputation to the Intention of Apply of Generation Z in Jakarta**

A study conducted by Amara et al. (2023) found organizational reputation to have a positive impact on job pursuit intention (intention to apply). Moreover, Elbendary et al. (2023) also discovered organizational reputation as the most influential factor in the intention to apply. A previous study has explored the same variables from a millennial perspective and also found a significant positive influence between these variables (Soeling et al., 2022).

Based on the findings of these previous studies that have proven the influence of organizational reputation on intention to apply and with the



opportunity to investigate this influence on the research object further, hence the hypothesis formulated is as follows:

**Ho:** Organizational reputation does not influence the intention to apply of Generation Z in Jakarta.

**Ha<sub>2</sub>:** Organizational reputation influences the intention to apply of Generation Z in Jakarta.

### **2.3.3 Influence of Employer Brand Attractiveness to Organizational Reputation by Generation Z in Jakarta**

A study conducted by Hanu et al. (2021) discovered that most of the employer brand attractiveness categories have an impact on organizational reputation. In Soeling et al. (2022) study on millennials' perspective in a similar context, employer brand attractiveness is also found to have a positive influence on organizational reputation.

Based on the findings of these previous studies that have proven the influence of employer brand attractiveness on organizational reputation and with the opportunity to investigate this influence on the research object further, hence the hypothesis formulated is as follows:

**Ho:** Employer brand attractiveness does not influence organizational reputation by Generation Z in Jakarta.

**Ha<sub>3</sub>:** Employer brand attractiveness influences organizational reputation by Generation Z in Jakarta.

### **2.3.4 Influence of Employer Brand Attractiveness to the Intention of Apply of Generation Z in Jakarta through Organizational Reputation as a Mediating Variable**

Through the study by Junça Silva & Dias (2022), there is a significant intervening effect caused by organizational reputation on the influence of employer brand attractiveness on intention to apply. In other words, the influence of employer brand attractiveness on organizational reputation is also reflected in its influence on the intention to apply.

Similar findings were also found in the study conducted by Amara et al. (2023), which also proved a mediating effect of corporate reputation on the influence of employer attractiveness on job pursuit intention.

Based on the findings of these previous studies that have proven the mediating effect of organizational reputation on the influence of employer brand attractiveness on intention to apply and with the opportunity to investigate this influence on the research object further, hence the hypothesis formulated is as follows:

**Ho:** Organizational reputation does not mediate the influence of employer brand attractiveness to the intention to apply of Generation Z in Jakarta.

**Ha4:** Organizational reputation mediates the influence of employer brand attractiveness to the intention to apply of Generation Z in Jakarta.



## 2.4 Previous Studies

No.	Researcher	Publication / Publisher	Title	Findings
1.	Soeling, P. D., Ajeng Asrani, S. D., & Indriati, F.	Heliyon (2022)	Organizational Reputation: Does it Mediate the Effect of Employer Brand Attractiveness on Intention to Apply in Indonesia?	Employer brand attractiveness had a significant positive influence on organizational reputation and intention to apply. Organizational reputation had a significant positive influence to intention to apply, but no significant influence as a mediator between employer brand attractiveness and intention to apply. This study emphasizes the significance of offering attractive values in order to establish a strong organizational reputation.
2.	Junça Silva, A., & Dias, H.	International Journal of Organizational Analysis (2022)	The Relationship Between Employer Branding, Corporate Reputation and Intention to Apply to a Job Offer.	Employer brand is proven to have a significant positive influence on corporate reputation which results in an increased intention to apply to the organization. This study found a significant mediating effect caused by corporate reputation on the relationship between employer branding and intention to apply. The results of this study strengthen the importance of the role employer branding and corporate reputation have in intention to apply.

3.	Santiago, J.	Journal of Management and Business Economics (2019)	The Relationship Between Brand Attractiveness and the Intent to Apply for a Job: A Millennials' Perspective.	This study discovered that almost all of the employer brand attractiveness dimensions had an influence on intention to apply. Economic value is found to not having a significant influence on intention to apply. This study <u>point</u> out the need for companies to adjust the values that they offer to the generation of their employees and to consider the different generation attributes that may affect the influence.
4.	Amara, N. A. N., Daud, B. I., Sulistiowati, & Hendri, M. I.	Scientific Research Journal of Economics and Business Management (2023)	The Effect of Employer Attractiveness and Compensation on Job Pursuit Intention to Fmcg Companies in Indonesia: Corporate Reputation as an Intervening Variable.	This study revealed the significant influence of employer attractiveness, compensation, and reputation to job pursuit intention. The mediating role of corporate reputation to the influence of employer attractiveness and job pursuit intention is also proven in this study.
5.	Elbendary, I., Elsetouhi, A.M., Marie, M. & Aljafari, A.M.	Personnel Review, A Journal of People, Work, and Organisations (2023)	A Mixed-Methods Approach for the Relationship Between Organizational Attributes, Reputation, Employer Brand and Intention to Apply for a Job Vacancy.	Organizational attributes, organizational reputation, and employer brand is found to be an influential variable to intention to apply. This study also discovered a moderating effect of organizational reputation to the relation between employer brand and intention to apply.

6.	Hanu, C., Amegbe, H., & Mensah, P.	African Journal of Inter/Multidisciplinary Studies (2021)	Your Future Employer: Employer Branding, Reputation, and Social Media.	This study discovered that employer branding has a positive influence on corporate reputation, which leads to a positive influence on intention to apply. Social media is also discovered to positively influence intention to apply, but not corporate reputation.
7.	Silaban, P. H., Octoyuda, E., & Silalahi, A. D. K.	International Journal of Business (2023)	Perceived Credibility Information on Social Media of Corporate Brand Reputation and Its Impact on Jobseeker Intention to Apply.	This study found there is a significant influence between corporate brand reputation on intention to apply. Moreover, this study claims that it is important to communicate credible information regarding the organization in order to increase job seeker's intention to apply.

