The 3rd International Conference on Applied Liberal Arts: ICAA2020

"Sustainability of Practice and Research in Liberal Arts"

KMITL 2020 ICAA

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The Influence of Employer Branding of Luxury Hotels on Organizational Loyalty and Job Engagement Through Employee Satisfaction: A Proposed Model

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Abstract

This documentary research has two objectives. The first objective is to review the relevant literature regarding employer branding, employee loyalty, and job engagement in the hospitality industry. The second objective is to propose a causal relationship between each construct in the conceptual framework. Employer branding is one of the key factors that drive business performance, especially in high labor intensive business like hotels. They encapsulate the organizational culture, values, and beliefs of the employees and their experiences through communication and behavior at all levels, from front-line workers to top management teams. In addition, employee loyalty occurs when dedicated employees work more efficiently; this dedication not only provides better yields for an organization, but also creates customer satisfaction. On the other hand, job engagement captures the degree of employee absorption and dedication toward their job. Although many previous studies have shown a direct effect of employer branding on loyalty and engagement, this study introduces the mediating effect of employee satisfaction on this relationship. By reviewing and collecting evidence from previous research, this study contributes to a holistic perspective on why different employer branding strategies should influence employee loyalty and job engagement through employee satisfaction. The scope of future research is recommended in order to further explore the proposed relationship between the variables of this study.

Keywords: employer branding, employee loyalty, job engagement, employee satisfaction, luxury hotel

Background of the Study

Thailand is one of the top tourist destinations in the region and attracts an increasing number of both local Thais and foreign tourists from around the world. Travelers from East Asia (e.g. China, Japan, South Korea, Hong Kong, Taiwan) are the main markets in terms of revenue. The operating performance of the hotel business is directly related to tourism trends, number of tourists staying, duration of stay, and room price. The hotel industry in Thailand is expected to grow steadily between 2019 and 2021, in step with the tourism sector. Foreign tourist arrivals are forecast to rise by 5-7 percent per year during the period, while the number of domestic tourists is expected to increase at a slightly slower annual rate of 3-4 percent. These number should lift average hotel occupancy rates to 71.5-72.5 percent from 71.4 percent in 2018 (Lunkam, 2019).

However, the spreading of the coronavirus (COVID-19) pandemic throughout the entire world in 2019 has effectively shut down all types of businesses, including the hospitality industry. Many

countries banned tourists from visiting any tourist destination, and even preventing their own citizens to returning to their homelands. This situation has forced hotel management to adjust their business strategy in order to minimize the negative impact from the unexpected crisis. To survive in a highly unstable business environment and amid high competition, luxury hotels are struggling to retain employees who mainly provide services to the customers. Previous research has raised the importance of employer branding that represents a firm's efforts to promote its image to current employees and potential applicants. There is growing recognition of the role employer branding plays in the development and success of a company's brand. It also makes the hotel brand as being different, and desirable as an employer of choice for potential applicants.

Employees not only understand the brand values; as expressed by top management, but also practice these values during their service experience to customers. In the absence of employees' deep understanding of company values, the hotel brand will not be aligned with the customer's experience. Otherwise, employees may not effectively perform their job in line with corporate objectives. Thus, it is important that employers have to promote the brand to their current employees, who will subsequently deliver this value to the clientele. This is especially true in the hotel business, which depends on an intensive workforce. This research aims to investigate luxury hotel/employer branding in the highly competitive market of Thailand. Given the managerial interest, this study focuses on brands as perceived by employees and the ability of employees to support the brand and become brand ambassadors for the organization. A conceptual framework is used to develop the relationship between key constructs and testable propositions. The need for a study of the mechanisms underlying the process of employer branding at employee or individual levels is required to address key questions, including the necessary conditions for successful employer branding processes in the luxury hotel business. The testable proposed conceptual model is also useful for management in the organization.

Objectives

This review article has two research objectives as described below.

1. To propose a conceptual framework of the effects of employer branding on employee loyalty and job engagement through employee satisfaction.

2. To suggest a scope of future research following the proposed framework.

Literature Review

Employer branding

Ambler and Barrow (1996, p. 187) defined employer brand as the package of functional, economic, and psychological benefits provided by employment and identified with the employing company. Employer branding is the process that creates the image of the organization based on their offerings in terms of values, systems, policies, and behaviors for attracting, motivating, and retaining current and potential employees. This factor drives a company in both financial and non-financial outcomes. Employer brandings can be divided into two groups; external and internal (Sengupta, Bamel, & Singh, 2015). External employer branding is performed to communicate and attract potential target talents towards the organization (Ewing, Pitt, Bussy, & Berthon, 2002). Internal employer, on the other hand, establishes trust in new employees by keeping the promises made at the recruitment interview, which makes current employees proud to be part of the organization by creating psychological contracts (Moroko & Uncles, 2008). From the interview research by Heilmann,

Saarenketo, and Liikkanen (2013), recruitment and educational co-operation are the main objects of employer branding towards potential and existing employees, whereas training and development are an essential part of employer branding towards current employees. In particular, internal employer branding helps the organization retain existing talent that other organizations find difficult to imitate (Backhaus & Tikoo, 2004). In the organizational literature, employer branding has been identified as an integrated process within an organization, resulting in positive outcomes which contribute toward the retention of employees (Backhaus & Tikoo, 2004). This study therefore focuses only on internal employer branding, which is expected to enhance loyalty and recommendations to work in a luxury hotel.

Employee satisfaction

Employee satisfaction is the positive feeling or fondness of employees toward their jobs. Overall job satisfaction, plus other elements of employee satisfaction, were traditionally emphasized as important elements of organizational management, behavior and development, and company growth across organizations (Antoncic & Antoncic, 2011). Several previous studies have demonstrated the importance of employee satisfaction on both individual and organizational performance. For organizational performance, employee satisfaction has been found to improve organizational effectiveness, customer satisfaction sentiment, market performance, and financial performance. For example, a meta-analysis research by Harter, Schmidt, and Hayes (2002) illustrated a positive correlation between employee satisfaction and customer satisfaction, productivity, profit, employee retention, and employee safety. For individual performance, employees with higher satisfaction levels will have organizational commitment, loyalty, and engagement.

Employee loyalty

Employee loyalty is defined as employee's sense of belonging to the organization and a perception of being aligned with the organization's brand values and promises. The extent of employee psychological attachment of the organization influences their willingness to exert the extra effort toward reaching the corporate goals. The organization literature on the hospitality industry addresses the importance of employee loyalty, which can lead to good customer service and customer loyalty as well, thus ensuring the long-term profitability and success of the organization (Inesona, Benke, & László, 2013). Given that employee loyalty is significantly linked to the company's survival and success, many employers recognize its importance to the organizations and pay a great deal of attention to increase employee loyalty.

Job engagement

Saks (2006) defined job engagement as "a distinct and unique construct that consists of cognitive, emotional, and behavioural components associated with individual role performance." The first dimension, cognitive, is associated with job satisfaction and commitment such as the value of a work goal, job enrichment, and work-role fit. The second dimension, emotional, is associated with feelings about the relationships with managers and co-workers, feeling able to show and employ one's self without fear of negative consequences. The third dimension, behavior, is associated with the adaptability to support organizational effectiveness and encourage innovation and change, discretionary effort, and retention. This factor involves sustainable workloads, feelings of choice and control, appropriate recognition and reward, a supportive work community, fairness and justice, and meaningful and valued work (Maslach, Schaufeli, & Leiter, 2001). It leads to both individual outcomes, such as quality of job satisfaction, and turnover intention, as well as organizational-level outcomes

such as organizational commitment, organizational citizenship behavior, growth and productivity of organizations.

Proposed Conceptual Framework and Proposition Development

Figure 1 depicts a proposed conceptual framework drawn from an in-depth analysis of the literature review in order to create a clear picture of their offerings as an employer, which is then communicated to the employees through employer branding activities. This study illustrates three groups of variables: dependent variable, independent variable, and mediating variable. For independent variables, employer branding comprises six constructs (reputation value, economic value, social value, development value, work value, and enjoyment). For dependent variables, there are three constructs comprising employee loyalty, job engagement. For mediating variables, employee satisfaction is proposed.
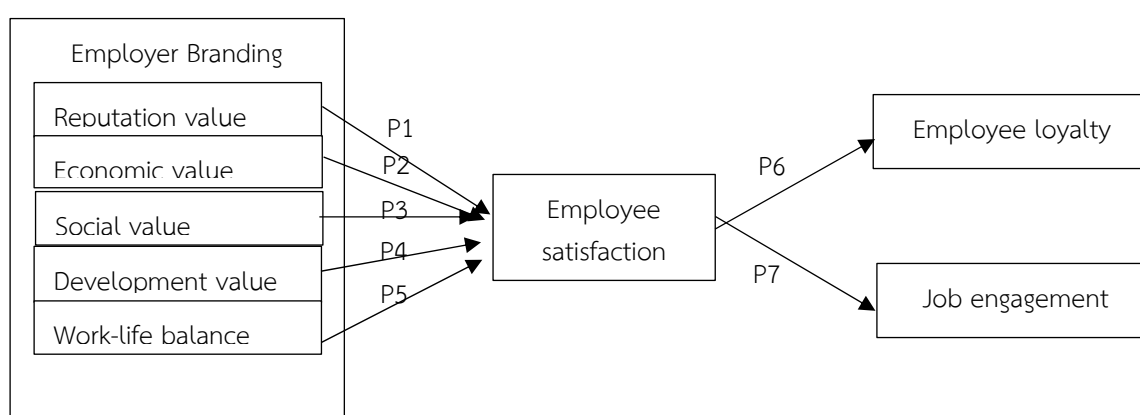

Figure 1. Proposed Conceptual Framework

The impact of employer branding on employee satisfaction

This research aims to investigate a direct effect of employer branding on employee satisfaction. A number of studies have found a positive impact of employer branding on employee satisfaction in many contexts. For example, Tanwar and Prasad (2016) found that all six dimensions of employer branding (training and development, reputation, organization culture and ethics and corporate, social responsibility, work-life balance, and diversity) are the critical predictors of job satisfaction.

The reputation value of an organization or corporation has been suggested by previous literature as an important indicator for employee satisfaction (Antoncic & Antoncic, 2011; Tanwar & Prasad, 2016). Employees who work for a favorable reputable organization have the feeling of pride and self-esteem. Companies which enjoy positive reputations are considered to reinforce self-esteem in their employees, which increases staff satisfied with their work. When friends and family positively evaluate the employer's image, employee satisfaction was found to be enhanced. A positive corporate image and reputation affect employees' attitudes and behaviors toward their employer. Therefore, the following proposition can be stated.

P1: Reputation value has a positive impact on employee satisfaction in luxury hotels.

Economic value, including salary, remuneration, incentives, and bonuses, has been widely considered as an important motivator for all employees in any organization (Antoncic & Antoncic,

2011; Schlager, Bodderas, Maas, & Cachelin, 2011). A higher salary, in general, was identified as being directly related to increased employee satisfaction. Besides the base salary, receiving financial rewards, benefits structure, and recognition were found to be important predictors of employee satisfaction (Kashyap & Verma, 2018; Tanwar & Prasad, 2016). In addition to monetary benefits, non-monetary aspects, such as job security, also play an important role in enhancing employee satisfaction (Antoncic & Antoncic, 2011), meaning that employees will be satisfied when they feel secure in pursuing their work within the organization. Previous studies have also found positive effects of economic factors on satisfaction. For example, Schlager et al. (2011) found that when an employer offers fair and attractive benefits such as paid time off, medical coverage or an appropriate number of holidays, the employees tend to be more satisfied. Therefore, the following proposition can be formulated.

P2: Economic value has a positive impact on employee satisfaction in luxury hotels.

In terms of social value, previous literature has found a positive impact of this construct on employee satisfaction (Schlager et al., 2011). Since relationships with other co-workers and supervisors enhance favorable employee attitude, they are likely to be satisfied with their job. When employees perceive the feelings of support, trust and openness among co-workers and supervisors, higher levels of employee satisfaction will be achieved. Schlager et al. (2011) found that social value has a positive impact on employee satisfaction of a Swiss insurance company operating in 12 countries. Recently, Kashyap and Verma (2018) found that employer branding in the dimension of social value had a positive impact on employee turnover intentions in Indian information technology organizations. Therefore, the following proposition can be formulated.

P3: Social value has a positive impact on employee satisfaction in luxury hotels.

Development value refers to the extent to which employees develop the skills required in their work through training programs, empowering the environment, and a good mentoring culture in an organization (Schlager et al., 2011). It is an important driver for motivating new employees to improve their skills. These opportunities are especially important to employees as they create a sense of progression, which results in higher levels of satisfaction. In other words, a company that ensures the learning experience for its employees through several development programs, workshops, conferences, access, and support for career promotion, can improve employee satisfaction. Previous studies have shown the positive effects of these factors on employee satisfaction (Schlager et al., 2011; Tanwar & Prasad, 2016). For example, Schlager et al. (2011) found that development value has a positive impact on employee satisfaction in an Swiss insurance company operating in 12 countries. Recently, Kashyap and Verma (2018) found that employer branding dimensions development value on employees' turnover intentions in Indian information technology organizations. As a service sector, staff members in luxury hotels need development opportunities to regularly practice and upgrade their service quality. Therefore, the following proposition can be formulated.

P4: Development value has a positive impact on employee satisfaction in luxury hotels.

Work-life balance relates to the equilibrium between one's personal life and working life. Previous literature suggests that work-life balance strategies result in many aspects, such as work and life satisfaction, mental health, stress, illness, behaviour, and performance at work. Previous research has identified work life balance as an important component for establishing a strong employer branding (Tanwar & Prasad, 2016). This proves that work-life programs significantly improve employee morale and satisfaction. In addition, Tanwar and Prasad (2016) found a positive impact of work life

balance on job satisfaction of IT firms in India. Given the nature of the jobs in the hotel industry, where employees have to work in day and night shifts, it is quite difficult to provide employees a flexible time system. However, providing the opportunity to leave for family issues is still expected to enhance employee satisfaction. Thus, the following proposition can be formulated.

P5: Work-life balance has a positive impact on employee satisfaction in luxury hotels.

Previous research indicates that employee satisfaction has a positive impact on employee commitment (Avery, McKay, & Wilson, 2007) but is negatively related to absenteeism and turnover rate. On the contrary, employees who are dissatisfied with a company's social value are more likely to leave the organization (Kashyap & Verma, 2018). Therefore, the following proposition can be formulated.

P6: Employee satisfaction has a positive impact on employee loyalty in luxury hotels.

Many past studies have established relationships between employer branding and employee engagement. For instance, Lee, Kim, and Kim (2014) revealed that internal employer branding was an antecedent of job engagement in Korean service industries. Moreover, Ahmad, Iqbal, Kanwal, Javed, and Javed (2014) found a positive effect of internal employer branding of the organization and employee engagement in Pakistani service industries. Özçelik (2015) also found a positive relationship between employer branding and employee engagement, if employer branding is done according to the segment of employee. However, many studies have found a positive effect of employee satisfaction on engagement. For example, Avery et al. (2007) found that employee satisfaction with co-workers (whether younger or older) can increase the job engagement of individuals working in the United Kingdom. Therefore, the following proposition can be formulated.

P7: Employee satisfaction has a positive effect on job engagement in luxury hotels.

Discussion and Future Research

From the aforementioned research background, we proposed a definition of each important construct and a conceptual model, which contributes in several ways to extend previous studies. First, the proposed definition of study variables and accompanying model contribute to our understanding of employer branding by offering a broad and inclusive view of various aspects, including reputation value, economic value, social value, development value, and work-life balance. Second, the proposed model points out that employee satisfaction may affect employee loyalty and job engagement simultaneously. It is our belief that the proposed model has the potential to serve as the basis for integrating research on such diverse constructs that constitute employer branding. In addition, hotel management can be suggested to promote the hotel brand by exerting an employer branding strategy in order to enhance employee satisfaction, which then leads to greater loyalty and engagement.

Future research should attempt to empirically examine the proposed impact of all components of employer branding on employee satisfaction that leads to loyalty and engagement. The results from large scale data collection will provide useful implications for both academics and practitioners in the hotel industry. In addition, qualitative research with key theme identification should also be conducted with a number of industry experts. In doing so, focus groups and in-depth interviews can be performed to obtain deeper and more insightful information on how each variable affects the other. This would enable researchers to identify which areas of employer branding carries the most values for hotel employees.

Conclusions

This paper explored the literature on employer branding and its influences on employee loyalty and job engagement through employee satisfaction. A detailed literature review indicates a clear direct influence of employer branding on employee satisfaction which then leads to greater employee loyalty and job engagement. From an internal branding perspective, this subject needs further research in the quantitative phase of research methodology with a large scale data collection. However, this research can be a starting point for many other areas of research on the importance of employer brand management that influences employee attitudes, perceptions, and therefore behaviors, such as retention rate, word-of-mouth, and recommendations. The study variables identified in the proposed conceptual framework provides a clear picture of the direction where future research should be conducted in order to confirm the relationships and the processes of employer brand management from an employee's perspective.

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