Impact of Employer Branding on Employee Engagement: Mediating Role of Talent Management Practices

P. Mathushan¹, N. Kengatharan² and Y. Nanthagopan³
¹Postgraduate Student, University of Sri Jayewardenepura, Sri Lanka
²Department of Human Resource Management, University of Jaffna, Sri Lanka
³Faculty of Business Studies, University of Vavuniya, Sri Lanka
¹mathush92@gmail.com

Abstract: Human capital is recognised as a salient factor determining organisational success in the information-driven era. It was echoed in many strategic management studies that human talent is a primary strategic source for a sustainable competitive edge. Thus, many organisations are crafting their brand—employer branding. Nonetheless, this may not last if the employee is not engaged in the work. Engaged employees contribute to long-term success and the firm to thrive. Given this managerial interest, this study investigates the mediating role of talent management practices in the relationship between employer branding and employee engagement. The data were collected from conveniently chosen 112 employees working in 16 private sector organisations in the Northern region, Sri Lanka. The hypotheses were tested with the aid of Statistical Package for the Social Sciences (SPSS) using Hayes’ PROCESS Macro—the process Macro Regression method. The results revealed the significant positive effects of employer branding on talent management and talent management on employee engagement. Notably, the study confirmed a complementary mediation that the effect of employer branding on employee engagement was partially mediated by talent management. The study has contributed to the frontiers of human resources management literature. The study has also provided many practical implications to augment employee engagement in organisations.

Keywords: Employer Branding, Employee Engagement, Talent Management

Introduction

Captivating and retaining talented and engaged human resources inside the firm becomes a key influential factor in determining competitive advantage. Firms are ceaselessly concentrating on crafting employee value propositions to engage their labour force. Thus, they can energetically contribute to the organisational goals (Tanwar & Prasad, 2016; Backhaus & Tikoo, 2004). Grounded on the evidence from literature, firms leverage a significant amount of resources to formulate strategies to engage talented employees (McCracken, Currie, Harrison, 2016; Tanwar & Prasad, 2016). Crafting ideal and prolific branding strategies could offer a strategic benefit by nurturing engaged and talented individuals and progress towards attaining the firm’s goals. (Wilden et al., 2010).

Therefore, firms are actively involved in the quest for devising strategies to promote employee engagement in organisations (Saks & Gruman, 2014). Employee engagement is a unique construct that includes cognitive, emotional, and behavioural components related to an individual's role performance (Saks, 2006). To date, a rich stream of several engagement strategies adopted in this domain, ironically, very little work carried out on one of the nascent strategies in employment-employer branding (Tanwar & Prasad, 2016). Employer branding is one of the firms’ influential strategies to captivate talent and engage
them rightly to attain anticipated strategic goals and stay sustainable in the turbulent nature (Chawla, 2019; Backhaus & Tikoo, 2004). Love & Singh (2011) posit that the evolution of employer branding strategies has a constructive impact on employee engagement. Ideal employer branding strategies can support a strategic edge to the firm by creating engaged employees who are loyal and dedicated to the work and firm (Edwards, 2010).

Additionally, employer branding has gained greater importance as it helps the talent absorption process by transmitting its brand image symbolic advantages (Chawla, 2019). Late investigations have underscored the role of employer branding in retaining, motivating, and engaging the employees for accomplishing expanded efficiency. Employer branding strategies affirm a growth in employees’ sense of belongingness and alignment of goals (Kunerth & Mosley, 2011).

Employer branding holds strategies to distinguish itself as an ideal employer of choice (Ambler & Barrow, 1996; Kengatharan, 2021). Ambler & Barrow (1996) defined employer branding as the package of functional, economic, and psychological benefits provided by employment and identified with the employing firm. The philosophy of employer branding is an activity where principles of marketing, in particular, the "science of branding," are applied to HR activities concerning current and potential employees (Edwards, 2010). Employer branding believes that adroit investment in human capital brings value to the firm; ultimately, firm success can be heightened (Backhaus & Tikoo, 2004; Edwards, 2010). Also, firms with solid employer brands can lessen the cost of employee acquisition, expand employee relations, and increase employee engagement (Ritson 2002; Backhaus, 2016). Employer branding evokes "engaging talent" and inspires them to achieve goal congruence (Chawla, 2019).

Another significant challenge for employers is retaining superior talent (Backhaus, 2016). Firms are simply in the war for talent. As the business climate turns out to be more volatile, firms must deliver greater importance to confront their talent management needs (Bali & Dixit, 2016). Talent aids firms to gain a competitive advantage and economically valued results (Pandita & Ray, 2018; Edwards, 2010). Firms create and expose a brand image that resonates with their values, corporate philosophy and ropes their talent requirements by attracting the top talent (Backhaus & Tikoo, 2004). This way, employer branding aids a firm in captivating the best of the accessible talents and contributes to the firm's competitiveness over the long term. Chawla (2019) posits that comprehending and executing employer branding strategies offers the firm a means for utilising talented employees and assisting them in engaging and retaining them.

Many firms adopt various strategies that appear to be no longer significant for employee engagement. Thus, organisations are in the quest of intensifying employee engagement through innovative methods. As a nascent field, the research found that employer branding and talent management practices are innovative approaches to employee engagement. Taken together with previous studies, the nexus of employer branding, talent management and employee engagement are obscure and heterogeneous— not well agreement among studies undertaken in developing countries; calls for further research on employer branding and talent management as predictors of employee engagement. In response, this paper fills the gap by further investigating and validating the mediating role of talent management among the relationship between employer branding and employee engagement.
The paper built in a strong theoretical foundation of the study variables—employer branding, talent management, and employee engagement—aimed to identify the mediating role of talent management in the relationship between employer branding and employee engagement. A robust methodology was adopted to attain the research aim. The collected data were analysed with Hayes’ PROCESS macro. The findings and theoretical and practical contributions are discussed at the end of the paper.

**Literature Review and Hypotheses Development**

**Employer Branding and Employee Engagement**

Chawla (2019) claims that employee engagement is severe trouble for a firm—leaving talented and engaged employees to a similar firm produce a severe cost and ranging from the disengagement of the present labour force to diminished productivity. Although employee engagement is a strategic enabler of competitive advantage, disengagement is a superior loss of intellectual capital for firms (Tanwar & Prasad, 2016; Edwards, 2010). Several authors deliberate employee engagement is the discretionary effort invested by an individual to battle the firm objectives. Kahn (1990) defines engagement as “harnessing individuals’ selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances.” An engaged employee exposes a greater degree of psychological attachment with the organisation, making them more enthusiastic and secure, living the brand they are working for (Backhaus, 2016). Engaged employees tend to be more attached to their work and might manifestly cite behaviour, leading the firms to enhance productivity (Kunerth & Mosley, 2011).

Firms are growingly harnessing their employer branding strategy to design their holistic people management strategy and not simply for external recruitment purposes (Kunerth & Mosley, 2011). Recently, employer branding is an extensive strategy that companies can utilise to attract and retain talented employees and facilitate them to engage with the firm (Chawla, 2019). Because in a worldwide economy where an engaged labour force is scant and has many choices accessible to them. Firms can utilise employer branding as an essential key to augmenting employee engagement inside the organisations (Chawla, 2019). Further, employer branding presently turns into a vital strategy to make progress in business which incites cognitive and emotional relationships with positive engagement among organisational members. A survey conducted by Kunerth & Mosley (2011), among 104 companies, to access the degree to which employer brand management is being used to support internal employee engagement. They found a trend towards firms getting a more combined internal/external method to employer brand development and creating an employee value proposition that could provide a central reference point for its employee engagement strategy.

Nevertheless, Rana & Sharma (2019) declared that employee engagement is one of the salient outcomes of employer branding. However, it appears to be a nascent field. Therefore, additional research is required on employee engagement with regard to employer branding since it reflects business success (Richman et al., 2008). Heger (2007) emphasised that the present business nature strains organisations to craft compelling employer branding strategies to increase employee engagement. Thus, it is hypothesised:

\[ H_1: \text{Employer branding has a significant impact on employee engagement.} \]
**Employer Branding and Talent Management**

In a volatile climate, every firm realises that their employees’ talents and skills are the critical enablers for substantial success (Hughes & Rog, 2008; Martin et al., 2011). However, attracting and retaining talent are very challenging recently (Maurya & Agarwal, 2018). Firms need to formulate strategies to cope with the exponential dearth of relevant candidates and unprecedented turnover and absenteeism rates to warrant no future deficit of qualified talent. Organisational practitioners perceive that integration of talent management is a requisite to achieve organisational excellence (Michaels et al., 2001). Talented employees are the lifesavers who successfully contribute to the firm’s prosperity and organisational attraction. Maurya & Agarwal (2018) claim that talent management activities as a primary competitive enabler for organisational performance. According to Blass (2007), talent management refers to “the additional management, processes, and opportunities made available to people in the firm considered talented.”

Employer branding is exponentially evolving as a long-term HR strategy to attract and retain a talented workforce (Tanwar & Prasad, 2016; Lenaghan & Eisner, 2006). It is found that organisational employer branding practices are strongly and positively related to talent management (Chapman et al., 2005). Maurya & Agarwal (2018) spotted that among the eight dimensions of organisational talent management, the most effective predictors in predicting the employer branding viz., rewards and remunerates fairly, manage work-life balance, and attracts and recruits’ talent. The existing literature shows that employer branding in HRM is severely focused on talent attraction and recruitment only (Mandhana & Shah, 2010).

Brewster et al. (2005) declare that employer branding turns out a vital strategy to attract and retain the right kind of talent as people need to work for great brands. The nascent literature provides some support that crafting talent management programs becomes vital, elevating the employer's seductiveness, and consequently winning considerable talent commitment (Piansoongnern et al., 2008; Berthon et al., 2005). Thus, it is hypothesised:

H2: Employer branding has a significant impact on talent management.

**Talent Management and Employee Engagement**

A firm's productivity greatly depends on employee engagement, which emphasises proper talent management practices to the firm (Collings & Mellahi, 2009; Farndale et al., 2010). Engaged employees tend to be more committed to the firm and its goals (Pandita & Ray, 2018). In the literature, talent management is a new-fangled strategic keystone for human resource management (HRM) and organisational effectiveness (Kontoghiorghes, 2016). An engaged labour force affirms lesser turnover and better comfort in attracting talent, building a knowledge base, and gaining competitive advantage (Albrecht et al., 2015). Talent management is a widely accepted concept and is a practice in most modern organisations. Starting from good talent attraction and talent management practices, firms absorb engaged employees, with whom employees/firms create an everlasting relationship (Albrecht et al., 2015). This sense of belongingness makes the firm an employer of choice—a great place to work, helping to retain current talented employees and attracting future talent (Jauhari et al., 2013; Pandita & Ray, 2010).
The seminal study authored by Pandita & Ray (2018) reviews the domain of talent management and employee engagement. They found that one of the practical tools for employees remain engaged and committed to their work is talent management. Engagement or commitment toward work guarantees that employees stay with the firm over the long term. Thus, it is hypothesised:

**H3**: Talent management has a significant impact on employee engagement.

**The Mediating Role of Talent Management**

The earlier hypotheses link the interactions among employer branding, talent management, and employee engagement. Implicitly, the discussion recommends that employer branding practices affect employee engagement through their talent management practices. A firm can use a set of strategic employer branding practices to reap outstanding talent inside the firm. Through talent acquisition, development, and retention, interventions can promote notable employee engagement in the workplace. Therefore, this study argues that talent management plays a mediating role in the relationship between employer branding and employee engagement. Thus, it is hypothesised

**H4**: Talent management significantly mediates the impact of employer branding on employee engagement.

![Conceptual Framework of the Study](image)

**Methods**

The present study aims to investigate the effect of talent management in the relationship between employer branding and employee engagement. The study’s aim is well aligned with the survey research strategy that allows the large scale of data collection. This study assumes that the variables are more specific to individual perception and thus, the unit of analysis is at the individual level. The data were collected using a self-administered questionnaire. The questionnaire embodies background information of the respondents, employer branding, talent management and employee engagement. Owing to the prevailing COVID-19 pandemic, there was a severe constraint on using probability sampling in our study. Therefore, the most frequently used sampling technique in business and management research—convenience sampling was employed. A total of 200 questionnaires were issued by the first author among the employees working in private sector organisations in the Northern region of Sri Lanka—banking, insurance, telecommunication, tourism and hospitality industries. In align with the research questions, the data were collected at the individual level and no significant attention was paid to the position of the employees based on the nature of the research and to accommodate maximum
variance. The Northern region is developing much faster than in earlier decades, and many well-established private organisations operating in the capital city of Sri Lanka expanded their operations to the Northern region during the last few years. From the practical perspective, undertaking the study in the Northern region becomes more crucial to bring different views and needs of the diverged groups. Of them, 117 were returned including five incomplete questionnaires. The remaining 112 were used for further analysis. The response rate is 58.5 per cent.

The sample constitutes 64 percent males and 36 percent females. Concerning education qualification, 19.8 percent of the respondents have high school qualification, 27.9 percent possess a diploma, 33.4 hold degrees, and the rest of the respondents hold post-graduate degrees (18.9 percent). Most of the respondents (34.7 percent) have 0–3 years of experience, 22.9 percent of the respondents have 4–5 years’ experience, (24.7 per cent) have 6-10 years’ experience, (15.7 percent) have 10-15 years’ experience, (2 percent) possess 20–30-year experience. The detailed profile of the respondents shows the possibility of much variance that accurately predicts the proposed model.

Measures

Employer branding was measured by the 11-item scale developed by Srivastava and Bhatnagar (2010). The respondents were asked to indicate their agreement on a five-point scale from (1=Strongly disagree; 5=Strongly agree). The sample question includes “this is fun place to work, I have heard good things about working here, Employees are offered training and development to further themselves professionally”. The study revealed the acceptable level of internal consistency (reliability) of the measure (α = .74). Employee engagement was measured using the intellectual, social and affective (ISA) engagement scale (Soane et al., 2012). The sample question includes “I focus hard on my work, I share the same work values as my colleagues, I feel positive about my work”. The study revealed the acceptable level of internal consistency (reliability) of the measure (α = .70). Organisational talent management was measured by 15 items adopted from the scale developed by Oehley (2007). The sample question includes “Reminds team members of the importance of retaining high caliber employees, consistently appoints high caliber employees, encourages talented employees to develop their careers”. The study revealed the acceptable level of internal consistency (reliability) of the measure (α = .71).

Analysis and Results

Mean, standard deviations, and correlations for all variables are exhibited in table 1. All the variables in the model have a significant positive association. More precisely, employer branding and talent management (r=.324, p<0.05), talent management and employee engagement (r=.365, p<0.05), employer branding and employee engagement (r=.237, p<0.05) are statistically significant.
The hypotheses were examined by the Hayes’ Process Macro analysis of SPSS. The result shows that (see Table 2), the path (direct effect) from employer branding to talent management was significantly positive \((F (1,103) =16.22, p<0.05, R^2=.13; b=.4795, t(103) = 4.028, p<.05)\). Hence, hypothesis 2 that predicted that employer branding positively relates to talent management is supported.

### Table 2: The Direct Effect of Employer Branding on Talent Management

<table>
<thead>
<tr>
<th>R</th>
<th>R-sq</th>
<th>MSE</th>
<th>F</th>
<th>df1</th>
<th>df2</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>.3689</td>
<td>.1361</td>
<td>.8095</td>
<td>16.2288</td>
<td>1.0000</td>
<td>103.0000</td>
<td>.0001</td>
</tr>
</tbody>
</table>

**Model 1**

<table>
<thead>
<tr>
<th></th>
<th>coeff</th>
<th>se</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>constant</td>
<td>1.4270</td>
<td>.4726</td>
<td>3.0197</td>
<td>.0032</td>
<td>.4898</td>
<td>2.3642</td>
</tr>
<tr>
<td>EB</td>
<td>.4795</td>
<td>.1190</td>
<td>4.0285</td>
<td>.0001</td>
<td>.2435</td>
<td>.7156</td>
</tr>
</tbody>
</table>

### Table 3: The Effect of Employer Branding and Talent Management on Employee Engagement

<table>
<thead>
<tr>
<th>R</th>
<th>R-sq</th>
<th>MSE</th>
<th>F</th>
<th>df1</th>
<th>df2</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>.6479</td>
<td>.4198</td>
<td>.2871</td>
<td>36.9004</td>
<td>2.0000</td>
<td>102.0000</td>
<td>.0000</td>
</tr>
</tbody>
</table>

**Model 2**

<table>
<thead>
<tr>
<th></th>
<th>coeff</th>
<th>se</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>constant</td>
<td>1.4199</td>
<td>.2937</td>
<td>4.8353</td>
<td>.0000</td>
<td>.8374</td>
<td>2.0024</td>
</tr>
<tr>
<td>EB</td>
<td>.4847</td>
<td>.0763</td>
<td>6.3546</td>
<td>.0000</td>
<td>.3334</td>
<td>.6360</td>
</tr>
<tr>
<td>TM</td>
<td>.1777</td>
<td>.0587</td>
<td>3.0287</td>
<td>.0031</td>
<td>.0613</td>
<td>.2941</td>
</tr>
</tbody>
</table>

Table 3 shows the direct effect of talent management and employer branding on employee engagement and the model is statistically significant \((F (2,102) =36.90, p<0.05, R^2=.41)\). Referring to Table 3, hypothesis 1 that predicted employer branding positively relates to employee engagement was statistically significant \((b=.4847, se=.0763, p<0.05)\). Therefore, hypothesis 1 is supported. Hypothesis 3 that predicted talent management positively relates to employee engagement was statistically significant \((b=.1777, se=.0587, p<0.05)\). Thus, hypothesis 3 is supported.
Table 4: The Direct and Indirect Effect of Talent Management on The Relationship Between Employer Branding and Employee Engagement

<table>
<thead>
<tr>
<th>The direct effect of X on Y</th>
<th>Effect</th>
<th>se</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.4847</td>
<td>.0763</td>
<td>6.3546</td>
<td>.0000</td>
<td>.3334</td>
<td>.6360</td>
</tr>
</tbody>
</table>

Indirect effect(s) of X on Y:

<table>
<thead>
<tr>
<th>Talent Management</th>
<th>Effect</th>
<th>BootSE</th>
<th>BootLLCI</th>
<th>BootULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>TM</td>
<td>.0852</td>
<td>.0359</td>
<td>.0313</td>
<td>.1718</td>
</tr>
</tbody>
</table>

Figure 2: Model Summary

Source: Authors Work, 2022

The indirect effect is tested using non-parametric bootstrapping. If the null of 0 falls between the lower and upper bound of the 95% confidence interval, then the inference is that the population indirect effect is 0. If 0 falls outside the confidence interval, then the indirect effect is inferred to be non-zero. Table 4 shows the indirect effect .0852 is statistically significant:95%CI (.0313,.1718). There is an indirect effect that exists. Hence, talent management significantly mediates the relationship between employer branding and employee engagement. Therefore, hypothesis 4 is supported. The mediation is said to be a complementary mediation that explains that the effect of employer branding on employee engagement was partially mediated by talent management.

Discussion

This study chiefly sought to investigate the role of talent management in the relationship between employer branding and employee engagement. The data were collected from 112 employees working in the private sector in the northern region, Sri Lanka. Firstly, the findings showed that employer branding practices are significantly positively associated with employee engagement. These findings are consistent with the previous research findings (Chawla, 2019). Therefore, it highlights that employee engagement is reasonably rooted in a firm’s employer branding strategies. Secondly, the result revealed that employer branding practices are significantly related to talent management. Employer branding aids the firm to reap and retain talent that is considered critical for the firm’s success (Kengatharan, 2021). These results
parallel findings by other studies which found that employer branding strategies improve talent planning, attracting, developing, deploying, retaining, and evaluating talent inside the firm (Maurya & Agarwal, 2018). Thirdly, the result disclosed that talent management is significantly and positively related to employee engagement. Employee engagement begins when organisations are in the process of reaping talent. These results are in line with the research findings (Pandita & Ray, 2018). Fourth, the findings support the partial mediating effect of talent management in the relationship between employer branding and employee engagement. These findings highlight the pivotal roles of employer branding and talent management in employee engagement in organisations.

Implications

The study’s findings provide strong theoretical implications per se. By and large, the study contributes to the frontiers of human resource management literature and strategic management literature. The study emphasises that employer branding is far most important for the success of the organisation. Equally, talent management has also contributed to employee engagement. This study uniquely explored the mediating role of talent management in the relationship between employer branding and employee engagement. Thus, the novel findings in the developing countries advance the existing literature. Talent management attraction and retaining is a major concern in developing counties (Kengatharan, 2020).

Besides the theoretical implication, the present study has also made useful practical implications. The managers must periodically craft and revise their employer branding strategies to evoke its capability to attract, develop, and retain talent to elevate employee engagement. Further, a better level of the talent management practices of the firm can foster employee engagement that may eventually lead to a better organisational result. Managers should understand the nature of talent management capabilities to link employer branding and employee engagement strategies to produce a congruent result. Then they must use employer branding strategies to reap a better level of talent management capabilities, resulting in anticipated employee engagement.

Conclusion

Past literature on employee engagement has identified various antecedents and consequences viz, the meaningfulness of work, social and organisational security, enthusiasm, citizenship behaviour, belief/perception of individuals (Chawla, 2019). Notwithstanding, there is more to explore. The present study examined whether employer branding is significantly related to employee engagement through organisational talent management practices. The findings show that employer branding has a direct and indirect effect on employee engagement through the talent management practices of the firm. The findings suggest that employer branding practices such as solid prospects for future growth, R & D, flexible hours, good salary, training, and development are the significant determinants of talent management and employee engagement in the workplace. Thus, employer branding and talent management are independent and antecedent factors that organisations can absorb to evoke employee engagement. Therefore, managers ought to concern about crafting a precise and comprehensive employer branding strategy to reap talent and eventually deliver organisational excellence. Further, the organisations that employ ideal talent management practices are the invaders in the competition. The findings clearly show managers' significance in harnessing
employer brandings strategies to elevate talent management and employee engagement.

Limitations and Future Directions

Although the present study is robust on theoretical and methodological grounds, the study is not free from limitations that should be acknowledged. The major limitation of the study is its design—cross-sectional, establishing a causal relationship could be problematic. Therefore, undertaking longitudinal studies would be more robust. In addition, the study was strongly based on a single-source data collection technique—questionnaire and thus it might lead to common method variance (CMV). However, the study has reduced the CMV during the data collection process. The study recommends multi-source data collection techniques for inferring foolproof conclusions. Moreover, although the sample is adequately representing the population, we were unable to cover all parts of Sri Lanka due to the prevailing Covid-19 pandemic. Therefore, replicating the study would be beneficial in view of a practical perspective. Lastly, future studies should focus more on the factors determining employee engagement with moderating and mediating effects.

References


