Organizational Employer Branding from the Perspective of Malaysian Hotel Employees: A Construct Validity Study

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Abstract—International Labor Organization warns that shortage of skilled employees and a low worker commitment are the most frequently cited problems facing by the hospitality industry by both the trade itself and by industry practitioners. Hence, organizations need to strategize its employee’s retention activities to minimize the employee turnover. One of the strategies is through organizational employer branding. The purpose of this study is to examine the construct validity of an Organizational Employer Branding (OEB) scale. Results from content adequacy, reliability, aggregation, convergent, discriminant, and criterion-related validity assessments confirm that Brand Awareness, Brand Value and Brand Meaning are the final dimensions of OEB. The results also provide support for the measure to be used in further research on the influence of organizational employer branding to employee commitment in Malaysian hotel industry.

Keywords—Organizational employer branding (OEB), construct validity, hotel industry, Malaysia.
I. INTRODUCTION

Employees are one of the most important assets of the organizations. The importance of investing in their employees is being recognized now more than ever before by the organizations. Organizations are starting to realize that to stay on top and to be at the competitive advantage, they need to emphasize on developing and retaining their employees. Consequently, it seems hard for managers to retain the high talented employees because they have lot of choices offered by other organizations with variety of incentives (Gillingham, 2008). Interests of managers in the hospitality industry often involve high annual turnover rates, ranging from 50%-250% and decreased availability of employees (Woods & Macaulay, 1989; Sneed, 1988; Schuster, 1999). Main (1998) agrees that it is generally accepted that employee retention and turnover are the biggest problems facing hospitality operators. For a hospitality manager, it is becoming harder to find good employees and even harder to keep them on the job. Hence, organizations need to strategize its employee’s retention activities to minimize the employee turnover. One of the strategies is through organizational employer branding.

II. REVIEW OF LITERATURE

The term employer brand appears to have first been used in 1996 by Simon Barrow, an advertising executive who assumed responsibility for a human resources assignment and quickly saw parallels between applying classic marketing principles to products and applying the same to recruitment advertising for potential employees (Barrow & Mosley, 2006). Moroko and Uncles (2008) claim that it has been proven that Barrow’s idea was on target and the concept of employer brand shares theoretical foundations with both consumer and corporate branding. Employer branding has emerged as another tier in a firm's brand architecture and serves to bring alignment and purpose to the role of employees in the creation of value. Based on Barrow and Mosley’s (2006) view, they view while each level of branding has a divide and distinct purpose, companies do benefit from creating a synergy between their brands. Motivated and talented employees strengthen the organization's products and services, and this will attract promising people to the organization. Based on Sartain and Schumann (2006), they suggest that developing motivated and customer-oriented employees who can provide customer satisfaction relies on employees understanding the consumer brand promise and their role in delivering brand customer experience. The values presented in employer brand messages should not depart from those presented in the corporate brand, as employees, especially customer-facing employees, will recognize the cut off and it will affect their commitment to perform and deliver, which will finally have an impact on the bottom line success of the organization. As indicated by Rosethorn (2009), diverse aspects of the branding process that are regarded on the fringe of consumer branding take on a fundamental importance for employer brand alignment and brand management. Subsequently, Moroko and Uncles (2008) claim that the precision of internal communications and the
consistency with external communications is a prime opportunity for employees to evaluate the inferred promises of a company's brands. Candidates cannot readily assess a potential employing firm prior to experiencing employment because they frequently rely on the reputation of the corporate or consumer brand to fill in gaps in their knowledge. If the employer brand, the corporate brand and consumer brand are aligned, then this supports the employee's experience. The researcher further said that if a prospective employee transfers perception of the consumer brand that are not supported by the employment experience, then dissatisfaction could result. Goold (2007) indeed mentions that an additional characteristic of a strong employer brand is one that can really go beyond the consumer-led image of the organization. Apart from that, the type of work performed, and the exact objective of an employer brand is to convey that the company represents an outstanding employment opportunity. Thus, a company involved in a possibly less appealing business (such as waste disposal) may in fact offer a terrific employer brand and truly be a great place to work.

III. METHODOLOGY

A. Participants and Procedures
The samples consisted of employees in 3-star to 5-star hotels in Malaysia with the geographical area from north, central, south and east coast of Peninsular Malaysia as well as East Malaysia. Data was collected by self-administered questionnaires to 700 participants and all questionnaires were found useful and were used for further analysis.

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C. Constructs
A hypothesized structural model is proposed for the study. It consists of Brand Awareness, Brand Quality, Brand Image, Brand Value, Brand Loyalty and Brand Meaning as exogenous variables. The model also consists of Organizational Employer Branding as an endogenous variable. Afterwards, six hypotheses (Table I) are derived from the structural model of the study.

TABLE I
HYPOTHESES FORMULATION

| H1 | Brand Awareness confirm as a construct of OEB |
| H2 | Brand Quality as a construct of OEB |
| H3 | Brand Image as a construct of OEB |
| H4 | Brand Value as a construct of OEB |
| H5 | Brand Loyalty as a construct of OEB |
| H6 | Brand Meaning as a construct of OEB |

D. Measurement
A 4-item instrument was used to measure Brand Awareness (BA) that was adapted from the work of Arnett et al. (2003), and Kaplanidou and Vogt (2003). Next, a 5-item instrument was used to measure Brand Quality (BQ) that was adapted from the work of Sweeney and Soutar (2001), and Lassar
et al. (1995). A 6-item instrument was next used to measure Brand Image (BI) that was adapted from the work of Sirgy et al. (1997), and Grace and O’Cass (2005). A 7-item instrument was next used to measure Brand Value (BV) that was adapted from the work of Aaker (1996) and Arnett et. al. (2003). Next, a 6-item instrument was used to measure Brand Loyalty (BL) that was adapted from the work of Baloglu (2002), and Back and Parks (2003). Lastly, a 6-item instrument was used to measure Brand Meaning (BM) that was adapted from the work of Berry (2000). All the elements were measured by using the 7-point Likert Scale.

C. Data Analyses

The demographic information turned into used to offer an overview of respondents’ profile. Principal factor analysis was performed to reduce the number of factors or elements from each variable. The final results from this factor analysis were then used for additional analysis of First and Second Order Confirmatory Factor Analysis (CFA) using Structural Equation Modelling (SEM) with AMOS 22.0 program. It aims to locate the most optimal model or mixture of the variables that suits nicely with the data on which it is built and serves as a purposeful representation of the reality from which the data has been extracted and gives a parsimonious explanation of the data (Kline, 1998).

IV. RESULTS

A. Profile of Sample

From the 700 respondents, the majority (57.9%) are males. Almost 47.3 percent of the respondents’ age is between 21 to 25 years old. Moreover, about 46.2 percent of the respondents are Malays. Meanwhile, most of the respondents (40.5%) completed the undergraduate degree program and 30.9 percent of them have worked in that particular hotel for less than a year. Most of the respondents are from 3-star hotels (51.8%) and most of the respondents (42.6%) have a monthly income ranging from RM1500 to RM2999.

B. Convergent Validity

Garver and Mentzer (1999) postulate that convergent validity is tested by determining whether the items in a scale converge or load together on a single construct in the measurement models. In other words, it is based on the correlation between responses obtained by maximally different methods of measuring the same construct. Consequently, if there is no convergence, either the theory used in the study needs to be analyzed, or the purification of measures needs to be implemented by eliminating the items. On the contrary, discriminant validity refers to the extent in which a certain construct is different from other constructs (Chen, Aryee, & Lee, 2005). This means that items from one scale should not load or converge too closely with items from a different scale. Moreover, the different latent variables which correlate too highly may indeed be measuring the same construct rather than different constructs (Garver & Mentzer, 1999). As a result, relatively low correlations or no correlation at all between variables indicates the presence of discriminant validity. CFA provides many advantages in examining the instruments in terms of their convergent and discriminant validity. Firstly, CFA measures the
overall degree of fit in any application such as chi-square and goodness-of-fit test. Next, with the use of chi-square difference test, together with the size of factor loadings for traits and the estimates for trait correlations, CFA provides useful information on how convergent and discriminant validity are achieved successfully. Finally, through squared factor loadings and error variance, explicit results are available for partitioning variance into trait, method, and error components (Bagozzi et al., 1991). The results of OEB convergent validity are shown in Table II.

RESULTS OF FIRST ORDER CFA

<table>
<thead>
<tr>
<th>Variables</th>
<th>Chi-square (x2)</th>
<th>D</th>
<th>F</th>
<th>Ratio</th>
<th>P Value</th>
<th>GF</th>
<th>RMS</th>
<th>EA</th>
</tr>
</thead>
<tbody>
<tr>
<td>OEB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BA</td>
<td>6.34</td>
<td>2</td>
<td>3.1</td>
<td>0.04</td>
<td>0.9</td>
<td>95</td>
<td>0.059</td>
<td></td>
</tr>
<tr>
<td>BQ</td>
<td>6.63</td>
<td>3</td>
<td>2.2</td>
<td>0.08</td>
<td>0.9</td>
<td>96</td>
<td>0.044</td>
<td></td>
</tr>
<tr>
<td>BI</td>
<td>7.76</td>
<td>5</td>
<td>1.5</td>
<td>0.17</td>
<td>0.9</td>
<td>95</td>
<td>0.030</td>
<td></td>
</tr>
<tr>
<td>BV</td>
<td>2.33</td>
<td>1</td>
<td>1.1</td>
<td>0.31</td>
<td>0.9</td>
<td>98</td>
<td>0.016</td>
<td></td>
</tr>
<tr>
<td>BL</td>
<td>1.27</td>
<td>1</td>
<td>1.2</td>
<td>0.25</td>
<td>0.9</td>
<td>99</td>
<td>0.021</td>
<td></td>
</tr>
<tr>
<td>BM</td>
<td>3.59</td>
<td>1</td>
<td>3.5</td>
<td>0.05</td>
<td>0.9</td>
<td>97</td>
<td>0.065</td>
<td></td>
</tr>
</tbody>
</table>

C. Second Order CFA

The second order technique was employed to determine the OEB measurement as latent construct. Based on CFA of variables, a result of OEB dimensions, second order analysis technique has succeeded to configure the significant dimensions of the present study. An exogenous construct measurement model was conducted to assess the psychometric properties and unidimensionality of the measures. The adequacy of the OEB as measurement model can be evaluated on the criteria of convergent validity of the factor loading (>0.5) and overall model fit of the data. The measurement model was run with 34 measures to assess the six constructs – BA, BQ, BI, BV, BL and BM. Later, the constructs of BQ, BI and BL were deleted to maintain the fit indexes of the model. The final analysis only consists of BA, BV and BM.

TABLE III

RESULTS OF SECOND ORDER CFA

<table>
<thead>
<tr>
<th>Model Fit Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMIN (X2)</td>
<td>95.629</td>
</tr>
<tr>
<td>DF</td>
<td>20</td>
</tr>
<tr>
<td>CMIN/DF</td>
<td>4.781</td>
</tr>
<tr>
<td>PROB</td>
<td>0.000</td>
</tr>
<tr>
<td>GFI</td>
<td>0.967</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.078</td>
</tr>
</tbody>
</table>

The OBE construct, as measurement model, is within the acceptable level, indicating a sound fit of the data as shown in Table III above. The chi-square goodness of fit is significant due to large sample size (Tabachnick & Fidell, 2007) and provides acceptable fit. As evidence of convergent validity, all items loaded on their pre-specified constructs. The goodness of the model fit ($\chi^2 = 95.629$, DF = 20, Ratio
confirmed the significant model of OBE. Through EFA, CFA and second order analysis, the present study confirmed the three dimensions of OEB and 17 items as valid measurements.

Fig. 1 Second Order CFA for OEB

D. Reliability

Reliability of a measurement refers to its consistency (Hair et al, 2006). There are two types of reliability namely external and internal consistency. External reliability refers to “the degree of consistency of a measure over time” (Bryman & Cramer, 2001). External reliability can be examined through a test-retest. This is done by administering a test on two separate occasions on the same group of subjects. It is expected that respondents who scored high on the first test should also score the same when taking the same test but at a different time. Nevertheless, a low test-retest correlation may not indicate that the reliability of the test is low; instead it may signify that the underlying theoretical concept itself has changed (Bryman & Cramer, 2001). Internal reliability, on the other hand, is specifically used in multi-item scales. It refers to whether the items that make up the scale measures a single concept or whether those items are internally consistent (Bryman & Cramer, 2001). Estimates of reliability that are based on the average correlation among items within a test will concern internal consistencies. If the correlation gives a high result, then the internal consistency is also high. The most frequently used measure is Cronbach’s Coefficient Alpha which is derived from the assumption that if all the items are drawn from the domain of a single construct, responses to the items composing the measurement model should be highly correlated (Hatcher, 1994). In addition, to check the internal reliability, the composite reliability and variance extracted measures for each construct must also be examined. In the context of CFA, it is possible to compute a composite reliability index for each latent variable. Both these methods were applied to test the reliability of the scales in this study.

1. Internal Consistency Reliability Tests - Cronbach’s Coefficient Alpha: The reliability test for all dimensions recorded excellent reliability with coefficient alphas of above 0.60 as recommended by Nunnally (1967). Table IV exhibits the results of the Cronbach Coefficient Alpha.

<table>
<thead>
<tr>
<th>Variables</th>
<th>No of Items</th>
<th>Cronbach’s α</th>
</tr>
</thead>
<tbody>
<tr>
<td>BA</td>
<td>4</td>
<td>0.863</td>
</tr>
<tr>
<td>BQ</td>
<td>5</td>
<td>0.907</td>
</tr>
<tr>
<td>BI</td>
<td>6</td>
<td>0.887</td>
</tr>
<tr>
<td>BV</td>
<td>7</td>
<td>0.871</td>
</tr>
<tr>
<td>BL</td>
<td>6</td>
<td>0.824</td>
</tr>
</tbody>
</table>
2. Reliability Tests – Using Structural Equation Modelling: Coefficient alpha is usually used by researchers as an index of scale reliability. However, it has three limitations; a) the accuracy of reliability estimation, it tends to underestimate scale reliability and gets inflated if the scale has many items; b) traditional reliability theory defines reliability as consistency, and consistency is very difficult to test and to operationalize; and c) coefficient alpha assumes that all items have equal reliabilities (Bollen, 1989). Reliability is also an indicator of convergent validity (Hair et al., 2006) and SEM approaches to estimating scale and item reliability are designed to overcome limitations that are associated with coefficient alpha.

TABLE V
VARIANCE EXTRACTED AND CONSTRUCT RELIABILITY FOR OEB

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Variance Extracted</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>BA</td>
<td>0.628</td>
<td>0.870</td>
</tr>
<tr>
<td>BQ</td>
<td>0.668</td>
<td>0.909</td>
</tr>
<tr>
<td>BI</td>
<td>0.614</td>
<td>0.888</td>
</tr>
<tr>
<td>BV</td>
<td>0.638</td>
<td>0.875</td>
</tr>
<tr>
<td>BL</td>
<td>0.526</td>
<td>0.843</td>
</tr>
<tr>
<td>BM</td>
<td>0.525</td>
<td>0.811</td>
</tr>
</tbody>
</table>

As seen in the results at Table V, the construct reliability, value for all latent variables or factors in this study were above 0.60, as suggested by Hatcher (1994). This is to prove for the existence of reliability. A corresponding measure of construct reliability is the variance extract measure (Hair et al., 2006). It measures the total amount of variance in the indicators accounted for by the latent variable. Higher values occur when the indicators are truly representative of the latent construct. The formula can be compared to construct reliability, except that the numerator is equal to the standardized parameter estimates (λ) between the latent variable and its indicators squared, and then summed. By using the same logic, a variance extracted which is less than 0.50 indicates that, on average, more error remains in the items than the variance explained by the latent factor structure in the measurement model (Hair et al., 2006). Table 8 shows the results of the variance extract. Some of the variance extract estimates of that constructs were below 0.50. However, Hatcher (1994) posits that this situation did not cause concern since previous studies show that it is quite frequent to find estimates below 0.50 even when the construct reliability is acceptable.

D. Results of Hypotheses Testing and Variance Explained (Square Multiple Correlations) To ensure the goodness of the model fit, the constructs of BQ, BI and BL were dropped. Table VI shows the significant of second order analysis of OEB which confirmed BA (β=0.842, CR=7.486, P>0.000), BV (β=0.853, CR=2.475, P>0.000), and BM (β=0.771, CR=4.188, P>0.000) as constructs of OEB.

TABLE VI
RESULTS OF HYPOTHESES TESTING AND VARIANCE EXPLAINED (SQUARE MULTIPLE CORRELATIONS)

<table>
<thead>
<tr>
<th>Hy</th>
<th>E</th>
<th>En</th>
<th>Std</th>
<th>Std</th>
<th>CR</th>
<th>SM</th>
<th>P</th>
</tr>
</thead>
</table>

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V. DISCUSSIONS AND CONCLUSIONS

Our main concern in this study is to confirm the construct of OEB. Consequently, we found BA, BV and BM confirmed as construct of OEB. By using OEB scales, hospitality organizations can gauge the OEB constructs that lead to commitment of the employees. This study confirmed the significant constructs of OEB on the structural model. The construct has been tailored according to the Malaysian context. We believe that the model we have suggested could be useful for managerial research and practice of OEB in Malaysian hospitality industry in improving the recruitment and selection strategies as well as to maintain and retain the employees in the organizations.

VI. REFERENCES


