EMPLOYEE ENGAGEMENT & INTERNAL EMPLOYER BRANDING: A STUDY OF SERVICE INDUSTRY

Kishore Kumar Morya¹ & Sheetal Yadav²

Today’s globalized world has become major source for competitive labour market, where organizations are fighting to get and retain best talent in their organizations. In this cut throat competition of attracting best talent, organizations use their internal employer branding to get top rank in the list of Universum¹. This paper aims to find a relationship between internal employer branding and employee engagement, in the hotel industry. A gap has been identified through extensive secondary research. Non-probabilistic sampling was used to select respondents for survey in NCR. Factor analysis on collected data revealed three main factors of internal employer branding having direct effect on employee engagement on which the hotels should focus on to get greater profitability.

Keywords: Internal employer branding, employee engagement, resource based view, employee value proposition.

Introduction

In today’s talent crunch scenario employer branding is the strategic weapon used by the employers to tempt and reserve the prospective and present employees (Edwards, 2009). Based on the targeted employees Employer Branding (EB) can be divided in two parts External Employer Branding (EEB) (Hochegger, 2014), focus on the potential employees (those prospective candidates whom a company would like to target to take them on role and would expect them to fulfil the expected responsibilities) and Internal Employer Branding (IEB) targets existing employees (Sengupta, Bamel & Singh, 2015). Existing employees are the non-paid media which influence potential candidates along with the customers of the organizations. So the difference between potential employees and existing employees is what a company foresees qualification and skill set and what actually have been observed in workplace. Hence to target existing employees, employers emphasis on their internal employer branding which provides gold mine of the best talent through employee referrals (Löhndorf & Diamantopoulos, 2014; Yu, Asaad, Yen & Gupta, 2016; Punjaisri, Wilson, & Evanschitzky, 2009; Yang, Wan & Wu, 2015). IEB also positively influence quality commitment of service industry employees and help in employees’ retention (Gull & Ashraf, 2012; Matanda & Ndubisi, 2013). But retaining employees does not mean that they are engaged with their organization because employee engagement is that level where, employee

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is linked with the organization at both emotional and dedication level to achieve the vision and mission of the organization (Gupta, 2015). According to a Gallup study organized by Crabtree (2013), it is found that approximately 33% of the total number of employees in India is considered as actively disengaged. Employee engagement impacts the performance of the employees directly and indirectly (Kim, Kolb, & Kim, 2013; Truss, Shantz, Soane, Alves & Delbridge, 2013). Nowadays almost all the employers understand the importance of engaged employees.

The paper is divided in various sections, section one is the introduction, section two talks about literature review, section three covers the research methodology used in the paper and section four is the analysis on the relation between Internal Employer Branding (IEB) and Employee Engagement (EE) and the IEB factors influencing this relationship, at the last the research paper discuss the practicality of this relationship and the limitation of this research paper.

**Literature Review**

**Employer Branding**

Branding is the name which differentiates organization from their competitors (Short, 2010). It is the two ways sword used by the marketers as well as by the human resource managers to create brand equity for the customers and for the employees. Marketing managers mainly focus on customers and do their branding of product and services for them. Human resource managers do the branding for their employees called employer branding (Backhaus & Tikoo, 2004). The concept of employer branding was firstly introduced in 1990, and the definition came in December 1996, by Ambler & Barrow from London Business School in the journal of Brand Management. According to Edwards (2009) employer branding is one of the methods of using the principles of marketing in explaining human resource activities for current and potential employees.

**External Employer Branding**

External employer branding focus on potential or prospective employees (Charbonnier –Voirin & Vignolles, 2015). External employer branding includes all the activities done outside the organization to create an image to become best employer or First Choice of Brand (FCB). It targets external audience through the use of social media, CSR, Seminars, Websites and Add agencies (T.V, adds, FM add, Sponsorship) etc.

**Internal employer branding**

Hankinson (2004) describes internal employer branding as the employee’s perspective of the brand. Internal employer branding
provides better understanding of the brand to the employees through communicating brand values (Gull & Ashraf, 2012). It is the promotion of the organization internally in which the targeted audience is their own employees (Punjaisri, Evanschitzky & Wilson, 2009). Bergstrom, Blumenthal and Crothers (2002) describes internal employer branding can be done by 3 ways: first through well communication of the brand values to the employees, second through convincing the employees about the market status of the brand and third through getting all the employees’ input together towards one goal to deliver brand essence. Whereas King and Grace (2008) reveal that internal brand management can be achieved through IMO (Internal Marketing Orientation), means marketing to the internal audience.

Table 1. Dimensions of Internal Employer Branding

<table>
<thead>
<tr>
<th>Factors</th>
<th>Elaboration</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal communication</td>
<td>Internal communication is something in which employees made aware of policies and goals of the organization along with the aroused changes.</td>
<td>(Beus &amp; Matanda, 2010; Matanda &amp; Nduhasi, 2013; Aurand, Gorchels, &amp; Bishop, 2005; Punjaisri, Evanschitzky, &amp; Wilson, 2009; Lee, Nam, Park, &amp; Ah, 2006; Lytle &amp; Timmerman, 2006; Punjaisri, Wilson, &amp; Evanschitzky, 2009; Yoo, Lee &amp; Lee, 2006; Özçelik &amp; Fındıklı, 2014; Lee, Kim, &amp; Kim, 2014; Tuominen, Hirvonen, Reijonen &amp; Laukkanen, 2016).</td>
</tr>
<tr>
<td>Group Meetings</td>
<td>Group meeting is the departmental meetings to make employees understand their role in achieving the brand objectives.</td>
<td>(Punjaisri &amp; Wilson, 2007; Punjaisri, Wilson, &amp; Evanschitzky, 2009; Punjaisri &amp; Wilson, 2011; Punjaisri, Evanschitzky &amp; Wilson, 2009).</td>
</tr>
<tr>
<td>Briefing</td>
<td>Briefing comprises all the necessary information which is required to deliver the services as per the brand expectation.</td>
<td>(Punjaisri, Wilson, &amp; Evanschitzky, 2009; Punjaisri, Evanschitzky &amp; Wilson, 2009; Punjaisri &amp; Wilson, 2011; Punjaisri &amp; Wilson, 2007; Yang, Wan, &amp; Wu, 2015).</td>
</tr>
<tr>
<td>Training</td>
<td>Training help employees to get appropriate skill set necessary to dispense the brand promise.</td>
<td>(Özçelik &amp; Fındıklı, 2014; Lee, Kim &amp; Kim, 2014; Lee et al., 2008; Lytle &amp; Timmerman, 2006; Yoo, Lee, &amp; Lee, 2000; Beus &amp; Matanda, 2010; Punjaisri, Wilson, &amp; Evanschitzky, 2009; Punjaisri, Evanschitzky &amp; Wilson, 2009; Punjaisri &amp; Wilson, 2011; Punjaisri &amp; Wilson, 2007; Aurand, Gorchels, &amp; Bishop, 2005; Matanda &amp; Nduhasi, 2013; Tuominen, Hirvonen, Reijonen &amp; Laukkanen, 2016).</td>
</tr>
<tr>
<td>Orientation</td>
<td>Orientation is the kit of brand manuals to activate employees’ inspiration to properly accomplish the brand promise delivery.</td>
<td>Punjaisri, Wilson, &amp; Evanschitzky, 2009; Punjaisri, Evanschitzky &amp; Wilson, 2009; Punjaisri &amp; Wilson, 2011; Punjaisri &amp; Wilson, 2007; Wang, Wan, &amp; Wu, 2015).</td>
</tr>
<tr>
<td>HR involvement</td>
<td>HR involvement is related to staffing decision by HR where they considered only those skill set which is necessary for the job profile and considered in staffing decision.</td>
<td>(Aurand, Gorchels, &amp; Bishop, 2005; Matanda &amp; Nduhasi, 2013; Punjaisri, Evanschitzky, &amp; Wilson, 2009; Beus &amp; Matanda, 2010; Özçelik &amp; Fındıklı, 2014).</td>
</tr>
</tbody>
</table>
Employee Engagement

According to Eldor and Vigoda-Gadot (2016) employee engagement means employees' passion, their involvement, and enthusiasm towards their work. Sadiqe (2014) describes employee engagement as the promise of employees towards their organization and their values. It is the combination of cognitive emotional and behavioural aspects of individual, with the attentiveness and absorption in the performance of their roles (Saks, 2006). Lee and OK (2016) Employee engagement can only come when the employees do realize what are the expectations of the employers and by providing ample opportunities to the employees for their skill utilization. Engagement has three levels - Actively engaged: in which employees feel passionate towards their work, they enjoy the work and keep innovative approach towards work. Not Engaged: in which employees do not feel passionate for their work, they just go to work without any enthusiasm or innovative approach and do only the work whatever is asked to them. Actively disengaged: employees are those who become completely negative about the organization, and whenever get chance actively show their unhappiness (Gallup, 2017).

Hotel Industry in India

Hotel Industry of India is one of the leading players which work at global platform and has huge contribution in the growth of the service sector of our country. It is the major source of Forex earning for our country. According to Sharma and Kalotra (2016) it contributes 6.23 percent to the National GDP3 and 8.78 percent of the total employment in the country. Although the Industry is filled with several small unorganized Hotels but the Major players in this industry are, Indian Hotels Company Ltd, Hotel Leela Venture Ltd, EIH4 Ltd, ITC5 Hotels and ITDC6 (Devendra, 2001).

Relationship between IEB and EE

Several studies have established relationships between internal employer branding and employee engagement. Lee, Kim and Kim (2014) reveal internal employer branding as an antecedent of employee (work and organization) engagement, in Korean service industry. The study

| Evaluating annual performance and review | It is the performance review done annually on delivering the brand values. (Aurand, Gorchels, & Bishop, 2005; Tuominen, Hirvonen, Reijonen & Laukkanen, 2016). |
| Living the brand | Living the brand means incorporation of brand values which effect employees' decision on external customers' request. (Aurand, Gorchels, & Bishop, 2005; Tuominen, Hirvonen, Reijonen & Laukkanen, 2016). |
| Reward | It is the incentive given on the quality of service rather quantity. (Lytle & Timmerman, 2006; Lee, Nam, Park & Ah Lee, 2006; Punjaisri, Wilson & Evanschitzky, 2009b; Yoo, Lee, & Lee, 2000; Lee, Kim, & Kim, 2014). |
builds the literature by providing the model of IEB and EE in relation to job satisfaction and loyalty but did not provide the constructs of IEB, and also did not considered all three level of work engagement. Ahmad, Iqbal, Kanwal, Javed & Javed (2014) also reveal the positive relation between Internal Employer Branding of the organization and its employee engagement in service industry of Pakistan by considering the Punjaisiri, Wilson & Evanschitzky, 2009 model for IEB and for EE the study has used the Aon Hewitt constructs not both the level of EE. Özçelik (2015) has also come up with positive relation between IEB and EE, if IEB is done according to the segments of employees. This segmentation was based on the duration of employment and was given term as Baby boomer used for senior, X generation for existing employees and Y Generation for new entrants. Since this study is based on literature review hence lacks in empirical tests in Indian service industry. Biswas and Suar (2014) study on 347 top-level executives in 209 companies in India also reveal positive association between IEB and employee engagement along with the attraction and retention of the employees. This study does not consider both level of engagement and did not give any specific constructs of IEB. Even though over a period of time we have been introduced to many approaches for studying IEB and EE but its relationship remains unanswered in hotel industry, also there are dearth of studies where both levels of employee engagement (work engagement and job engagement) has been studied together. Looking at the growing research regarding the significance of internal employer branding and employee engagement, this research underlie appeal that employee engagement is more likely to gain success in the workplace.

Figure 1. Research Model
Research Objectives and Hypothesis

Objectives
To find a relationship between Internal Employer Branding and Employee Engagement. To find the factors of Internal Employer Branding affecting employee engagement.

Hypothesis
Ho: There is no relationship between Internal Employer Branding and Employee Engagement, they are independent.

H1: There is a relationship between Internal Employer Branding and Employee Engagement, they are dependent.

Research Methodology

Sampling Frame
The main study was designed through the respondent driven sampling; Data were collected from 45 Hotels of 4 and 5 star categories of hotels, chosen through the report of Ministry of Tourism Govt. of India (2015). The study is done in NCR region of India described by NCRPB (National Capital Region Planning Board, n.d.). This region has been chosen as almost all the brands of 4 and 5 star Hotels are anchoring in this region. Total 790 questionnaires were distributed among the employees of these targeted hotels and 306 usable questionnaires were collected through respondent-driven sampling with 43% of the response rate.

Research Instrument
Based on the extensive literature review, 9 factors (communication, reward, training, living the brand, group meeting, briefing, orientation, annual performance review HR involvement) of IEB were identified, which influence employee’s behaviour towards their respective brands across various industries and 2 factors of employee engagement (work engagement and organization engagement) were identified. On the basis of these identified factors research instrument was developed, which includes 25 items of IEB influenced from Aurand, Gorchels, & Bishop, 2005; Lytle & Timmerman, 2006; Punjaisiri & Wilson 2007; Punjaisiri, Evanschitzky, & Wilson, 2009a; Matanda & Ndubisi, 2013 and 15 items of Employee Engagement developed from work engagement’s 9-items scale (UWIS-9) a shorten version of Utrecht Work Engagement Scale (Schaufeli, Bakker, & Salanova, 2006)and 6 items of organization engagement taken from (Saks, 2006). The Cronbach Alpha of our research instrument came out above 0.7 hence the scale is found reliable. The Discriminate validity (DV) was above 1.0, the Average variance Extracted (AVE) was above 0.5. and the communalities of the item was also high ,hence all the factors of Internal Employer Branding
and Employee Engagement are found reliable to measure these two elements and is the best represented by 13 factors of Internal Employer Branding and Employee Engagement.

**Questionnaire Pretesting**

A pilot testing was done on the questionnaire used for the study to examine the face value of the scale (Saunders, Lewis & Thornhill, 2009). Questionnaires were distributed to 20 employees and 12 employees could give their time to tell their comments on problem faced while filling up the questionnaire without support. Few changes were done in few statements in their original English. The below table depicts the reliability of the instrument:

**Table-2. Reliability of the Research Instrument**

<table>
<thead>
<tr>
<th>Questions</th>
<th>No. of Items</th>
<th>Cronbach's Alpha</th>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</th>
<th>Bartlett's Test of Sphericity (Approx. Chi-Square Values)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Employer Branding</td>
<td>25</td>
<td>.959</td>
<td>.933</td>
<td>7698.011</td>
</tr>
<tr>
<td>Employee Engagement</td>
<td>15</td>
<td>.911</td>
<td>.907</td>
<td>3501.986</td>
</tr>
</tbody>
</table>

The Cronbach's alpha for both the variables were .959 and .911 respectively which is above 0.7 (Fornell & Larcker, 1981). So the reliability of the instrument is supported. The Kaiser-Meyer-Olkin test also represent the sample adequacy with .933 and .907 values.

**Research Tools**

The study has used exploratory factor analysis to find the internal employer branding factors in hotel industry, than to find the relationship between IEB and EE the study has used Correlation tool as it is used to measure the strength of association between two metric variables. It tells us whether the linear or straight line relationship exists between the two variables (Malhotra, 2008). Further the correlation hypothesis has been proven with help of Z test.

**Results and Analysis**

Based on the respondent survey, from the employees of Hotel Industry from NCR region, 306 responses were collected on 25 items and 5 factors of IEB (Communication, Training and Induction, Reward, Evaluation of the annual performance, living the brand). These responses were analysed using Statistical Package for the Social Sciences (SPSS) 20.0 Version. It gave us three constructs which were having more than 1 Eigen value and 24 items having value 0.5 or above. The communalities of all the items were also high above .588 except one item. One item
having average variance extracted less than 0.5. That item was removed from the study to measure IEB and the left 24 items were further loaded on 3 factors namely: Conveyance, Recompense and Brand Efficacy. Conveyance (CON) consists of 11 items, Recompense (REC) consists 7 items and Brand Efficacy (BR EF) includes 6 items. Conveyance the first factor came out for IEB represents the communication to employees through briefing, group meeting, role clarity notification of important changes, and written communication along with the training. The highest loading of conveyance was on CON7: “I recognize my act towards the brand mission, after being the part of the group meeting” (Punjaisri & Wilson, 2007). This shows the importance of group meeting in hotel industry though which employees get their role clarity and perform their tasks accordingly. Recompense is the second construct of IEB, which represent the reward system of the organization. The highest loading of recompense was on REC 24: “My hotel notifies the good services.” It is basically the recognition of employees’ services, monetary or non-monetary. Usually it happened monthly or in some hotels quarterly in return to the best services provided by the employees. Some hotels do this in their town hall or employee meet in which the best performers get certificates or their photos on the wall or some kind of monetary incentive to induce them for the same services in future and leave an example on other employees. The third construct which came out after the factor loading of IEB was Brand efficacy which represents the value towards the brand. The highest loading of this factor came out on BR EF 21: “My hotel considers the skill set needed for brand values in recruitment” Which means the information of the skill set which is necessary to depicts the brand values should be considered. One item (question): “Presentable colourful message attracts me in my hotel” was removed from the main study as its factor loading was 0.3, which was less than 0.5.

**Table-3. Exploratory Factor Analysis**

<table>
<thead>
<tr>
<th>Components</th>
<th>Rotated Component Matrix</th>
<th>Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am equally apprised the financial position of the hotel.</td>
<td>.622</td>
<td>.110</td>
</tr>
<tr>
<td>I am notified about the organizational objectives and policies.</td>
<td>.681</td>
<td>.137</td>
</tr>
<tr>
<td>Human resource department communicate with us regularly.</td>
<td>.669</td>
<td>.397</td>
</tr>
<tr>
<td>The written communication is satisfactory in the hotel.</td>
<td>.722</td>
<td>.304</td>
</tr>
<tr>
<td>I am apprised about day to day changes take place in the hotel.</td>
<td>.703</td>
<td>.366</td>
</tr>
<tr>
<td>Brand mission is briefed in group meeting.</td>
<td>.744</td>
<td>.356</td>
</tr>
<tr>
<td>I recognize my act towards the brand mission, after being the part of the group meeting.</td>
<td>.774</td>
<td>.277</td>
</tr>
<tr>
<td>Briefings guides for the services should render as per the brand expectations.</td>
<td>.748</td>
<td>.375</td>
</tr>
<tr>
<td>The brand mission of the hotel is strengthened during the Briefing.</td>
<td>.711</td>
<td>.353</td>
</tr>
</tbody>
</table>
Training delivers the skill set necessary to serve for brand promise. Presentable colourful message attracts me in my hotel. Employees are notified about related information in a superb style. My hotel encourages me for new suggestions to do the work. Induction gives me all the necessary information needed to accomplish the brand promise. The Induction manuals are adequate in my hotel. Required skill set for brand promise transmission is provided in my hotel. The annual feedback comprises the brand value matrix here. I advantage my expertise for my time management here. My hotel considers the skill set needed for brand values in recruitment. My hotel values the labor through rewards and incentives. My hotel notifies the good services. All the efforts done for the hotel get recognition and reward in my hotel. 

Extraction Method: Principal Component Analysis.  
Rotation Method: Varimax with Kaiser Normalization.  
a. Rotation converged in 7 iterations.

All the three constructs of IEB were proven reliable in hotel industry context with the above 0.7 value of all three constructs which is as follow Conveyance .946, Recompense .955 and Brand efficacy .913 hence all three constructs represents IEB best in hotel industry. Conveyance means communicating messages to the employees properly, if needed grape vine communication also. Recompense is the fair work payment, equality existence means if the employee have same Brand efficacy represents the value towards the brand.

Relationship between IEB and EE

The below table rendered the Pearson correlation coefficient values to portray the correlation between internal employer branding and employee engagement.

Table–4. Correlation between IEB and EE

<table>
<thead>
<tr>
<th>Correlation</th>
<th>Internal Employer Branding</th>
<th>Employee Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal_</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Employer_</td>
<td>Sig. (2-tailed)</td>
<td>.783**</td>
</tr>
<tr>
<td>Branding</td>
<td>N</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>.306</td>
</tr>
<tr>
<td>Employee_</td>
<td>Sig. (2-tailed)</td>
<td>.306</td>
</tr>
<tr>
<td>Engagement</td>
<td>N</td>
<td>.306</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

The table shows the Pearson coefficient correlation value as .783 which accepts the relation between IEB and EE, in fact the values above .5 of
coefficient correlation delineate the strong positive relation. So the IEB and EE relationship has been found as strong positive. Further the value of r or correlation has been tested by z test.

Table-5. Z-Test: Two Sample for Means

<table>
<thead>
<tr>
<th></th>
<th>Internal Employer Branding</th>
<th>Employee Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>102.3267974</td>
<td>60.77777778</td>
</tr>
<tr>
<td>Known Variance</td>
<td>262.2666238</td>
<td>74.23897996</td>
</tr>
<tr>
<td>Observations</td>
<td>306</td>
<td>306</td>
</tr>
<tr>
<td>Hypothesized Mean Difference</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Z</td>
<td>39.62099187</td>
<td></td>
</tr>
<tr>
<td><em>P(Z&lt;=z)</em> one-tail</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><em>z</em> Critical one-tail</td>
<td>1.644853627</td>
<td></td>
</tr>
<tr>
<td><em>P(Z&lt;=z)</em> two-tail</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><em>z</em> Critical two-tail</td>
<td>1.959963985</td>
<td></td>
</tr>
</tbody>
</table>

Since the z calculated value is higher than the Z critical value and the P value is smaller than alpha, hence there is no evidence to support the null hypothesis, henceforth alternative hypothesis is accepted that there is relationship between IEB and EE. So the relation between IEB and EE (Biswas & Suar, 2014; Özçelik, 2015) proven true in hotel industry too.

**Conclusion**

The theoretical foundation of this research is based mainly on the importance of employees that they are the asset of the organization and losing them is the loss of the organization. The study reveals that IEB has significant impact on EE and it has been proved that IEB enhances loyalty and commitment supporting employee engagement in the organization. In this competitive world where employees are required to be more committed to the organization this research can become really significant. The internal employer branding constructs: Conveyance, Recompense and Brand efficacy are the continuation in the development of the literature which can bring the scholars’ interest, also the attempt to find the relationship between internal employer branding and the most desirable from employees their engagement. Internal employer branding is not an attempt to attract the potential candidate; rather it is an effect to retain the existing employees. In hotel industry which is specifically service based industry, it becomes important to come up with the programs to break the monotony of the daily activities. In hotel industry which is specifically service based industry it becomes important to come up with the programs to break the monotony of the daily activities.
Additional research is affirmed regarding the impact level of IEB on EE. Further studies could look into the combined EE constructs of both work and organization engagement in service industry. Since EE get influence by other variables like salary & working hours (Jung & Yoon, 2015). Thus, in future these variables can be studied in service industry on a larger parameter.

End Notes

1 Universum: provides ranking of 50 most attractive employers in 12 countries.
2 Brand Equity: Market value of the brand
3 GDP: Gross Domestic Product
4 EIH: East India Hotel
5 ITC: India Tobacco Company
6 ITDC: Indian Tourism Development Corporation

REFERENCES


