

## Employer branding and employee performance at KAI: employee retention' role as mediator

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**Abstract** Today's job seekers prefer well-known companies, even though they're less likely to be accepted. The HR team must brand the company as an employer. Employer branding can be a company's image, values, and work culture. Employer branding has a greater impact on employee loyalty than non-emotional factors on employees. This study aims to explain 1) employer branding's impact on employee retention and performance, 2) employee retention's impact on employee performance, and 3) employer branding's impact on employee performance through employee retention as a mediator. 110 frontline workers from PT Kereta Api Indonesia (Persero) DAOP VII Madiun made up the research sample. The sampling was proportional random. Using SPSS and Sobel, this study uses descriptive and inferential analysis. Influence test results show that employer branding increases employee retention and performance, and employee retention increases employee performance. The results of path analysis and Sobel test of the mediator's role show that the direct effect of employer branding on employee retention after being controlled by employee retention as a mediator is not significant. Employee retention acts as a full mediator for employer branding's effect on employee performance, according to the mediator test. 2) Companies can improve employee performance by improving employee retention via career opportunities, awards, and employee relationships.

**Keywords:** Employer branding; social value; economic value; employee retention; employee performance

### INTRODUCTION

In a competitive environment, stretching skilled employees is very difficult (Shakeel, 2015), so employee retention has been one of the dominant themes in management studies over the past decade (Vasantham, 2016). Employee retention plays an important role in an organisation because it affects employee performance (Swaroopa & Sudhir, n.d.). Employee retention is important for building a productive, healthy, and committed workforce. Retention practices help save costs related to poor hiring, business productivity, or customer service.

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The employee retention strategy aims to increase awareness, tools, and information available to employers to assist employers in employee retention (Vasantham, 2016). The purpose of employee retention is to retain employees who are qualified and owned by the company for as long as possible because qualified employees are an intangible asset to the company (Sumarni, 2020).

Companies need to implement three aspects of employee retention to maintain employee satisfaction and high employee performance (Balaji et al., 2017): respect, recognition, dan rewards. Respect is an award, special respect, or consideration given to people. As shown by the pyramid, respect is the foundation for looking after employees, while recognition and rewards will have little effect if the company does not respect employees. Through the implementation of retention programs, the company's efforts can encourage employees to strive further to provide the best for the company by trying to show its best performance (Tkalac Verčič, 2021).

Employer branding is important in growing employee retention (Kristianto & Handoyo, 2020). Several large companies have initiated employer branding in Indonesia to obtain the required organisational asset (Purusottama & Ardianto, 2019). A good company's reputation is seen in its commitment to paying attention and managing its employees. It also includes the company's employer branding. Therefore, employer branding becomes a large company capital in attracting talented employees because only employees with above-average abilities and innovative thinking will be more courageous to choose a company with a good reputation. That is why companies should strive to have good employer branding. After all, with good employer branding, the ability and performance assessment of good employees can be a filter because only people with high confidence will try to enter a company with a good reputation.

The success of the company's growth and sustainability will depend on the development of new resources, just like exploiting the resources owned by the company (Wernerflet, 1984). It also occurs in changes in external conditions. Employer branding is one of the company's strategies for forming a competitive advantage, so it becomes an attraction for internal and external users (human resources).

Employer branding is very important because it is difficult to build an image in the minds of potential employees and market the organisation as a 'great place to work' (Uppal et al., 2017). Employer branding strategy is oriented externally and internally, as the company's (Tkalac Verčič & Sinčić Ćorić, 2018) image and as a promotion for employees both inside and outside the company (Aldousari et al., 2017). As a part of Public Relations activity, employer branding communicates how worthy the employee itself (Tkalac Verčič & Sinčić Ćorić, 2018).

Effective employer branding organisations lead to a competitive advantage to help employees internalise company values and help employee retention (Sokro, 2012). Employer branding improves morale and employee satisfaction, increasing retention (D. Allen et al., 2010). Employer branding also has an impact on employee performance. The results of this study support previous empirical studies (Ha Nguyen et al., 2021; Bussin & Mouton, 2019), which show that the strength of an organisation significantly impacts the performance of its employees. Employer branding can also improve employee performance indirectly through employee retention (Johnston & Everett, 2012).

The rapid development of types of transportation other than railways was initially considered quite effective and efficient in the quality and quantity of local and interlocal services and transportation. However, over time this development has had a negative influence on the surrounding environment, especially in Indonesia. The congestion level on the streets of major cities in Indonesia is increasing sharply every year, as is the case on the streets of Jakarta and Surabaya. Environmental issues such as the problem of global warming have also begun to arise related to the exhaust emissions of motor vehicles such as cars and motorcycles. In addition, the issue of the energy crisis, especially gasoline, began to be heard frequently in the community, related to the fuel waste in the vehicle engine. Therefore, the solution is revitalising and restoring railways' performance in Indonesia.

The image of trains in Indonesia in early 2000 was identical with broken and dirty carriages, torn seats, dirty toilets, crowded with hawkers, pickpockets and beggars, and unreliable schedules. However, as a much-loved mode of transportation, trains continue to improve to build employer branding as an effort by the management of PT Kereta Api Indonesia (KAI) (Persero) to build a positive for the stakeholders. The management also attempts to improve the quality of good services and facilities to follow the demands by improving the quality of human resources. Furthermore, employee retention programs need to be carried out by PT KAI to gain people's trust to use rail transportation services.

In line with the theory of dynamic capabilities (DC), PT KAI continues to improve itself to have a competitive advantage in the midst of competition for other modes of transportation. PT KAI is listed as the most aggressive and innovative state-owned enterprise (BUMN) in corporate revamping. This is evident from various fundamental improvements in financial performance, management, awards and especially service to rail service customers. The performance of PT KAI also received the award as the best Marketing Performance in the Corporate Marketing BUMN Sector Service, Transportation, Logistics and Energy category in the 2018 BUMN Branding & Marketing Award. In addition, PT KAI is committed to carrying out a complete transformation with 5 Main Values (Integrity, Professional, Safety, Innovation and Excellent Service). PT KAI is engaged in transportation and other

support as well as being a driver of the Indonesian economy and has more than 70 years of experience in the field of transportation. Accompanying the success, PT KAI not only focuses on operational development but continues to improve the company's competitiveness through continuous development of human resources quality.

Employer branding programs that PT KAI has carried out in the era of Ignatius Jonan's leadership, for example, 1) Identity change or rebranding means changes to the name, logo, and slogan of the company; 2) changes in Self Check-In technology and KAI access applications; 3) changes in services and facilities, etc. Employer branding done by PT KAI has an impact on employee loyalty and improved employee performance in their respective task roles. This is shown in the performance of PT KAI Daop (Operation Area) 7 Madiun recorded zero train accidents in the operational performance of travel safety from 1 January to 31 December 2020 (Pratama, 2021).

The purpose of the research by taking the object of the employee's front liner P.T. Kereta Api Indonesia (Persero) DAOP VII Madiun are 1) to analyse the positive impact of employer branding on employee retention and employee performance; 2) to analyse the positive impact of employee retention on employee performance; 3) test the indirect impact of employer branding on employee performance with employee retention as mediator.

The concept of dynamic capabilities was originally developed based on the concept of Resource-Based View (RBV) (Eisenhardt & Martin, 2000). According to (Teece et al., 1997), RBV has not adequately explained why and how a competitive advantage a company can have when facing situations of rapid and unexpected changes, which require companies to develop dynamic capabilities, so that company managers strive to integrate, build, and reconfigure their internal and external competencies to deal with the changing environment of their organisation.

The level of industry competition is getting higher and higher, encouraging each company to strive for better competitiveness than other companies. Competitive advantage is a concept that is believed to help companies to win the competition. The concept of R-BV theory states that the enterprise is a collection of resources and capabilities (Wernerflet, 1984), so companies use their resources and capabilities as a competitive advantage. Resources and the company's capabilities can be seen as a bundle of tangible and intangible assets, including the company's management skills, processes and routines, as well as information and knowledge that the company can control (Barney et al., 2001).

The success of the company's growth and sustainability will depend on the development of new resources, just like exploiting the resources owned by the company (Wernerflet, 1984). It also occurs in changes in external conditions. Employer branding is one of the company's strategies for forming a competitive advantage, so it

becomes an attraction for internal and external users (human resources). The core principle of R-BV is that resources and capabilities that are simultaneously valuable, rare, inimitable, and non-substitutable are the source of competitive advantage. RB-V also pays attention to organisational learning, knowledge accumulation, development capabilities, and the process of changing associations.

Dynamic capability theory (DCT) focuses on the capacity of organisations facing rapidly changing environments to create new resources and to update or transform the organisation's resource mix (Bowman & Ambrosini, 2003). DC theory is often positioned as an extension of the R-BV theory, which proposes that every organisation has a profile of tangible and intangible resources and capabilities that all form variations in the position of organisational excellence and organisational performance.

Homans developed the social exchange theory in 1958 (Redmond, 2015). Social exchange theory (SET) emphasises social interactions between people, involving cost and rewards, digging deeply into the definitions of the components of the social exchange theory, including Cost and Reward (Homans, 1958). The basic assumption of this theory is that everyone voluntarily enters and settles into a social relationship as long as the relationship is quite satisfactory when viewed in terms of rewards and costs (Susilo, 2022).

Applying the SET in the organisational environment can retain employees and foster interactive and humanistic work culture (Alnajim, 2021). For example, there are coaching and counselling sessions, support for relationship development, and recognition programs.

Employer branding is a set of attributes and qualities that are often intangible, create a distinctive organisation, promise a certain type of work experience, and appeal to people who will develop and perform as well as possible in their culture (Sokro, 2012). Employer branding is an activity in which the principles of marketing, particularly the "science of branding," are applied to human resource activities related to current and potential employees (Biswas, 2012).

Employer branding of each organisation has two external and internal dimensions (John & Raj, 2020); internal employer branding aims to serve the organisation's employees, focus on building a friendly work culture, creating employee growth and development within the organisation, while external employer branding emphasises on fostering the company's image in a way that increases market awareness of the brand, attracts candidates, and highlights the benefits when employed by the company through internal communication (Thelen, 2020).

Employer branding includes all kinds of corporate activities to attract, engage with, and restrain (attraction, engagement and retention) aimed at strengthening the company's brand in the eyes of stakeholders. Employer branding is an important factor for an organisation's success and has attracted significant attention in recent

years, used to attract prospective temporary employees and employees within an organisation (Gilani & Cunningham, 2017).

Employer branding can be seen from employer attractiveness (Gilani & Cunningham, 2017). Employer attractiveness is an advantage that potential employees dream of working for a particular company (Berthon et al., 2005) measured by using five dimensions: interest value, social value, economic value, development value, and application value (Sivertzen et al., 2013).

Interest value is a company is an attractive workplace, innovative, utilisation of expertise and creativity by the company so as to produce high quality and innovative products and services; social value is related to a comfortable work environment, good relationships between employees and mutual support, so that the work environment makes employees happy; economic value relates to promotional opportunities available in the company, job security, earned work experience, above-average base salary, as well as attractive compensation packages; development value is related to the recognition of management, a good company for the future, feel better when part of the organisation, feel yourself to be more confident when becoming part of the organisation, as well as gaining new experience in career; application value relates to humanist aspects, namely the company's contribution to environmental concern, the opportunity to apply competencies or that have been learned by employees in the company, the opportunity to teach others what has been learned, the sense of acceptance and belonging, and the company oriented to customers.

Each organisation is trying to retain its best employees. Employee retention involves encouraging employees to remain in the organisation for the maximum period (Shelar & Buch, 2020). Top management and human resources (HR) departments need to increase attention, financial resources, and efforts to determine how to retain their employees and gain a competitive edge for the company to exist and grow. Companies that adopt and implement various aspects of employee retention practices ensure improved performance (Njoroge, 2019).

Determining factors of employee retention include aspects of organisational components, career opportunities in the organisation, awards, design of tasks and occupations, and employee relationships (Mathis dan Jackson, 2006:128). Effective employee retention is an employer's effort to create and foster an environment that encourages today's employees to keep working by having policies and practices to meet the diverse needs of employees (Balaji et al., 2017).

Employee performance is how employees perform their tasks, measured by comparing task performance with job requirements, including actual performance such as leadership, time management, and employee productivity (Betaubun et al., 2015). Employee performance is seen in the form of outcomes. The measures considered in performance measurement include 1) the ratio of output per unit of input; 2) efficiency is defined as useful work done using minimal

resources; 3) effectiveness is producing results; and 4) qualities is defined as the degree of excellence of something.

In a competitive environment, retaining skilled employees is very difficult. Top management & HR departments need to spend time, financial resources, and great effort to figure out how to maintain their employees and gain a competitive advantage, and one of the organisation's strategies for retaining employees is employer branding.

Employer branding is influenced by the job environment, employer reputation, employee perceptions, interest value, social value, development value, and people's suitability to the organisation (Paul & Raj, 2017). Values to build an employer brand include development value, social value, diversity value, economic value, and reputation value (Uppal et al., 2017) and should be an integrated process in an organisation (Gilani & Cunningham, 2017), resulting in positive behaviour that contributes to employee retention (Kristianto & Handoyo, 2020); Paul & Raj, 2017; (Rukmani, 2012); (Sokro, 2012).

Employer branding is a strategy in HR that refers to the concept with R-BV and DCT, namely as one of the company's efforts to build competitive advantages by increasing the organisation's ability to integrate, build, and configure internal and external competencies to face rapid environmental changes (Teece et al., 1997). Researchers argue that the organisation has developed programs to retain valuable employees and consider them a strategic asset (Raj & Rao, 2017). Under the same conditions, organisations building employer branding also need to have a pool of talented employees (Matongolo et al., 2018). The result is a positive impact on the positive behaviour of employees as an internal resource of the organisation, for example, an increasing level of employee retention.

Referring to the study of the theory and previous empirical studies, the first hypothesis (H1) is formulated as follows:

H1: The stronger the employer branding, the higher the employee retention.

From the SET perspective, employee retention can be created by the development offered by the employer, which facilitates mutual benefit (Xuecheng et al., 2022). Employee retention can positively impact employee performance (Swaroop & Sudhir, n.d.). Employee-intensive practices can improve employee performance (Koskey, 2019). The findings of (Kingi et al., 2019) findings show that retention programs such as training and development, employee reward systems, and employee work environment significantly affect employee performance. Likewise, the study of (Madiono Sutanto & Kurniawan, 2016) showed that retention directly affects employee performance.

Referring to the theoretical and empirical studies, the second hypothesis (H2) is formulated as follows:

H2: The higher the employee retention, the higher the employee performance.

In line with SET, some empirical studies show that employer attractiveness was associated with significant positive employee performance (Ha Nguyen et al., 2021); (Bussin & Mouton, 2019). Employer branding as a company strategy provides more value, such as a pleasant work environment, positive and competitive behaviour, teamwork, a good reward system, good corporate governance, encouraging a creative and innovative culture, strong leadership, and a culture of sufficient learning and training. Therefore, employees feel proud in carrying out their job duties to create employee awareness to improve better performance for the company. Employer brands will increase employee loyalty (retention) and directly affect production efficiency by identifying employees to employers (Wong, 2015).

Supporting some earlier empirical studies, the third hypothesis (H3) is formulated as follows:

H3: The stronger the employer branding, the higher the employee performance.

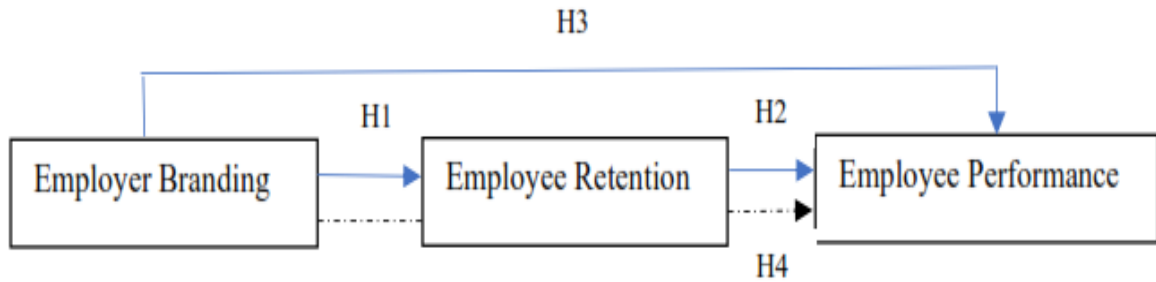
Employer branding describes the image in which employers respond positively to employee contributions so that employees are willing to work longer in the workplace because employees see the company as a good place to work. The company's practice in the retention of talent or potential employees can be explained from the SET. Employer branding improves employee morale and satisfaction, increasing retention (D. G. Allen et al., 2010). Employer branding helps to improve organisational performance within the context of HR in areas such as recruitment, retention, and engagement by allowing them to differentiate themselves from competitors (Chhabra & Sharma, 2014).

This is particularly relevant to the reciprocity theory, that is, rewards and related obligations imply that when a company provides staff development as employer branding, the assumption is that existing talented employees will be required to be in the company. Meanwhile, other empirical studies (Syahreza et al., 2017) showed a positive influence of employee retention on employee performance.

Supporting the study of the theory and empirical studies, the fourth hypothesis (H4) is formulated as follows:

*H4: Employer branding impacts employee performance with employee retention as a mediator.*





**Figure 1.** Research Model  
 Source: Data Process by Author (2022)

## METHODOLOGY

The research approach is quantitative and associative with the survey method and questionnaires as a data collection tool. The population in this study was front liner employees (conductors, customer service, counter officers, and broadcasters) of PT KAI DAOP VII Madiun, totalling 153 people, sampling with probability sampling techniques with proportional random sampling techniques. The number of samples is set based on the Slovin formula, 110 front liner employees.

$$n = \frac{N}{1 + N \cdot e^2}$$

Information:

n: number of samples

N: total population

e: degree of accuracy or desired critical value (note: critical value 5%)

$$n = \frac{153}{(1 + 153 \times 0,05^2)} = \frac{153}{1 + 153 \times 0.0025}$$

$$n = \frac{153}{1 + 0,382}$$

$$n = \frac{153}{1.382}$$

$$n = 110 \text{ (rounding)}$$

Operational definitions and dimensions of the measurement of research variables using the Likert scale (1-5), summarised as follows: a) Employer branding is a condition where employees feel the benefits because they are employed and needed by the company where the current employees are. Dimensions used for employer branding measurement include development value, social value, interest value, application value, and economic value (Sivertzen et al., 2013), developed into 25 measurement items. b) Employee retention is an employee's assessment of management's efforts in maintaining employees working in the company long-term. Employee retention measurement uses 25 measurement items developed from organisational component dimensions, career opportunities, awards, job design and tasks, and employment relationships (Mathis & Jackson,

2006:128) c) Employee performance is the result of work displayed by an employee for the role of work performed. Dimensions of employee performance measurement include the quantity of work, quality of work, and timeliness (Robbins, 2005), developed into 23 measurement items. Data analysis includes descriptive analysis, data quality test, validity test and reliability test, classic assumption test, and regression and t-test analysis.

Mediating variable influence testing is conducted with two steps, namely (1) estimating the direct influence of independent variables on dependent variables (coef. c), the coefficient of the path must be significant and (2) simultaneously estimating the indirect influence, the coefficient of independent variable influence path to the mediation variable (coef. a) and the influence of the mediation variable on the dependent variable (coef. b) shall be significant (Prasetya & Susilo, 2022). Conclusion on the effect of mediation, i.e. (1) if the coefficient of line c" (the influence of independent variables on dependents from the estimated results of the second step) remains significant and unchanged ( $c'' = c$ ), then there is no mediation effect, (2) If the coefficient of line c" is down in value ( $c'' < c$ ) but remains significant then the form of mediation is partial mediation, 3) If the coefficient of line c" the value drops ( $c'' < c$ ) becomes insignificant then the form of mediation is full mediation (Baron & Kenny, 1986).

## RESULTS AND DISCUSSION

Based on the data analysis, Table 1, the following is presented a description of the research variables.

**Table 1.** Description of Research Variables

Variable	Mean	Description
1. Employer Branding	4.27	Very High
Development value	4.19	High
Social value	4.45	Very High
Interest value	4.30	Very High
Application value	4.12	High
Economic value	4.30	Very High
2. Employee Retention	4.21	Very High
Organisational Components	4.25	Very High
Career opportunities	4.07	High
Award	4.25	Very High
Design and work tasks	4.22	Very High
Working relationships	4.28	Very High
3. Employee Performance	4.34	Very High
Quantity of work	4.26	Very High
Quality of work	4.41	Very High
Timeliness of work	4.34	Very High

Source: Author's calculations (2021)

In Table 1, it is shown that employer branding and the company's efforts in stretching employees get excellent responses; this is seen from the average value of these two variables (4.27) for employer branding

and 4.21 for employee retention. The highest value in employer branding lies in the social value dimension (4.45), which is a measurement of the aspect of employer branding seen from the comfort of the work environment, harmonious relationships between employees, and the level of mutual support among co-workers so that the work environment makes employees happy.

The highest score on employee retention measurement (4.28) is the quality dimension of good employee relationships, working together, supporting each other, and good coordination. Similarly, the average value of employee performance is also very high (4.34), with the highest measurement aspect on the quality of work (4.41) in the form of self-assessment of the conformity of work quality achieved based on the established conditions and self-readiness.

**Table 2.** Reliability Test Results

Variable	Cut of value	Employer Branding	Employee Retention	Employee Performance	Note
Cronbach's alpha	0.70	0.910	0.919	0.835	Reliable

Source: Author's calculation (2021)

**Table 3.** Employer Branding Measurement Validity Test Results

Indicator	r statistic > r table (0.187)	Note
EB1	0.475	Valid
EB2	0.573	Valid
EB3	0.530	Valid
EB4	0.233	Valid
EB5	0.484	Valid
EB6	0.468	Valid
EB7	0.483	Valid
EB8	0.627	Valid
EB9	0.688	Valid
EB10	0.558	Valid
EB11	0.646	Valid
EB12	0.615	Valid
EB13	0.526	Valid
EB14	0.388	Valid
EB15	0.620	Valid
EB16	0.521	Valid
EB17	0.544	Valid
EB18	0.580	Valid
EB19	0.467	Valid
EB20	0.427	Valid
EB21	0.539	Valid
EB22	0.510	Valid
EB23	0.419	Valid
EB24	0.484	Valid
EB25	0.306	Valid

Source: Author's calculation (2021)

Table 2 shows the reliability testing results on the measurement of research variables which shows that the calculation results of Cronbach's alpha for all three variables are greater than the cut-of-value (0.70). This means that the measurement results of the three research variables can be analysed or relied on. Table 3 shows the validity test results of 25 measurement items for employer branding are valid because  $r$  statistics  $>$   $r$  table.

The results of testing the validity of 25 employee retention measurement items are shown in Table 4, with the result that all 25 measurement items are valid ( $r$  statistic  $>$   $r$  table). The validity test results on 23 employee performance measurement items (Table 5) show valid ( $r$  statistics  $>$   $r$  table).

**Table 4.** Employee Retention Measurement Validity Test Results

Indicator	$r$ statistic $>$ $r$ table (0.187)	Note
ER1	0.555	Valid
ER2	0.364	Valid
ER3	0.560	Valid
ER4	0.343	Valid
ER5	0.620	Valid
ER6	0.582	Valid
ER7	0.643	Valid
ER8	0.653	Valid
ER9	0.487	Valid
ER10	0.555	Valid
ER11	0.570	Valid
ER12	0.486	Valid
ER13	0.665	Valid
ER14	0.661	Valid
ER15	0.720	Valid
ER16	0.411	Valid
ER17	0.500	Valid
ER18	0.556	Valid
ER19	0.451	Valid
ER20	0.517	Valid
ER21	0.660	Valid
ER22	0.422	Valid
ER23	0.279	Valid
ER24	0.566	Valid
ER25	0.549	Valid

Source: Author's calculation (2021)

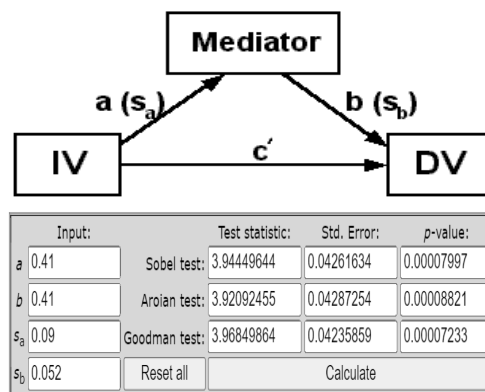
In Table 6, it is shown that there is a significant favourable influence of employer branding on employee retention (H1 accepted); employee retention significantly affects employee performance (H2 accepted); employer branding has a significant positive impact on employee performance (H3 accepted). In the employee retention test as a mediation of employer branding's influence on employee performance, it was shown that the coordination of line  $c''$  ( $0.09 < c$  ( $0.31$ )) and its influence became insignificant ( $t$  count  $1.10 < 2.00$ ), meaning that the form of mediation that occurred was full mediation. This means

employer branding affects employee performance through employee retention as full mediation. Testing the role of the mediator using the Sobel test online can be seen in figure 2 below.

**Table 5.** Employee Performance Measurement Validity Test Results

Indicator	r statistic > r table (0.187)	Note
EP1	0.324	Valid
EP2	0.306	Valid
EP3	0.434	Valid
EP4	0.448	Valid
EP5	0.344	Valid
EP6	0.502	Valid
EP7	0.295	Valid
EP8	0.236	Valid
EP9	0.283	Valid
EP10	0.520	Valid
EP11	0.451	Valid
EP12	0.262	Valid
EP13	0.461	Valid
EP14	0.408	Valid
EP15	0.457	Valid
EP16	0.330	Valid
EP17	0.359	Valid
EP18	0.498	Valid
EP19	0.421	Valid
EP20	0.372	Valid
EP21	0.370	Valid
EP22	0.418	Valid
EP23	0.397	Valid

Source: Author's calculation (2021)



**Figure 2.** Sobel Test Result

Source: Author Formulation (2022)

Description of the notation:

$a$  = raw (unstandardised) regression coefficient for the association between IV (Independent Variable) and mediator.

$s_a$  = standard error of  $a$ .

$b$  = raw coefficient for the association between the mediator and the DV (Dependent Variable); when the IV is also a predictor of the DV).

$s_b$  = standard error of  $b$ .

**Table 6.** Summary of Linear Regression Analysis Results

Model	Unstandardised Coefficients Beta	Standardised Coefficients Beta	p-value	t count	t critical	Description
$ER = a + b EB = 2.47 + 0.41 EB$						
Constant	2.47		0.00	6.42		
EB→ER	0.41	0.40	0.00	4.57	2.00	Significant H1 Accepted
$EP = a + b ER = 2.60 + 0.41 ER$						
Constant	2.60		0.00	10.87		
ER→EP	0.41	0.58	0.00	7.33	2.00	Significant H2 Accepted
$EP = a + b EB$						
Constant	3.38		0.00	11.78		
EB→EP	0.23	0.31	0.00	3.40	2.00	Significant H3 Accepted
$EP = a + b_1 EB + b_2 ER = 0.07 EB + 0.39 ER$						
Constant			0.00	8.366		
EB→EP	0.07	0.09	0.27	1.10	2.00	Insignificant
ER→EP	0.39	0.54	0.00	6.27	2.00	Significant

(Source: Author's calculations, 2021)

The results of the Sobel test support the results of the path analysis, which shows that employee retention acts as a full mediator for the impact of employer branding on employee retention, as shown in Figure 2, showing that the t-statistical value of the t-count = 3.944 > 2.00, and p-value of 0.00007 < 0.05. The results of the Sobel test show that employee retention mediates the impact of employer branding on employee retention.

### Impact of Employer Branding on Employee Retention

The test result (Table 6) obtained a calculated t-value of 4.57 > 2.00 with a p-value of 0.00 < α (0.05) so H1 was supported. This means employer branding has a significant positive impact on the retention of front liner front employees. The results support several previous empirical studies; (Khoshnevis & Gholipour, 2017); (Paul & Raj, 2017); (RUKMANI, 2012); (Sokro, 2012). These results are supported by the high average employer branding and employee retention (Table 1). The dimensions of employer branding that are highly rated are social value (4.45), interest value (4.30), and economic value (4.30).

Social value is related to employee assessment of the comfort of the work environment; harmonious working relationships and mutual support make employees feel valuable to increase retention in the company. The organisation's work environment must be healthy to feel comfortable and connected to the organisation (Singh & Rokade, 2014). A supportive work environment positively affects employee retention (Yusliza et al., 2020). Work environment plays a major role in employee retention (Paul & Raj, 2017); (Msengeti & Obwogi, 2015); (Sokro, 2012). Often, the relationship between the management and the employees, peers, and subordinators may also be a reason for leaving

the organisation (Singh & Rokade, 2014), of the HR Manager has to take an interest in it and try to develop a healthy relationship among them and try to sort out grievance of an employee as soon as possible.

The average value of the interest value dimension is also very high, meaning that the employees of the company assess that the company where the employees work is lovely innovative by optimising the expertise and creativity of employees so that the company provides high-quality and innovative services so that employees become interested in continuing to work in the company. Interest value dimensions are positively and significantly related to employee retention (Paul & Raj, 2017). Employees highly rate the economic value dimension. There are promotional opportunities, job security guarantees, employees getting a lot of work experience, an above-average base salary, and attractive compensation packages. This economic value also contributes to increased employee retention.

The factors that contribute to being an employer branding are the provision of a reasonable degree of security; enhanced future employability because of the reputation of the organisation as one that employs and develops high-quality people, as well as the learning opportunities it provides; employment conditions that satisfy work-life balance needs; a reward system that recognises and values contributions and provides competitive pay and benefits; exciting and rewarding work; and opportunities for learning, development and career progression (Sokro, 2012).

### **The Impact of Employee Retention on Employee Performance**

Table 6 shows that employee retention positively affects the performance of front-line employees. The results of the study support previous empirical studies (Koskey, 2019; Madiono Sutanto & Kurniawan, 2016). Retention describes how the employees decide to work and stay in the organisation. Employee retention assessment is seen from organisational components (company vision, company culture, and written regulations), career opportunities, awards, job design & tasks, and work relationships that can impact employees' work achievements. Another review of employee retention strategies that include employee reward programs, flexible working hours, employee training, performance-based bonuses, employee recreation, and career development programs positively affect employee retention and performance (Swaroop & Sudhir, n.d.).

Another study (Kingi, Uzel, & Monari, 2019) found that training and development, employee reward systems, and employee work environment significantly impact employee performance. Rewards and recognition that are the company's efforts in slowing employees can improve performance and motivate employees towards continuous improvement (Shelar & Buch, 2020). Likewise, the dimension of the design of the work plays a vital role in the motivation of employees, which gives them the confidence to perform better. Job design also

reflects an employee's performance as it guides an individual's behaviour. Employees become more motivated to achieve organisational goals when they get involved and are familiar with the job design. As a result, performance of employees increases, which positively impacts the outcomes (Zareen et al., n.d.).

### **The Impact of Employer Branding on Employee Performance**

Test results (Table 6) show that employer branding positively affects the performance of front liner employees. Employer branding conceptually provides companies with a strategic thinking framework to collaborate between marketing and human resource management. The strength of an organisation's brand significantly impacts the performance of its employees. The results of the study support previous empirical studies (Ha Nguyen et al., 2021); (Bussin & Mouton, 2019). If an organisation maintains a good working environment, the employee's productivity will increase; environmental factors and social value play a very important role in the organisation (Ha Nguyen et al., 2021). Attracting organisational norms, values, and beliefs strongly affects performance and sustainability (Mohammad Awadh & Saad, n.d.). Employer branding is an effort of an organisation to communicate so that employees are comfortable and feel that the company is a good workplace by providing various benefits or facilities that can encourage employees to feel like living at home that makes employees work in totality that work achievements can be optimal. Therefore, companies need to communicate clearly about the benefits of internalising these values, such as training and development activities, promotional opportunities, and a conducive work environment to help employers maintain the promise of employer brands. Providing challenging job opportunities in the company and recognising management for employee work is also expected to improve employee performance.

### **The Impact of Employer Branding on Employee Performance through Employee Retention as a Mediator**

The employee retention test as mediating the influence of employer branding on the performance of front liner employees (Table 6) and Figure 2 obtained results that employee retention serves as full mediating. This means that the impact employer branding has on employee performance is indirect. Employer branding directly impacts employee retention, and employee retention significantly affects employee performance. These results support previous research (Wong, 2015). The company's brand is the most powerful tool for attracting, engaging, and maintaining the correct talent matches to help leaders grow their organisations. Employer brands will increase employee loyalty, directly affecting work efficiency by identifying employees to their employers.

The results of the study support DCT and SET. Employer branding has been introduced to enhance retention by making the promise of



employment so distinctive and superior to the competitors that the employee would not consider switching (Taylor, 2002). Organisations with employer brands can reduce the cost of human resources and improve recruiting performance and work relations; retain employees; offer fewer payments to employees compared with organisations without employer brands; and strengthen the corporate culture (Khoshnevis & Gholipour, 2017). Retention benefits are saving costs for further recruitment, less training for new candidates, improving productivity, increasing employee performance and thus increasing profits, and meeting their organisational goals and objectives.

## CONCLUSION

Partial test results showed a significantly positive impact of employer branding on employee retention and performance. Similarly, testing the impact of employee retention on employee performance obtained results showing that employee retention has a significant positive impact on employee performance. Employee retention is also proven to play a role in fully mediating the influence of employer branding on employee performance. This indicates that high employer branding will impact employee retention and improve employee performance. Employee branding as part of internal communication is a significant positive.

The results of this study support the concept of DCT, which emphasises the key role of strategic management in adapting, integrating and configuring internal and external organisational skills, resources and functional competencies that are in accordance with the needs of environmental changes. The changes made at PT KAI through the employer branding program can improve employee retention and performance. The results of this study also support the SET. For further research, it is recommended to review employer branding and employee retention per dimension or the variable measurement indicators of both variables because employer branding and employee retention are very complex concepts still widely studied by academics.

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