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THE RELATIONSHIP OF EMPLOYER BRANDING AND CAREER GROWTH ON TALENT RETENTION IN THE PUBLIC SECTOR: ROLES OF RECRUITMENT PRACTICES AS MEDIATOR

BY

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ABSTRACT

Malaysian public sector today faces continuous complex transformations in a rapidly changing environment. In order to contribute towards the growth of the nation, its human capital must be developed to respond to these changes. At that juncture, Malaysian public sector needs to cultivate strategies to attract, develop and retain their talent through proper talent management and employer branding. This research investigates the relationship between employer branding with talent retention and career growth, mediated by recruitment practices. The context of this research included education, science and technology, and the medical sector of the Malaysian public service. This is due to attrition and is considered as brain drain in the Malaysian public sector. Employer branding which covers marketing and human resource management (HRM) in the public sector was less discussed and it is hoped this research will contribute to the body of knowledge. For this study, proportionate stratified sampling was employed. The respondents who represented from medical, science and technology (S&T) and education sectors were selected from each stratum of the three groups of professionals from the three sectors. The data collection for this study was carried out through self-administered questionnaires. Four hundred and fifty-two useable responses were received and further analyzed using the appropriate statistical procedures. The data collected was processed using computer software; Statistical Package for Social Science (SPSS) version 23.0 and SMART PLS 3.2.7. SPSS is used for descriptive statistics whilst Smart PLS 3.2.7 was used to validate the research model and test the proposed research hypotheses. There were seven hypotheses examined in this study. The findings conclude that there is a significant influence of employer branding and career growth towards talent retention. Furthermore, the findings partially support the hypotheses on mediating effects. Recruitment practices mediates the relationship of employer branding and career growth towards talent retention. Undoubtedly, when an organization tapped talented employees during recruitment practices more likely to report higher levels of retention.

خلاصة البحث

يُواجه القطاع العام في ماليزيا اليوم تحولات معقدة في بيئة متغيرة في استمرار، وللإسهام في نمو الدولة يجب تطوير رأس مالها البشري للاستجابة إلى التغييرات، وفي هذا المنعطف يجب على القطاع العام الماليزي وضع إستراتيجيات لجذب كفاءاته وتطويرها واستبقائها من خلال الإدارة الجيدة للكفاءات والعلامات التجارية لأصحاب الأعمال، ومن ثم؛ تبحث هذ الدراسة العلاقة بين العلامة التجارية لصاحب العمل وبين استبقاء الكفاءات والنمو الوظيفي بوساطة ممارسات التوظيف، وقد تضمن سياق الدراسة مجالات: التعليم، والعلوم، والتقنية، والطب؛ للقطاع العام في ماليزيا، ولا سيما بعد الاستنزاف الحاصل من خلال هجرة الأدمغة في القطاع العام الماليزي، ويُعدُّ موضوع العلامات التجارية لأصحاب الأعمال قليل المناقشة، ويغطي التسويق وإدارة الموارد البشرية (HRM) في القطاع العام، وفي هذه الدراسة استُخدمت طريقة جمع العينات الطبقية التناسبية، مع اختيار مستجيبين من مجالات: التعليم، والعلوم، والتقنية، والطب؛ من كل الطبقات الثلاث للمهنيين فيها، وجُمعت البيانات من خلال استبانات ذاتية بلغ عددها 450 استبانة قابلة للاستخدام، ثم كان تحليلها باستخدام العمليات الإحصائية المناسبة من خلال برنامج SPSS الإصدار 23.0؛ للإحصاءات الوصفية، وبرنامج SMART PLS الإصدار 3.2.7؛ للتحقق من صحة أنموذج البحث واختبار فرضياته المقترحة وعددها سبع فرضيات، وقد أشارت النتائج إلى أن هنالك تأثيرًا مهمًّا للعلامة التجارية لصاحب العمل وللنمو الوظيفي في استبقاء الكفاءات، ودعمت النتائج جزئيًّا الفرضيات المتعلقة بتأثيرات الوساطة؛ إذ تتوسط ممارسات التوظيف العلاقة بين العلامة التجارية لصاحب العمل والنمو الوظيفي المؤدي إلى استبقاء الكفاءات، ومما لا شك فيه أنه عندما تفهم إحدى المؤسسات الموظفين الموهوبين خلال ممارسات التوظيف؛ فمن المرجح تسجيل مستويات أعلى من استبقاء الكفاءات.

APPROVAL PAGE

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DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

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This dissertation is dedicated to my beloved parents (Dr Shaikh Ibrahim and Hajjah Noridah), my siblings (Akashah, Ain, Nazri, Nurulhuda, Ana, Hajar and Kamil), my precious nephews and nieces (Aqil, Annisa, Alfi, Adli, Adam, Liha, Asif and Maryam) and all family members and relatives who support me along the PhD journey.

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LIST OF ABBREVIATIONS

11th MP	Eleventh Malaysian Plan
CG	Career Growth
EB	Employer Branding
MOE	Ministry of Education
MOH	Ministry of Health
MOSTI	Ministry of Science, Technology and Innovation
RBV	Resource-based View
RP	Recruitment Practices
SET	Social Exchange Theory
TR	Talent Retention

CHAPTER ONE

INTRODUCTION

This chapter outlines the subject area of employer branding, career growth and recruitment practices which are related to the retention of employees. This chapter includes the research problem, research questions and research objectives based on the research gap identified through the analysis on the study areas. Besides covering the significance of the study, this chapter also provides details on the definition of the variables.

1.1 BACKGROUND STUDY

Today, the public service sector faces continuous complex transformations in a rapidly changing environment. Developments in information technology, changing trends in governance, widespread globalization, and the increasing importance of knowledge-based economy have impacted and influenced the public service sector directly (Ku Azizah Ku Daud, 2014; Omar & Din, 2017; Yusuf Sidani & Akram Al Ariss, 2014). As such, human capital is a must for the organization to compete and operate efficiently. In this environment, the retention of valuable employees becomes a very important strategy for human resource managers and organizational leaders.

In such a setup of increasing competition and changing environment, the public service sector is constantly striving to recruit, retain, reward, and develop its employees. It faces tough competition against the higher paying private sector. In the same manner, when the public service is not able to recruit and maintain successful individuals, it adds to the vicious cycle of weak governance. It leads to the ‘war for talent' which becomes the top agenda for civil services around the world with the widespread practice of performance management in the public sector (Kim, 2008; van Dijk, 2009).

Human capital is an asset for an organization that really knows how to appreciate the employees. As highlighted by Bontis, Dragonetti, Jacobsen and Roos (1999), organizations with a human factor always possess distinct human capital. The human capital has a great combination of skills, knowledge and competence that characterizes the organization as exceptional; thus capable of learning, changing, innovating, and providing the creative thrust. It is an element which when properly motivated can ensure the long-term survival of the organization. Thus, human resources must be enhanced and managed properly to ensure the growth of Malaysia's human capital. It can be managed by balancing the physical, mental and spiritual aspects.

To date, talent can be considered as rare resources among CEOs as talent can choose where to work. Ever since a group of McKinsey consultants coined the phrase 'the war for talent' in 1997 (see Michaels, Handfield-Jones, & Axelrod, 2001), the topic on talent management has received a remarkable degree of attention and interest from both the academicians as well as the practitioners. The word talent can be defined as the total of a man's capacities on his or her characteristic blessings, aptitudes, information, encounter, knowledge, judgment, mentality, character, and drive. It likewise incorporates his or her capacity to learn and develop (Michaels et al., 2001, p.12). Another scholar, Ulrich (2007) in his holistic view defines talent as a combination of "competence, commitment, and contribution". "Competence deals with the head (being able), commitment with the hands and feet (being there), and contribution with the heart (simply being)". Hence, the emphasis on talent management represents a paradigm movement from more traditional human resource related sources, such as strategic human resource management (Huselid & Becker, 1997; Schuler, 1989; Wright & McMahan, 1992), towards the management of talent to suit the current competitive environment.

In relation to talent management, the problem of brain drain had existed in Malaysia. Amongst the efforts to bring back the talent overseas is by giving incentives to diaspora and benefits for professional expatriates. The task has been carried out earlier by the Ministry of Science, Technology and Innovation (MOSTI). However since 2011, the task has been transferred to the Talent Corporation Malaysia (Talentcorp) (Malaysia, 2016). Talentcorp functions as a ‘middleman’ in terms of human capital, diaspora and expatriates between the government, private sector and international actors. In other words, they are the ‘go-to agency’ for leading employers to solve their critical talent needs (Malaysia, 2016). In the Talent Corporation analysis in 2014, for every ten skilled Malaysians born in Malaysia, one of them chooses to leave the country for several reasons.

There are several reasons that compel citizens to move and earn their living in other countries. According to the report entitled “Malaysia Economic Monitor: Brain Drain” by World Bank (2011) highlights the main factors that inspire Malaysians to move abroad which include the differences in one’s potential to earn, career projections, quality of education, and quality of life. The people, particularly the non-Bumiputeras, were among the majority of the exodus who is unhappy with Malaysia’s inclusiveness policies. In addition, The New York Times article entitled “Loss of Young Talent Thwarts Malaysia’s Growth” has highlighted that the skilled workers or teenagers believe that Singapore is better in terms of career advancement, higher salary offering and better education system (Gooch, 2010). On the same note, respondents have stated that they might return to Malaysia if better opportunities were available, better possibilities in terms of career prospects, or if they were to be married to Malaysians who want to live in their homeland. Presently, organizations in Malaysia are already facing difficulties in employing accountants due to this phenomenon (Junaimah & Yusliza, 2011).

1.2 OVERVIEW OF RECRUITMENT IN THE MALAYSIAN PUBLIC SECTOR

In Malaysia, there are 1.6 million public servants serving in 722 government agencies (including local authorities) in 2016. The civil service is grouped into the common-user and non-common-user groups under 276 schemes of services. There are about 70,000 officers under the common-user group as at 2011. Jabatan Perkhidmatan Awam (JPA) or the Public Service Department (PSD) is responsible for the management of recruitment, placement, transfer, and training of the common-user group. “Suruhanjaya Perkhidmatan Awam” (SPA) or Public Service Commission oversees the policies of appointment, confirmation of service, conferment into pension status, promotion, transfer, and the exercise of disciplinary control. There are three talent management schemes in Malaysia.

The Malaysian Public Sector consists of the two services under different purviews and appointments. There are Public Service Commission (PSC) and Education Service Commission which are headed by a Chairman, respectively. The PSC has begun operations since 31st of August 1957, and officially, was formed in accordance to the Federal Constitution (Article 144 (1). The duties of the commission are appointment, confirming appointment, and emplace on the permanent or pensionable establishment. In addition, the commission involves in promotion, transfer, and exercise disciplinary control over officers under the commission’s jurisdiction (Malaysia, 2006).

The Education Service Commission (ESC) was established on 1 January 1974 through “Act A193” and “P.U. (B) 556/1973” under the Federal Constitution. It has 13 members and is led by a Chairman. The operation of this commission is assisted by a secretariat and led by a Secretary. Their appointment is made by “His Majesty the Yang di-Pertuan Agong”. The ESC is the appointing authority for members of the education service. They are responsible in the matter of recruitment planning, service administration and disciplinary control. The ESC exercises its powers through meetings such as the Commission Meeting and Appeal Board meetings.

In the Malaysian public sector, departments and agencies face difficulties in the matter of retaining high performers. This issue also affects Thailand’s system of bureaucracy. Kriengsak Chareonwongsak (2008)states that the shortage of talent situation happens in Thailand. Some workers turn to the private sector for higher wages, earning more than in the public sector. Moreover, some of them prefer to work at foreign universities for interesting benefits and resources for their academic matters.

The causes for quitting are numerous, and empirical evidence from the Public Service Department (PSD) shows that many talented employees leave the public sector. For example, in the Ministry of Science, Technology and Innovation, seven (7) professional officers have resigned to join the academia or private sector which offers higher wages (MOSTI, 2014). They are from critical sectors such as healthcare, academic and sciences. Among the justifications for quitting are related to the public sector working values, low motivation and high work burden (World Health

Organization, 2014). Table 1.1 shows the attrition rate of Ministry of Health staffs in 2011. Despite these reasons, less studies have been conducted in these three sectors.

Table 1.1 Attrition rate among Ministry of Health staff, 2011

Post	**Increase (%)**	**Attrition (%)**
Medical officers*	16.3	2.3
Dental practitioners**	19.6	4
Pharmacists	15.9	3.9
Nurses	5.6	0.2

* Includes general and specialist medical officers.
** Includes dental practitioners and dental specialists.
Source: Human Resource Division, Ministry of Health, (unpublished).

1.2.1 Employer Branding and Talent Retention in the Public Sector

Employer branding has many advantages if it is strategically planned in an organization. Employer branding is described as a process, which includes planning and implementing strategies, with the aim to influence the target's employee's perception of an attractive employer (Christiaans, 2013). Research has shown that there are many advantages of an employer branding strategy (Chhabra & Sharma, 2014; Jain & Bhatt, 2015). Firstly, it assists an organization to attract and retain existing as well as future workers. Secondly, it has been reported that the strategy can decrease costs, increase employee's performance, and lead to competitive advantage (Backhaus & Tikoo, 2004; Barrow & Mosley, 2005). Hence, employer branding boosts organization's competitiveness with other organizations along with their own brand.

In order to prosper, organizations need to focus on their strengths especially on their own brand. Nearly all organizations depend on their corporate brands to implement their strategic function. They operate by discovering or creating points that will differentiate them from the competitors (Hatch & Schultz, 2008). Moreover, they design their corporate brands to attract customers and charm other stakeholders. Some may be fascinated with the brand that compels them to share a distinctive brand. A researcher in the marketing field, Douglas Atkin, explains that people seek similarity in people especially in values and interests; and distance themselves from those who do not share their interests (Hatch & Schultz, 2008). The potential candidates are fascinated by the brand, image, advertising, and work conditions of the organization. To convince them to join the organization, an honest relationship between the organization and the candidate is a must. This will in turn increase the recruitment among talented applicants.

In reaction to this, many organizations work hard to be creative on how they advertise themselves to potential candidates, by applying branding practices to recruitment (Hieronimus, Schaefer & Schröder, 2005). Based on experience, many suggest that to fish for talent, an organization must exploit its brand effectively. It must also think of recruits as customers and identify the key rivals by using sophisticated marketing analysis. Moreover, they need to specify types of recruits to decide on the most suitable corporate attributes and recognize the best way to reach them. Employer branding cannot just apply traditional brand- building techniques if it wants to be effective; the efforts must be acceptable and fit with its total brand strategy (Hieronimus et al., 2005).

There are requirements that an organization need to retain people. An organization requires “customer brand, employer brand, and talent brand”. It will provide a way for retaining people in a organization. Brand loyalty becomes a treasured asset for any organization to build in a changing marketplace and fluctuating economy (Florea, 2009). If employers want to reach beyond traditional definitions of employment, the business must get worker loyalty to its brand. Organizations must be appealing to employees the same way it appeals to customers.

They must also be able to maintain the hold (Schumann & Sartain, 2009). An essential and demanding activity is personal recruitment, which has a vital influence on the whole activity (Florea, 2010). To realize this, a business should appeal to the high performer that will perform suitable jobs at the right moment. Possessing an employer brand attracts and retains the best employees in order to be ahead of others (Ahmad & Daud, 2016; Jain & Bhatt, 2015). As great bosses in an organization, they may choose the best and available talent.

There are several elements of engagement in the workplace which can be considered important especially to new employees. McKinsey consultants (2004) reported that employees evaluated reasons such as working in a fun place, a place for me, training chances and incentives are more significant than high wages when it comes to attracting potential candidates (de St Aubin & Carlsen, 2008). In the survey involving 703 individuals, 61% mentioned that they had found their latest job through talking to their friends or relatives (Cassidy & Kreitner, 2009). If they are happy with the organization, the superiors, and the nature of their job, they will invite others to join them in the workplace.

The practice to sell the name of own companies always work to invite new potential employees. The situation of workers selling their own company in a yahoo's blog is a good example. Jobs blogs are turning into most frequent visited sites with the best brand for employees. The word disseminate around and leaves a greater impact than in paper form or even the website (de St Aubin & Carlsen, 2008). Employees disseminate the news speedily and noisily than those whose experience is just regarded as satisfactory. The organization stand on its strength in the talent market, and its brand may not hold up if their employees are not relaying good stories. A steady flow of interested candidates is a result of the employees who are promoting positive stories.

Organizations have learnt how vital it is to be engaged by investors, customers, suppliers, and employees. The same goes for opinion formers, activist groups, and the public. The pledge to brand management is that employees are able to contribute or participate in a long relationship throughout staff training (Clifton et al., 2009). In the matter of the organization’s competitiveness, employees are the most important asset. In developing and strengthening the corporate brand, organizations must involve employees (Schultz, Yun & Csaba, 2005) as they are the front liners of the brand to the customers, especially in service companies (Sexton & Trump, 2009). Thus, engagement is important to increase the brand of an organization.

The vision for every leader is to bring the right people and to organize them in living the brand, and this may be influenced by organization leadership (LePla & Davis, 2003). The organization is able to be even more selective to attract a higher quality talent pool than other organizations that face obstacles in acquiring quality and quantity employees (de St Aubin & Carlsen, 2008). For instance, the Conference Board conducted a research of 137 leading US organizations entitled “Engaging employees through your brand”, found that their corporate brand was a highly important tool in recruiting, retaining and organizing employees.

Employer branding (EB) in Malaysia has been practiced by large companies. For example in PETRONAS, an oil and gas company in Malaysia, practice EB by promoting their employment value proposition (EVP) that is to attract young graduates to join the organization and “be part of the growing oil and gas industry” (Leadernomics.com, 2014). In the past three or four years, there has been a growing