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# **The Effect of Employer Branding on Employees Retention, the Mediating role of Psychological Contract**

## **(An Empirical Study on the Employees of International Organizations in Syria)**

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### **□ ABSTRACT □**

The purpose of this study is to examine the effect of employer branding values and practices on the employees' retention. Data were collected from both primary and secondary sources. A total number of 371 valid questionnaires were collected from international organizations located in Syria. The main results are: (1) Economic, interest, and developmental values have significant and positive effect on employees' retention; (2) social value is significant and negative for employees' retention; (3) and application value is insignificant. (4) Economic, interest, and developmental values are significant and positive for psychological contract; (5) social and application values are insignificant. (6) Psychological contract is positive and significant for retention. (7) Psychological contract fully mediates the relationship between employer branding (economic, interest, and developmental values) and employees' retention, while it doesn't play such role for social and application values.

Recommendations and practical implications are mentioned at the end of the study.

**Keywords:** Employer Branding, Employees' Retention, Psychological contract.

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## تأثير سمعة صاحب العمل في الاحتفاظ بالعمالين، والدور الوسيط للعقد النفسي (دراسة ميدانية على العمالين في المنظمات الدولية في سورية)

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### □ ملخص □

تهدف هذه الدراسة إلى اختبار تأثير قيم وممارسات سمعة صاحب العمل في الاحتفاظ بالعمالين. جُمعت البيانات من المنظمات الدولية العاملة في سورية. تم استخدام الاستبيان كأداة رئيسة في الدراسة، وتم تحليل 371 استبيان صالح للتحليل. توصلت الدراسة إلى مجموعة من النتائج، منها:

1. وجود تأثير معنوي وإيجابي للقيم الاقتصادية والنفعية والتطويرية في الاحتفاظ بالعمالين، و وجود تأثير معنوي وسلبي للقيم الاجتماعية في الاحتفاظ بالعمالين، وعدم وجود تأثير معنوي للقيم التطبيقية في الاحتفاظ بالعمالين.
  2. وجود تأثير معنوي وإيجابي للقيم الاقتصادية والنفعية والتطويرية في العقد النفسي، وعدم وجود تأثير معنوي للقيم الاجتماعية والتطبيقية في العقد النفسي.
  3. وجود تأثير معنوي وإيجابي للعقد النفسي في الاحتفاظ بالعمالين.
  4. يؤدي العقد النفسي دور الوساطة الكلية في العلاقة بين ثلاث من قيم سمعة صاحب العمل (الاقتصادية والنفعية والتطويرية) والاحتفاظ بالعمالين، في حين لا يؤدي دور الوساطة بين اثنتين من قيم سمعة صاحب العمل (الاجتماعية والتطبيقية) والاحتفاظ بالعمالين.
- تم عرض مقترحات وتطبيقات عملية في نهاية الدراسة.

الكلمات المفتاحية: سمعة صاحب العمل، الاحتفاظ بالعمالين، العقد النفسي.

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## Introduction:

Employer branding has been reported as a strategy to reduce employees' turnover, enhance employees' retention, escalate organizational image, and increase the quality of workforce in organizations (Gaddam, 2008). This concept has gained interest as a management tool, and has become one of the most popular ways to attract, manage and retain qualified employees (Kuchеров & Zamulin, 2016). The term "employer branding" has gained traction post globalization as the industry started focusing on attracting, acquiring and retaining best talent (Foster et al., 2010). As a concept, it is an extension of relationship marketing principles, which identify the need to build acquisition and retention strategies across a number of critical stakeholder markets through closer relationships (Kotler, 1992). Retention management has become a popular concept to examine the portfolio of HR practices put into place by organizations in order to reduce voluntary turnover rates (Steel et al., 2002). Researchers have argued that permanent withdrawal from an organization is one possible quick response to a dissatisfying job. Turnover as a result of breach perceptions not only severs the dissatisfactory employment relationship but also "punishes" the organization because turnover usually results in high costs to employers due to the substantial time and money required to refill positions (e.g., in recruitment, selection, and training), and it can hurt regular business operations as well as workforce morale (Kacmar et al., 2006).

Another concept that has gained interest as a construct relevant for understanding and managing employment relationships is the psychological contract, which refers to employees' subjective interpretations and evaluations of their deal with the organization (Rousseau, 2001). The psychological contract represents the employee's and employer's beliefs or perceptions regarding the terms of the employment relationship (Robinson & Rousseau, 1994), and refers to 'the idiosyncratic set of reciprocal expectations held by employees concerning their obligations (what they will do for the employer) and their entitlements (what they expect to receive in return)' (Parks, Kidder et al., 1998). It has often been used to describe the diversity of contemporary employment relationships and to predict employees' attitudes and wellbeing (Millward & Brewerton, 2000).

## The Importance And Objectives Of The Study:

- The aim of this study is to analyze the relationships between employer branding, psychological contract, and employees' retention among employees of international organizations located in Syria.
- It aims to determine whether employer branding is a valuable tool for retaining employees, and to investigate whether psychological contract can be considered as a mediator in the relationship between employer branding and retention of employees.

### 1 The Importance Of The Study:

- The present study creates awareness of the importance of employer brand values and psychological contract obligations. Information regarding these values and obligations will increase awareness of what constitutes attractive workplace and how to manage it.
- This study gives managers and human resource practitioners' insight into the importance of having the necessary methods in place to address psychological contract breach in the workplace by informing managers of the serious potential consequences for the organization. Managers can ensure that they establish and maintain a workplace where the values of persons are respected, which will make the organization more successful.

## **2 Previous studies:**

### **2.1 Employer Branding and employees' retention:**

Several experts have noted that a strong employer brand increases employee satisfaction, inspires greater loyalty and commitment to the organization and acts as a tool for retention (Sokro, 2012). Employer brands are seen to display groups of attributes (or packages of functional, economic and psychological benefits) underpin the brand's positioning in practice, serving as a firm's employer value proposition (Moroko & Uncles, 2009). From a human resources management perspective, it has been noted that specific packages of benefits can be used to develop an 'employer of choice' strategy to attract and retain employees (Martin & Beaumont, 2003).

In the early stages of finding employment, candidates actively seek and gather information about potential employers from different sources (Armstrong, 2007). A crucial challenge for international companies is the extent to which it is possible to form a global employment proposition (Cerdin & Brewster, 2014). Gatewood et al. (1993) has found that the perception of the image of an organization is an important predictor of decisions to pursue employment with that company. Suikkanen (2010) concluded that the branding efforts used in employer reputation management increases employee retention. Franca and Pahor (2012) found that brand names of organizations significantly influence the employees to join and stay in the organization. The absenteeism literature has shown that absenteeism is reduced when the following specific job resources are adopted: positive employee perceptions of job content (Carmeli, 2005), of career development (Cohen, 1991), of social atmosphere (Cortese et al., 2010), of financial rewards (Williams et al., 2006), and of the work-life balance (Hughes & Bozionelos, 2007).

### **2.2 Employer branding and psychological contract:**

The concept of the psychological contract is directly linked to employer branding strategies. Branding experts have taken the psychological contract theory and formed the basis of their branding strategies with the intention of forming a psychological contract with their employees. Employer Branding have a positive connection with the psychological contract as it positively influences the behaviors and attitudes of the employees (Chiang et al., 2013). The perception that the psychological contract is being violated is to a great extent dependent on the degree to which the employer is honoring these promises, and during the process of employer branding, the organization presents itself in a certain way with respect to several important aspects of the employment relationship, such as image, opportunities and challenges, creating perceptions and expectations with the employees (Backhaus & Tikoo, 2004). The result of De Stobbeleir et al., (2016) study demonstrated that, when taking into account internal factors of employer branding, a positive internal assessment of job characteristics (the operationalization used to measure internal employer brand image) is positively related to a reduced absenteeism; positive internal evaluation of job characteristics (the operationalization used to evaluate internal employer brand image) is positively related to a reduced absenteeism; and organizations that have working conditions that are internally perceived as favorable by their employees have lower absenteeism ratios and turnover intentions.

### **2.3 Psychological contract and employee' retention:**

Employees try to achieve a balance in the exchange between themselves and their employer. When the employees perceive imbalance in the fulfillment of perceived obligations, there are negative consequences (Rousseau, 1995). When psychological contract obligations are perceived as met, high levels of trust and loyalty between employees and employers are created. McDermott et al., (2013) found organizational

commitment varied based on clustering of psychological contract perceptions. Hemdi and Abdul Rahim (2011) study demonstrated that psychological contract variables can significantly explain a substantial amount of variance in turnover intentions for hotel managers. The analyzes showed that various factors could play such role when considering the intention to leave the organization. Among the psychological contract variables, job content appeared to be the most significant predictor of managers' turnover intentions, followed by promotion opportunities and salary. DE Vos et al (2005) concluded in their study that promises about financial rewards are perceived to be least fulfilled. By comparing the importance employees attach to the types of inducements with their evaluation of promise fulfillment, the results were positive for two inducements that are most important for employees, i.e. job content and social atmosphere.

According to Paracha (2014), there is a significant relationship of factors, namely: psychological breach of contract and fulfillment with intent to quit, and these factors have been seen as the most dominant attributes that will make an employee stay with the organization longer. The psychological contract, in Isaac and Mohan (2019) study, was found to be positively correlated with employees' retention. Other studies found that a feeling of contract breach has a negative effect on employees' willingness to contribute to the organization and on their intentions to stay with the organization (Coyle-Shapiro, 2002; Turnley & Feldman, 2000); and a positive correlation with actual turnover (Robinson, 1996). The main findings of Obuya and Rugimbana (2014) study showed that retention practices focusing on the relational elements of the psychological contract such as job security and career development are more important to employees than those with a transactional inclination such as financial rewards. Wang et al (2017) concluded in their study that the two dimensions of psychological contract (transactional psychological contract and relational psychological contract) both have a significant negative effect on employee turnover intention. Robinson and Rousseau (1994) stated that a violation of the psychological contract can be considered to undermine the very basis of the relationship between an employee and an employer, weakening the mutual reciprocal bond between both parties. As a result, the employee whose psychological contract has been breached loses faith in the benefits of remaining in the relationship leading to an increased intention to leave the organization.

#### **2. 4 Mediating role of psychological contract on the relationship between employer branding and employees' retention:**

While there is an evidence for a relationship between employer branding and employees' retention, there is also a potential that such a relationship can be mediated by other factors such as psychological contract. Organizations should make their employment offering so differentiated and superior to that of its competitors that their employees would never be tempted to leave. If an organization develops and utilizes its employer brand effectively, it will result in the transfer of an employee from a contract of employment to psychological contract. Employees are no longer motivated only by money, and in order to retain talented employees, organizations seek to maintain a bond with them through the enhancement of their psychological contract by building a strong employer brand loyalty (Capelli, 2001). The employer brand reinforces the entire employment experience increasing retention. Hertogs (2011) study found that the turnover intention of employees is not influenced by their perception of the organization's brand strength, nor is this relationship mediated by organizational identification or psychological contract violation. He concluded that it is plausible to state that perceived brand strength is particularly important in the beginning of an employment relationship, while turnover intention marks the beginning of the end of the

employment relationship.

### 3 Research hypothesis:

**Hypothesis 1.** There is a significant and positive effect of employer branding on employees' retention at international organizations located in Syria.

**Hypothesis 2.** There is a significant and positive effect of employer branding on psychological contracts among employees at international organizations located in Syria.

**Hypothesis 3.** There is a significant and positive effect of psychological contract obligations on employees' retention at international organizations located in Syria.

**Hypothesis 4.** Psychological contract mediates the relationship between employer branding and employees' retention.

## 4 . Research methodology:

The present study is a descriptive analysis type. The methodology adopted for the study is summarized below:

### 4. 1. Population, sample and data collection

Data for this study were collected from both primary and secondary sources. Secondary data were collected through comprehensive literature review. The primary data were collected from international organizations located in Syria in the period between January and February 2020. Questionnaire related to the study variables was the main tool of this study. A total number of 371 valid questionnaire (available sample) from the employees of these organizations were analyzed.

### 4. 2. Measures:

The questionnaire used in this study includes four sections: employer branding (EB), psychological contract (PC), employees' retention and basic demographic information. Apart from basic demographic information, a 5-point Likert scale format was used, and the scores on the scale ranges from 1=Strongly Disagree to 5= Strongly Agree.

**4. 2. 1 Employer branding:** the employer branding is measured with the scale developed by Berthon et al. (2005). This scale consists of five dimensions to evaluate each domain of economic value (EV, 5 items, reported reliability for 0.769), interest value, (IV, 5 items, reported reliability for 0.835), developmental value (DV, 5 items, reported reliability for 0.781), social value (SV, 5 items, reported reliability for 0.787), and application value (APPV, 5 items, reported reliability for 0.777).

**4. 2. 2. Employees retention** is measured using eleven items taken from the study of Kyndt et. al (2009). The scale reported reliability for 0.846.

**4. 2. 3. Psychological contract:** the psychological contract is measured using ten items taken from the study of Robinson & Morrison, (2000). The scale reported reliability for 0.721.

## 5 Literature Review:

**Employer branding:** Employer branding is an activity which promotes a company or an institution or an organization, as the best choice for an employment by potential employees, which a firm is interested to hire and retain for the development of an organization (Rajkumar et al., 2015). The term employer branding is used for the application of branding principles to human resource management. Initially, the employer brand was defined as 'the package of functional, economic, and psychological benefits provided by employment, and identified with the employing company' (Ambler & Barrow, 1996). Furthermore, employer branding has been described as the 'sum of a company's efforts to communicate to existing and prospective staff that it is a desirable place to work' (Lloyd, 2002). Employer branding can be described through a three-step process (Backhaus & Tikoo, 2004). First, a firm develops a concept of the particular value it offers

to prospective and current employees. This value proposition provides the central message that is conveyed by the employer brand. Once the value proposition is determined, the second step in employer branding consists of externally marketing this value proposition to attract the targeted applicant population. The third step of employer branding involves carrying the brand “promise” made to recruits into the firm and incorporating it as part of the organizational culture.

Employer branding has received a great attention as a specific form of corporate identity management by creating an image of the organization as a distinct and desirable employer both inside and outside the company (Backhaus & Tikoo, 2004). Employer branding, or employer brand management, involves internally (employee perceptions) and externally (outsiders’ perceptions) promoting a clear view of what makes a firm different and desirable as an employer (Maxwell & Knox, 2009). With regards to the external perspective, literature refers to either the external organizational image or corporate reputation of an organization (Whetten & Mackey, 2002; Fombrun & Shanley, 1990). This image captures how external stakeholders (e.g. suppliers, media, customers) perceive the organizations’ past actions and future prospects in general (Williams et al., 2006). Internal branding applies to three things: efficiently communicating the brand to the employees; informing them of its importance and value; and connecting every role in the company successfully to providing the 'brand essence' (Bergstrom et al., 2002). Internal (employee) opinions are important to consider, as employees serve as the organization's ambassadors and can promote the employer brand by their own actions (Martin et al., 2011).

**Employees’ retention:** Employee retention has been defined as “a technique adopted by businesses to maintain an effective workforce and at the same time meet operational requirements” (Mehta et al., 2014). Employee’s retention refers to motivating and encouraging employees to stay with the organization for a longer period; and it describes the situation in which the employees decide to work and stay in the organization. Retention concentrates on retaining the employees who play an important role in organization’s success, which require a program to be arranged so as to identify the reasons why people work in an organization, leave an organization and choose other organizations. Retention management refers to “the ability to hold onto those employees you want to keep, for longer than your competitors”; and includes a sum of all those activities aimed at increasing organizational commitment of employees, giving them an overall ambitious and myriad of opportunities where they can grow by outperforming others (Bogdanowicz & Bailey, 2002).

**Psychological contract:** In the literature, the classical perspective focused on the original psychological contract as the subjective perception by both the employee and the organization of their mutual obligations to each other. Later on, a number of scholars described the psychological contract as an employee’s subjective perception of obligations in his or her relationships with the employing organization (Steven et al., 2008; Rousseau, 2004; Ho, 2005). Morrison and Robinson (1997) stated that when an employee perceives that the organization is not adhering to its obligations that are believed to exist on basis of the psychological contract, this will lead to psychological contract breach. Psychological contract can be divided into two parts, namely transactional psychological contract and relational psychological contract. The psychological transaction contract is the contractual relationship based on economic exchange, which reflects the exchange of work overtime, extra work duties for high returns, performance-based awards, training and job development and loyal and willing to accept internal work adjustment for long-term job security provided by the organization. Loyalty to the organization’, job security and

volunteer to do tasks outside job description reflects relational employees' obligations (Turnley & Feldman, 2000). However, while retention management addresses the type of organizational inducements and human resource strategies that are effective in reducing voluntary employee turnover, the psychological contract focuses on employees' subjective interpretations and evaluations of inducements and how these affect their intentions to stay.

**6 Analysis and Findings:**

Table 1 shows the results of the regression analysis regarding the effect of employer branding (economic, interest, developmental, social, and application values, as an independent variable, on the dependent variable (employees' retention).

**Table 1. Regression analysis results: the effect of employer branding on employee's retention**

Model Summary						
Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.885 <sup>a</sup>	.784	.775		.686	
a. Predictors: (Constant), APPV, EV, SV, IV, DV						
ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	204.243	5	40.849	86.923	.000 <sup>b</sup>
	Residual	56.392	120	.470		
	Total	260.635	125			
a. Dependent Variable: Retention.      b. Predictors: (Constant), APPV, EV, SV, IV, DV						
Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.151	.301		.503	.616
	EV	.622	.075	.506	8.276	.000
	IV	.211	.081	.203	2.594	.011
	DV	.275	.078	.285	3.522	.001
	SV	-.139	.067	-.098	-2.086	.039
	APPV	.006	.054	.005	.116	.908
a. Dependent Variable: Retention						

As presented in this table, model 1 is significant at the 5% level (Adjusted R Square = .775). Coefficients of economic, interest, and developmental values are significant and positive for employees' retention (p<0.05). In employer branding dimensions, from the above findings, it is evident that the most influencing variable is economic value, while interest and development values are considered as important variables. This finding indicates that when employees experience high employer branding practices in such dimensions, they will be more likely to retain and stay with their organizations. Coefficients of social value are significant and negative for employees' retention (p<0.05). This finding indicates that when employees experience low employer branding practices in such dimension, they will be more likely to have a lower retention and unwillingness to stay with their organizations. Coefficients of application value are insignificant for

employees' retention ( $p > 0.05$ ). This finding indicates that employees may not concern this dimension of employer branding as antecedents of retention. These results partially support Hypothesis 1 which states that employer branding significantly affects employees' retention.

Economic Value (remuneration and other tangible benefits) as a component of Employer branding is directly and significantly linked to employees' retention, and can be seen as the most important component of an employer branding. This indicates that if an organization was displaying these characteristics, this will make the employees feel more willingness to stay. With regard to interest and developmental values obligations, when respondents perceived to be provided with such benefits, this will affect them positively to stay with their organizations. Developmental Value can be seen as an important component of an employer branding, and it shows that there is a positive relationship between how working for a particular organization makes a person feel and if they would be to stay with their organization. This is in agreement with (Highhouse et al., 2007) theory of "social adjustment need" where they found that individuals will want to identify themselves with the positive image of an organization and with Nolan and Harold (2010) idea of "symbolic meanings" which relates to feelings or perceived fit with the organization. However, the findings are in contrast with Badawy et al., (2017) study on the effect of Employer Brand on retention and motivation. They founded that there was insignificant correlation between Employer Brand and Retention

Social value (surprising result) had a negative effect on employees' retention. Normally, organizations that focus on corporate social responsibility would certainly be a place which employee prefers to work in. The crisis in Syria in the past years can be a main reason for shifting employees their preferences to other factors such as economic and interest values. Application value did not show a significant effect on employees' retention, but its coefficients indicate a negative value, which mean that this value did not get an obligation by the employer.

Table 2 shows the results of the regression analysis regarding the effect of employer branding dimensions (economic, interest, developmental, social, and application values) on the psychological contract.

**Table 2. Regression analysis results: the effect of employer branding on psychological contract.**

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
2	.962 <sup>a</sup>	.926	.923	.287		
a. Predictors: (Constant), APPV, EV, SV, IV, DV						
ANOVA <sup>a</sup>						
	Model	Sum of Squares	df	Mean Square	F	Sig.
2	Regression	124.179	5	24.836	301.789	.000 <sup>b</sup>
	Residual	9.875	120	.082		
	Total	134.054	125			
a. Dependent Variable: PSYC      b. Predictors: (Constant), APPV, EV, SV, IV, DV						
Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
2	(Constant)	1.025	.126		8.144	.000

	EV	.462	.031	.524	14.685	.000
	IV	.148	.034	.198	4.351	.000
	DV	.245	.033	.353	7.475	.000
	SV	-.043	.028	-.042	-1.554	.123
	APPV	-.010	.023	-.012	-.424	.672
a. Dependent Variable: PSYC						

As presented in this table, model 2 is significant at the 5% level (Adjusted R Square = .923). Coefficients of economic value, interest value, and developmental value are significant and positive for psychological contract ( $p < 0.05$ ). This finding indicates that when employees experience high employer branding practices in such dimensions, they will be expected to have a higher level of psychological contract obligation. Coefficients of social value and application value are insignificant for psychological contract ( $p > 0.05$ ). This finding indicates that employees may not concern these dimensions of employer branding as an antecedent of psychological contract. The results partially support Hypothesis 2 which states that employer branding significantly affects psychological contract.

Next, the direct effect of the mediator (psychological contract) on the dependent variable (employees' retention) is examined (table 3).

**Table 3. Regression analysis results: the effect of psychological contract on employees' retention.**

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
3	.906 <sup>a</sup>	.820	.819	.613		
a. Predictors: (Constant), PSYC						
ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
3	Regression	193.765	1	193.765	516.292	.000 <sup>b</sup>
	Residual	42.409	113	.375		
	Total	236.174	114			
a. Dependent Variable: Retention      b. Predictors: (Constant), PSYC						
Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
3	(Constant)	-1.331	.210		-6.338	.000
	PSYC	1.267	.056	.906	22.722	.000
a. Dependent Variable: Retention						

Model 3 in table 3 is significant at the 5% level (R Square = .820). Coefficients of psychological contract is positive and significant for retention ( $p < 0.05$ ). These results suggest that psychological contract explains a significant amount of variance in employees' retention. This finding indicates that when employees experience a high obligation and commitment to psychological contract with their organizations, they are more likely to be highly retained and willing to stay with their organizations. The results support Hypothesis

3 which states that psychological contract significantly and positively affects employees' retention. This study follows Baron and Kenny's (1986) procedure to analyze the mediating role of psychological contract on the relationship between employer branding (dimensions) and employees' retention. Table 4 shows the results of regression analysis regarding the mediating effect of the psychological contract on the relationship between employer branding and employees' retention.

**Table 4. Regression analysis results: the mediating role of psychological contract on the relationship between employer branding dimensions and employees' retention**

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.914 <sup>a</sup>	.835	.827	.601		
a. Predictors: (Constant), PSYC, SV, EBAPP, IV, DV, EV						
ANOVA <sup>a</sup>						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	217.596	6	36.266	100.274	.000 <sup>b</sup>
	Residual	43.039	119	.362		
	Total	260.635	125			
a. Dependent Variable: Retention. b. Predictors: (Constant), PSYC, SV, EBAPP, IV, DV, EV						
Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
p1	(Constant)	-1.040	.329		-3.165	.002
	EV	.085	.110	.069	.770	.443
	IV	.039	.077	.037	.504	.615
	DV	-.009	.083	-.009	-.109	.913
	SV	-.089	.059	-.062	-1.502	.136
	APPV	.017	.047	.015	.368	.714
	PSYC	1.163	.191	.834	6.076	.000
a. Dependent Variable: Retention						

The first step is to examine the relationship between independent variable and the dependent variable. As table 1 shows, four factors of employer branding (economic, interest, developmental, and social values) are significantly related to employees' retention, while application value is not significantly related to employees' retention, so it does not meet the mediation conditions. The second step is to examine the relationship between independent variable and the mediator variable. As table 2 shows, three factors of employer branding (economic, interest, and developmental values) are significantly related to psychological contract, while social and application values are not significantly related to psychological contract, so they do not meet the mediation conditions. The third step is to examine the effect of the mediator (psychological contract) on the dependent variable (employees' retention). The results in table 3 indicate that, the psychological contract factor has positive and significant effect on employees' retention. The fourth step is to

include the mediator (psychological contract) in the models to examine whether it reduces or eliminates the effect of employer branding values on the employees' retention.

As presented in table 4, model 4 is significant at the 5% level (Adjusted R Square = .827). Coefficients of psychological contract are significant and positive ( $p < 0.05$ ), and the psychological contract significantly reduced the effect of employer branding (economic, interest, and developmental values) on employees' retention, all of them to insignificance. Thus, psychological contract fully mediates the relationship between employer branding (three values: economic, interest, and developmental) and employees' retention, while for social and application values, it doesn't play such role (since they did not meet the mediation conditions, as mentioned above). These results partially support the mediation effect in Hypothesis 4, which states that psychological contract mediates the relationship between employer branding and employees' retention.

## 7 Results and discussion:

- Employer branding and employees' retention: Economic, interest and development values are significant and positive for employees' retention. Social value is significant and negative for employees' retention. Application value is insignificant for employees' retention.
- Employer branding and psychological contract: Economic, interest, and developmental values are significant and positive for psychological contract. Social and application values are insignificant for psychological contract.
- Psychological contract is positive and significant for employees' retention.
- Psychological contract fully mediated the relationship between three of employer branding values (economic, interest, and developmental), while for social and application values it didn't play such role.
- The results demonstrate that, when taking into account a positive assessment of psychological contract obligation toward employer branding, this will be positively related to high retention

## 8 Conclusions And Recommendations:

This study contributes to the literature by drawing attention to the effect of psychological contract on employees' retention.

- These results have implications for employer branding practice. Organizations should consider the reasons why social values have a negative effect on the retention of employees, and the reasons for not having an effect of application values on retention (although the model 1 in table 1 didn't show a significant effect, the coefficients were negative which indicate to a future negative consequences that must be avoided early).
- Employers can have training and development programs as well as career growth opportunities to address application value problems because they are considered to be part of the employer 's obligation and responsibility; and such opportunities for employees of all levels can be introduced in a social setting and outside of the office hierarchy which can be good not only for the employer branding but also for the satisfaction of employees.
- Managers should not provide unrealistic promises during recruitment, socialization, and routine work interactions. Such promises may have motivational effects in the short term, but, if afterward employees perceive a breach in the psychological contract, both the employees and the organization may suffer in the long term.

- The employee's perception of employer's image is shaped by personal and professional experiences and this in many ways determines his attitude and consequently his behavior. It is therefore important for an employer to examine, at regular intervals, the factors that are critical for employee retention and engagement.
- A well-designed Mentoring Program will allow employees to utilize their application value and share their skills and knowledge with other employees. Furthermore, examining the effect of employer branding initiatives on employee psychological contracts can help to design better and more functional retention practices and branding initiatives.

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