EXPEB

How to Measure the External Perception of the Employer Brand?

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Abstract:
The purpose of this paper is to identify, operationalize and validate the components of the external perception of the employer brand by developing a multidimensional measurement scale. The external perception of the employer brand (EXPEB) is therefore specified as a second-order factor which is measured in a reflective model based on three first-order factors: employer brand image, employer brand trust and employer preference. Based on empirical studies the multidimensional EXPEB scale was developed and tested. The results of confirmatory factor analyses and structural equation modeling lend support to the developed measurement model. The implications of this study are important for both research and practice. The developed scale on the one hand lays the foundation for further research on external employer branding, and on the other hand practitioners receive a useful and time-saving measurement tool for the evaluation and benchmarking of organizations’ external employer branding.
EXPEB: How to Measure the External Perception of the Employer Brand?

The discussion about human resources causing a sustained competitive advantage for an organization (see e.g. Barney, 1991; Priem & Butler, 2001) has become revitalized with the discussions around the topic of employer branding. In recent years organizations are more and more driven to implement an employer brand in the organizational strategy in order to succeed in a complex and fast moving environment. Problems within an organization like e.g. a lack of employer attractiveness or organizational development in terms of growth and expansion strongly drive the development and implementation of an employer brand. Furthermore environmental developments like e.g. rising competitive pressure or a shortage of highly qualified employees further drive the need for employer branding. Due to these drivers in combination with a resource-based view in management´s mind, the concept of employer branding is strongly gaining in importance.

In recent years practitioners and scholars have been paying increasing attention to the topic of employer branding. Especially practitioners´ research on the topic has received increasing recognition (see e.g. Andreassen & Lanseng, 2010; Backhaus & Tikoo, 2004; Edwards, 2010). Despite its growing popularity in economic practice, the amount of academic literature focusing on employer branding is moderate. Most articles are restricted to the definition of the term itself and the identification of the research field (Ambler & Barrow, 1996; Backhaus & Tikoo, 2004; Ewing, Pitt, De Bussy, & Berthon, 2002). Few authors have a wider approach and adopted concepts from other research areas to broaden the knowledge (e.g. Backhaus & Tikoo, 2004; Moroko & Uncles, 2009). Furthermore some empirical studies can be found which focus on special sub-topics of employer branding like e.g. employer attractiveness (e.g. Berthon, Ewing, & Hah, 2005; Lacy, Bokemeier, & Shepard, 1983), person-organization fit
(Cable & Judge, 1994; Judge & Cable, 1997) or employer brand personality (e.g. Davies, 2008). Nevertheless little empirical research has studied the employer brand itself. Hence the purpose of this study is to extend previous research through the development, validation and formulation of a brief and practicable multidimensional scale, measuring the external perception of the employer brand.

EMPLOYER BRANDING

The Employer Brand

In its origin 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, p. 8). Based on this original definition other aspects of the employer brand were discussed in different research disciplines like e.g. marketing, psychology or organization studies. Therefore employer branding can furthermore be described as an interdisciplinary approach targeting the differentiation of an employer from its competitors on the labor market. Backhaus and Tikoo (2004, p. 502) for example stated that the employer brand ´highlights the unique aspects of the firm´s employment offerings or environment.´ In accordance with marketing theory (Reeves, 1961), the creation of a brand should lead the organization to a ´unique selling proposition´ in order to stand out from its competitors.

The benefits and importance of branding and brand building in the labor market have been discussed by many authors (e.g. Agrawal & Swaroop, 2007; Andreassen & Lanseng, 2010; Christopher J. Collins & Stevens, 2002; Davies, 2008). Drawing parallels to broader branding literature, Davies (2008) transferred four main benefits of a brand to the sphere of employer branding. Therefore, the ability to differentiate, the creation of loyalty, the satisfaction and development of an emotional attachment can be provided by an employer brand. It can be argued that these benefits are also provided by the corporate brand and although there is some similarity between the corporate brand and the employer brand, the latter exclusively
considers the company in the role of an employer and is therefore very employment specific (Backhaus & Tikoo, 2004). In contrast, the corporate brand addresses multiple stakeholders other than employees (Hatch & Schultz, 2003). According to Roper and Davies (2007) various stakeholders can hold differing opinions regarding the same corporate brand and for that reason they suggest that each stakeholder group should be communicated with in different ways according to their needs. This opinion is also supported by Chun and Davies (2006) who identified differences between the stakeholder groups of customers and employees regarding the effects of corporate character dimensions. Gregory (2007) in addition identified employees as a stakeholder category with a high level of power and interest in an organization. Furthermore, employee actions can strongly impact an organization. In keeping with this stakeholder specific approach and the important role of employees as stakeholders, it can be argued that a separate employer brand primarily focusing on the target group of employees is essential. Moreover employer branding literature argues that the development of a strong employer brand is essential towards becoming an ´employer of choice´ (G. Martin, Beaumont, Doig, & Pate, 2005). Berry and Parasuraman (1991) furthermore stated that the employer brand should attract, develop and motivate prospective and existing employees who are the target group of employer branding (G. Martin, Beaumont, Doig, & Pate, 2005). Thus it can be remarked that existing and prospective employees are the focus of all employer branding efforts. This distinction between prospective and existing employees suggests a further classification between internal and external employer branding.

**Internal and External Employer Branding**

In the 1990s Greene (1994) studied the increasing impact of internal employer branding for existing employees – also called internal marketing - on organizational success. Internal marketing was defined as ´the promoting of the firm and its product(s) or product lines to the
**firm’s employees**’ (Greene, Walls, & Schrest, 1994, p. 5). From this perspective, an organization’s employees are treated like internal customers and jobs are the internal products (Ewing, Pitt, De Bussy, & Berthon, 2002). Thus jobs must be attractive and motivating to satisfy the needs of the internal customers (Berthon, Ewing, & Hah, 2005). Over the recent years a steady growth in the popularity of internal marketing in academic research and economic practice can be identified. This has manifested into a progressive number of research studies in the field of internal marketing (e.g. Burmann & Zeplin, 2005; Foster, Punjaisri, & Cheng, 2010; Punjaisri, Evanschitzky, & Wilson, 2009; Punjaisri & Wilson, 2007). Nowadays academic literature identifies employees as a target group for relationship marketing (McNally & Griffin, 2007) and values employees as brand ambassadors (see e.g. Morhart, Herzog, & Tomczak, 2009). Thus numerous studies have focused on the internal target group of employees (see e.g. Celsi & Gilly, 2010; Davies, Chun, da Silva, & Roper, 2004; Maxwell & Knox, 2009).

Similar to internal employer branding, external employer branding has its origins in the 1990s, even though the term employer branding was not usually explicitly applied. One of the first papers that clearly stated the importance of external employer branding was published by Backhaus and Tikoo (2004). Preliminary employer branding literature is mostly limited to the identification of prospective employees as a target group of employer branding. With regard to the frequently cited ‘war for talent’ (e.g. Ewing, Pitt, De Bussy, & Berthon, 2002; Lievens & Highhouse, 2003; Moroko & Uncles, 2008) a strong employer brand is seen as essential to becoming an ‘employer of choice’ and attracting superior employees (Martin et al., 2005).
Conceptualizing the External Perception of the Employer Brand

We propose that the external perception of the employer brand is best conceptualized by the constructs employer brand image, employer brand trust and employer preference.

**Employer brand image.** As it is difficult to evaluate the employer brand from an external perspective, the perceived employer brand image should help prospective employees. Although some studies explore the external image and/or reputation of employers (e.g. Cable & Graham, 2000; Cable & Turban, 2001; Cable & Yu, 2006; Christopher J. Collins, 2007; Christopher J. Collins & Han, 2004; Dutton, Dukerich, & Harquail, 1994; Highhouse, Zickar, Thorsteinson, Stierwalt, & Slaughter, 1999) they mainly focus on employer attractiveness. Keller (1993) defined the brand image as ‘perceptions about a brand as reflected by the brand associations held in consumer memory’. Collins and Stevens (2002) adopted this on an employment level and defined the employer brand image ‘as potential applicant’s attitudes and perceived attributes about the job or organization’. As in Knox and Freeman (2006) we define the employer brand image as the image associated with an organization uniquely in terms of its role as an employer.

According to Agrawal and Swaroop (2007) especially inexperienced job seekers may rely upon the employer’s brand image, as making a comparison based on job and organizational attributes can be difficult for them as they are not familiar with all workplace attributes. Indeed not only inexperienced job seekers have to manage with incomplete information. In fact, all prospective employees have to accept a certain amount of missing information due to the fact that the complete assessment of an employer is not possible prior to employment with the organization (Moroko & Uncles, 2008). Hence the evaluation of the employer brand image is suggested as occurring on a higher level of abstraction.
**Employer brand trust.** The above-mentioned lack of information prior to experiencing employment suggests another construct, employer brand trust. The importance of trust has been discussed in different contexts in academic literature. Hence, in addition to individuals, public institutions, organizations and brands can also become the targets of trust (Chaudhuri & Holbrook, 2001; Doney & Cannon, 1997). Moorman et al. (1992) define trust as the ‘willingness to rely on an exchange partner in whom one has confidence’. Walsh and Beatty (2007) further adopted this definition on the organizational level as they suggest that customers trust more highly in organizations with a more credible reputation. Chaudhuri and Holbrook (2001) define brand trust as ‘the willingness of the average consumer to rely on the ability of the brand to perform its stated function’. With regards to these definitions we define employer brand trust as the willingness to rely on a (prospective) employer who’s employer brand and reputation show the ability to perform its stated functions.

In academic literature trust was identified as being very important in relationship marketing (Chiou & Droge, 2006) and furthermore in the building of long-term relationships (Morgan & Hunt, 1994), which both affect the employment level. Additionally, trust increases in importance in situations where decision outcomes are uncertain and significant for the trusting person (Delgado-Ballester, Munuera-Aleman, & Yagiie-Guillen, 2003; Doney & Cannon, 1997). Given the importance of the employment decisions, their long-time implications for the prospective employee as well as the unavoidable information lack, trust becomes important in the evaluation of a prospective employer. Therefore trust aspects become an essential part of the employer brand. This is furthermore confirmed by Wilden et al. (2010) who stated that a prospective employee’s perception of the credibility of the employer brand depends on the evaluation of the trustworthiness of a prospective employer.
**Employer preference.** Individual preference plays an important role in marketing literature. Especially branding literature has discussed the importance of consumer preference, as a prediction of individual preference is fundamental to understanding consumer choices and purchase intentions (Bass & Talarzyk, 1972; Cobb-Walgren, Ruble, & Donthu, 1995). Mitchell and Beach (1976) adopted preference on the employment level and describe occupational preference as an attitude. Specifically they define employer preference as an individual’s evaluation of employers attractiveness. Van Birgelen et al. (2008) support this view and furthermore argue that a prospective employee would only consider an application with a specific employer if he or she feels attracted to the employer. As employer attractiveness presumably varies between different people we define employer preference as an individual’s preferences for selected employers according to people’s personal ranking of attractiveness. According to our definition, we assumed that the preference of selected prospective employers is the result of an intrapersonal evaluation, including rational and emotional aspects. Therefore, employer preference is the result of a complex and intrapersonal employer evaluation based on balancing all received information and knowledge about the employer as well as personal emotions. Nevertheless it has to be stated that employer preferences may differ from the individual’s actual choice of an employer, as other factors like, for example, economic conditions or family pressure might also influence the actual choice (Mitchell & Beach, 1976).

**FRAME OF RESEARCH**

**The Purpose of the Present Study**

Foster et al. (2010) stated in their work that right away the right people have to be identified and recruited by employer branding and thus the external perspective plays an important role for an organization. Also Maxwell and Knox (2009) highlight the important difference
between internal (current employees) and external employer branding (prospective employees) regarding the targets group perception of an organizations’s employer brand. Due to the different perceptions it can be assumed that internal measurement scales can not easily be applied for external perception measures. This furthermore impacts the authors’ evaluation of existing studies on external employer branding.

Although several empirical studies on external employer branding were conducted, two limitations are stated by the authors. Firstly, the studies are mainly limited to employer attractiveness (Highhouse, Zickar, Thorsteinson, Stierwalt, & Slaughter, 1999). As employer attractiveness measures seem to be adopted from internal employer branding, the authors assume difficulties in the evaluation from an organization-external perspective. Most items measuring employer attractiveness appear to require high involvement from the respondent as well as in-depth knowledge about the organization, like e.g. the recognition/appreciation from management (Berthon, Ewing, & Hah, 2005), high salaries or frequent promotion of existing employees (Lievens & Highhouse, 2003). As mentioned above, many of those items cannot be evaluated prior experiencing employment with an organization. Secondly, the studies are limited regarding their content. Though several employer attractiveness studies and measures can be found (e.g. Berthon, Ewing, & Hah, 2005; Phillips, Phillips, & Cappel, 1994; Turban & Greening, 1996) no one has further considered other dimensions of the employer brand. Knox and Freeman (2006) - who studied the employer brand image exclusively based on employer attractiveness measures – referred to this in that they have already had to admit the probability that the overall employer brand image is more than the sum of the separate attractiveness attributes. Therefore it can be summarized that external employer branding measures lack an integrated and holistic approach including additional dimensions of the employer brand than employer attractiveness.
Thus this study aims to contribute to employer branding literature by the development and validation of a measurement scale for the external perception of the employer brand (EXPEB). Our approach identifies and adopts a number of potential measurement items to finally receive a holistic, valid and short measurement scale, which is practicable in use. Furthermore it should be possible to apply the developed scale to a wide range of organizations to allow comparison between studies and organizations.

Measurement Development Process

The EXPEB scale conceptualization followed the scale development processes consistent with prior scale development studies (see e.g. Bauer et al., 2001; Davies, 2008; Judge, Erez, Bono, & Thoresen, 2003; Mumford, Costandza, Connelly, & Johnson, 1996; Smith, Karwan, & Markland, 2009; Yoo & Donthu, 2001). Based on Churchill (1979) and Sethi and King (1994), Xia and Lee (2005) have developed a four-phase process, which was adopted for the current study. Hence the EXPEB scale development process is divided into the following four phases (1) conceptual development and initial item generation, (2) conceptual refinement and item modification, (3) survey data collection, and (4) data analysis and measurement validation. For the data analysis the database was furthermore split into two subsamples. The first subsample was used to calibrate the study results, and the second subsample was used to validate them.

(1) Conceptual Development and Initial Item Generation

According to Hinkin (1995) two basic approaches can be used for item development: a deductive or an inductive approach. Due to the lack of scales measuring the external perception of the employer brand, this study is based on a hybrid approach combining deductive and inductive elements (see e.g. Dukerich, Golden, & Shortell, 2002). According
to Hinkin (1995) deductive scale development is based on a thorough review of the literature to develop the theoretical idea of the construct. To generate a sufficient number of scale items a thorough search of the academic literature was conducted by the authors. Due to the interdisciplinarity of employer branding literature, the research areas reviewed included marketing, organizational studies and psychology. As academic contributions on the topic of employer branding are limited and no existing items – except for attractiveness items – could be found, the potential scale dimensions and items were drawn from the related branding and corporate literature and adopted to the employer brand. In specific items regarding brand image, brand trust and brand preference were used. On the one hand existing statements were reworded to employment level (e.g. the general statement ‘I like the brand x’ was reworded into ‘I like the company as an employer’) and on the other hand new statements based on existing brand measurement literature were framed (e.g. ‘I would consider applying to this company’ was formulated based on literature regarding brand strengths measured by intentions). Whenever possible, relevant measures in the literature were adopted.

With regards to the inductive approach, focus group interviews were conducted to uncover any additional items. A total of three focus groups with university graduates that had 2-3 years of working experience were conducted. All focus group participants held Master’s degrees in cultural, economic or technical studies. All three groups were mixed in gender but stable in the size of 6 participants per group. Therefore a total of 18 interviewees participated in the group interviews. With regards to the topic of the interview, the group size was accurate, as all interviewees were experienced and highly involved in the topic and therefore can qualify as experts. The interviews ranged in duration between 120 and 150 minutes and different topics in the field of employer branding were discussed. Regarding the external perception of the employer brand, two main topics were discussed: the identification of the most important
attractiveness criteria of employers and the general perception of organizations as employers. Furthermore each participant was asked to think of his/her employer of choice to discuss the main attributes that externally attract prospective employees. As the interviewees were already experienced in work they were also asked to think back to their first employer and the criteria they used in choosing that employer. Frequently mentioned and commonly agreed statements were furthermore converted into items and included in the list generated from the literature search.

(2) Conceptual Refinement and Item Modification

The initial list of items generated for the deductive and inductive methods was screened and poor wording and redundant items were then eliminated. To ensure face and content validity the remaining items were pre-tested and discussed with 5 faculty members as well as 5 persons of the employer branding’s target group. All respondents were asked to fill out the questionnaire and judge how appropriate each item was for the evaluation of the external perception of employer branding. Furthermore each respondent was asked to discuss the specifics of the items like e.g. problems with the evaluation of individual items. All suggestions were considered and after several items were amended and/or reworded a final set of 34 items was included in the survey. All items were measured using a seven point Likert-type scale ranging between ‘I totally disagree’ (1) and ‘I totally agree’ (7). Table 1 summarizes the final items of the survey along with their literature sources.
Table 1: List of measurement items

<table>
<thead>
<tr>
<th>Items</th>
<th>Origin</th>
<th>Dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>I 01: The company is successful.</td>
<td>Items based on the focus group interviews</td>
<td>Perceived external attractiveness</td>
</tr>
<tr>
<td>I 02: The company is oriented towards long-term profit.</td>
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<td>I 03: The company has a good image.</td>
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<td>I 04: The company operates on an international basis.</td>
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<td>I 05: The company offers interesting products.</td>
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<tr>
<td>I 06: The company shows corporate social responsibility.</td>
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<td></td>
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<tr>
<td>I 07: The company offers innovative products/services.</td>
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<td></td>
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<tr>
<td>I 08: The company is very professional.</td>
<td>Schwaiger (2004, pp. 60-62) adopted to employment level</td>
<td>Brand image</td>
</tr>
<tr>
<td>I 09: The employees of the company are well respected.</td>
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<td></td>
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<tr>
<td>I 10: Everybody knows the company.</td>
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<td></td>
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<tr>
<td>I 11: I can identify with the employees of the company.</td>
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<td></td>
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<tr>
<td>I 12: The company has established good product brands.</td>
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<td></td>
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<tr>
<td>I 13: The products/services offered by the company are of high quality.</td>
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<tr>
<td>I 14: I would feel more badly if this company no longer existed than I would about other companies.</td>
<td></td>
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<tr>
<td>I 15: I can identify with the company as an employer better than with other companies.</td>
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<td></td>
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<td>I 16: The company is a top competitor in the labor market.</td>
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<td>I 17: As far as I know the company is recognized worldwide as an employer.</td>
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<td>I 18: I believe that the company as an employer performs at a premium level.</td>
<td></td>
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<td>I 19: In my opinion the company is successful in attracting high-quality employees.</td>
<td></td>
<td></td>
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<tr>
<td>I 20: I regard the company as a friendly employer.</td>
<td>Fuchs (2009) adopted to employment level</td>
<td></td>
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<tr>
<td>I 21: I regard the company as an attractive employer.</td>
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<td></td>
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<tr>
<td>I 22: I like the company as an employer.</td>
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<td></td>
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<tr>
<td>I 23: The company as an employer fits my personality.</td>
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<td></td>
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<tr>
<td>I 24: I have positive feelings about the company as an employer.</td>
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<tr>
<td>I 25: I consider employees of the company as nice.</td>
<td></td>
<td></td>
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<tr>
<td>I 26: I imagine that the company as an employer stands out from its competitors.</td>
<td>Yoo and Donthu (2001) adopted to employment level</td>
<td></td>
</tr>
<tr>
<td>I 27: The company is with a high probability a very good employer.</td>
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</table>

Continued on the next page
<table>
<thead>
<tr>
<th>Items</th>
<th>Origin</th>
<th>Dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>I 28: I would consider working for this company.</td>
<td>Based on Jost-Benz (2009, pp. 76-90)</td>
<td>Brand preference</td>
</tr>
<tr>
<td>I 29: I would consider applying to this company.</td>
<td>Jost-Benz (2009 pp. 76-90) adopted to employment level</td>
<td>Brand trust</td>
</tr>
<tr>
<td>I 30: I trust the company as an employer.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I 31: I imagine that the company as an employer is reliable.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I 32: I rate the company as an honest employer.</td>
<td>Conceptual refinement</td>
<td>Brand trust</td>
</tr>
<tr>
<td>I 33: I rate the company as a secure employer.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I 34: The company has a clear positioning as an employer.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Items were sorted based on their origin and dimension and not according to their position in the questionnaire.

(3) Survey Data Collection

This set of 34 items was included in the overall questionnaire examining different topics in the area of employer branding. The overall questionnaire was divided into the following five topics: information seeking behavior, decision making, external perception of the employer brand, employer of choice and demographic data. The study was conducted with university students and young graduates at a mid-sized university in Europe. The sample was chosen in accordance with the main target group of employer branding – well educated people like e.g. students and graduates (Berthon, Ewing, & Hah, 2005; Ewing, Pitt, De Bussy, & Berthon, 2002). A total sample of 355 students and/or graduates was interviewed. Seven questionnaires were removed due to a lack of plausibility. Hence a total sample of 347 respondents was used for data analysis. This sample consisted of 46% male and 54% female respondents. Students from different faculties were interviewed whereas 38% came from economics, 38% from cultural science, 23% from technical science and 1% miscellaneous. Furthermore 80% of the respondents had more than six months of relevant working experience. In addition all respondents belonged to the Generation Y and therefore were born between 1977 and 1994 (Bush, Martin, & Bush, 2004).
The evaluation of the perceived external employer brand requires the evaluation of real organizations to avoid the assessment of general attitudes. Through the assessment of real organizations, the respondents were forced to evaluate the criteria according to the chosen organization which helped them in the evaluation process. Furthermore the items regarding the employer preference factor could not be answered otherwise. To avoid measurement bias caused by the selection of only one organization the questionnaires were split into two groups by including two organizations, fundamentally differing in terms of their nature and purpose of business. The selection of the two organizations was based on Holman’s (1980) criteria of visibility, variability and personality. According to Andreassen and Lanseng (2010), visibility represents general awareness in the population, variability refers to different industry sectors and personality describes the perceived images of the organizations. To guarantee the awareness as well as the comparability of the two organizations, both have their headquarters locally located. Nevertheless both organizations vary strongly in their industry sector as one organization operates in the beverage industry; the other organization operates in the power industry. With regards to Holman’s (1980) criteria both organizations are well known although they differ strongly in terms of their products and brands. The power industry organization focuses on the corporate brand and its product is electricity, which is not very attractive for the target group. The beverage industry organization holds a strong product brand similarly named with the corporate brand and the product is well known and attractive for the target group. Furthermore both organizations operate on an international basis and are - according to in-depth interviews with HR specialists from the organizations - on a comparable level of employer branding.
(4) Data Analysis and Measurement Validation

After carefully screening the data for nonresponse bias, unusual patterns and outliers, the data was analyzed using different techniques including exploratory factor analysis and structural equation modeling (for advantages see Terblanche & Boshoff, 2008) as well as different tools including PASW Statistics 18 and AMOS 18. By using factor analysis, the data analyses followed the most commonly used analytic techniques for scale development (Hinkin, 1995). Furthermore, the database was randomly split into two subsamples (see e.g. Chen, Yeh, & Wang, 2008; Delgado-Ballester, Munuera-Aleman, & Yagiie-Guillen, 2003; Schwaiger, 2004) by using the SPSS filter algorithm to conduct a secondary analysis (Smith, Karwan, & Markland, 2009). The calibration sample sized n = 182 and the validation sample sized n = 165.

FINDINGS AND INTERPRETATIONS

Exploratory Factor Analysis (EFA)

To ensure the appropriateness for factor analysis Kaiser-Meyer-Olkin test for sampling adequacy (greater than 0.80) and Bartlett tests of sphericity (p < 0.01) were conducted. Both results were good as the Kaiser-Meyer-Olkin test reached 0.885 and the Bartlett test resulted in p = 0.000. The database was furthermore factor analyzed for all respondents as well as separately for the two samples. The scree plot suggested a three-factor solution, which accounts for a cumulative 78% of the variation in the data for all respondents. The detailed results which are reported in table 2 are based on principal component analysis with Varimax rotation and a factor extraction of all factors with eigenvalues of greater than 1. Items were eliminated using a number of criteria: items with factor loadings < 0.4 (e.g. ‘The company is a top competitor in the labor market.’), items that loaded on more than one factor (e.g. ‘In my opinion the company is successful in attracting high-quality employees.’), items that had very
high (above 0.9) or low (below 0.2) inter-item correlations and/or the Cronbach alpha score for a factor was improved if that item was deleted (e.g. ‘I can identify with the company as an employer better than with other companies.’). As shown in table 2, nine items remained whereas the items 18 and 31-33 load on factor 1, the items 20-22 load on factor 2 and the items 28 and 29 on factor 3. The three factors were labeled as ‘Employer brand trust’, ‘Employer brand image’ and ‘Employer preference’. The Cronbach alphas for the individual scales were: 0.83, 0.88 and 0.92. Hence all factors had reliabilities above the critical point of 0.7 (Nunnally, 1978).
Table 2: Exploratory factor analysis

Rotated component matrix

<table>
<thead>
<tr>
<th>Component</th>
<th>Total</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
<th>Rotation sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>% variance</td>
<td>% cumulative</td>
<td>% total</td>
</tr>
<tr>
<td>1</td>
<td>4.79</td>
<td>53.25</td>
<td>53.25</td>
<td>4.79</td>
</tr>
<tr>
<td>2</td>
<td>1.15</td>
<td>12.83</td>
<td>66.07</td>
<td>1.15</td>
</tr>
<tr>
<td>3</td>
<td>1.05</td>
<td>11.70</td>
<td>77.78</td>
<td>1.05</td>
</tr>
</tbody>
</table>

Item description

I 32: I rate the company as an honest employer. .845
I 33: I rate the company as a secure employer. .792
I 31: I imagine that the company as an employer is reliable. .746
I 18: I believe that the company as an employer performs at a premium level. .641
I 20: I regard the company as a friendly employer. .869
I 21: I regard the company as an attractive employer. .834
I 22: I like the company as an employer. .802
I 28: I would consider working for this company. .913
I 29: I would consider applying to this company. .904

Extraction method: principal component analysis.
Rotation method: Varimax with Kaiser normalisation.
Rotation converged in 5 iterations. (For clarity of interpretation, factor loadings <0.4 are suppressed.)
Items sorted by loading.
With regards to the results from nine remaining items, further analysis of the removed items was made. In reviewing and discussing the removed items, it became obvious that the elimination of the items is not connected with a high loss of information as nearly all items are covered in the remaining items, although on a higher level of abstraction. Hence the items 1-10, 12-14, 16-17, 19, 26-27 and 34 are all covered by item 21, which assesses the attractiveness of an employer. As mentioned above, most attractiveness items were conducted from internal employer branding studies and therefore require a good knowledge of an organization. Furthermore all focus groups members were employed by organizations which might make it difficult for them to differ between internal and external evaluation items. Hence the items might be too detailed for external people. For external people and especially prospective employees it can be quite difficult to assess these factors. Furthermore the developed scale targets to include further aspects next to attractiveness and therefore a more aggregated level seem to be appropriate to achieve a more holistic approach.

The items 24 and 30 refer to the trust dimension covered by the items 31-33. According to the discussion it might on the other hand be more important for prospective employees to evaluate trust items on a more detailed level. Therefore the reliability, honesty and security of an employer seem to be easier to evaluate from an external perspective than trust in and feelings regarding an employer. The last category of removed variables refers to the identification of employees with an organization, as well as the organization itself and includes the variables 11, 15, 23 and 25. The identification category is the only category not covered in the remaining items. The removal of these items during the EFA process is more difficult to understand. On the one hand the items require knowledge of employees and organizational characteristics which was not separately considered in the questionnaire. Hence it might be possible that the respondents could not answer these questions properly due
to a lack of knowledge. On the other hand it might also be possible that the comparison of the personal self with an organization and/or its employees is too difficult within such a short period of time as it requires high cognitive efforts. To summarize, it can be stated that only four items were completely removed as all other items are still considered on a higher level of abstraction. Therefore the loss of information is of minor importance.

**Confirmatory Factor Analysis**

To test the measurement model and to confirm construct unidimensionality, validity and reliability, the results of the EFA were evaluated using confirmatory factor analysis (see Hair, Black, Babin, Anderson, & Tatham, 2006; Terblanche & Boshoff, 2008). The remaining nine items were analyzed using AMOS 18. The adequacy of model fit was issued via two groups of goodness-of-fit indices. Similar to Xia and Lee (2005) the first group is absolute indices that are sensitive to sample size. They include the $p$-value of the chi-square statistic, the ratio of chi-square to degrees of freedom, the goodness-of-fit index (GFI), the adjusted goodness-of-fit index (AGFI), the root mean square error of approximation (RMSEA), and the standardized root mean square residual (RMR). The second group is relative indices that are less sensitive to sample size. They include the comparative fit index (CFI) and the normed fit index (NFI). A model is considered to have good model-data fit if the ratio of chi-square to degrees of freedom is smaller than 3, the GFI and the AGFI are above 0.90, the RMSEA is close to 0.06 (values below 0.05 are very good and up till 0.08 are acceptable), the standardized RMR is less than 0.10 (values below 0.05 are very good), the CFI is above 0.95, and the NFI is above 0.90 (for reference values see Baumgartner & Homburg, 1996; Bentler & Bonett, 1980; Hu & Bentler, 1999; Kline, 1998).
The initial CFA results indicated that the elimination or the two items ‘I 33: I rate the company as a secure employer’ and ‘I 18: I believe that the company is an employer that performs at a premium level’ would increase the model fit as their squared multiple correlation did not reach the threshold of > 0.4 (Bagozzi & Baumgartner, 1994). Hence those two items were removed and the second CFA was conducted using the remaining 7 items. The removal of the security item could possibly originate from respondents’ age. All respondents belonged to Generation Y and according to the conducted focus group interviews employment security is less important in job choice decisions. Generation Y members focus much more on career advancement possibilities and other factors (see e.g. C. A. Martin, 2005; Terjesen, Vinnicombe, & Freeman, 2007) and are themselves interested in gaining experience with different organizations.

The removal of the employer performance item could be explained by a lack of ability to compare the organization as an employer with other organizations. The comparison requires a good and objective knowledge of the organization as an employer as well as other organizations’ employment performance. Hence this item possibly doesn’t fit with the other remaining items, as all other items are assessed from the subjective perspective of the respondents. Nevertheless the remaining seven items showed a good model fit. The goodness-of-fit indices revealed that the three factor and seven item model produces a good model fit shown in table 3. To reduce the possibility of capitalizing on chance we conducted a secondary analysis similar to Smith et al. (2009) with the calibration and the validation samples. The calibration sample was used for EFA and CFA procedures resulting in the same factor structure noted above. Based on a prior factor structure the validation sample was furthermore analyzed resulting in an acceptable fit statistics shown in table 3.
Table 3: Fit statics of model

<table>
<thead>
<tr>
<th>Model</th>
<th>x²</th>
<th>x²/df</th>
<th>GFI</th>
<th>AGFI</th>
<th>RMSEA</th>
<th>RMR</th>
<th>CFI</th>
<th>NFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conceptual model</td>
<td>27.814</td>
<td>2.5</td>
<td>0.978</td>
<td>0.943</td>
<td>0.066</td>
<td>0.055</td>
<td>0.989</td>
<td>0.981</td>
</tr>
<tr>
<td>Validation sample</td>
<td>31.022</td>
<td>1.8</td>
<td>0.973</td>
<td>0.930</td>
<td>0.055</td>
<td>0.060</td>
<td>0.992</td>
<td>0.976</td>
</tr>
</tbody>
</table>

As mentioned before, this study aims to develop and validate a generic scale measuring the external perception of the employer brand. Due to the fact that correlations between first-order factors can be better explained by a higher-order factor, an additional analysis was conducted to test for the existence of a second-order construct.

Second Order Factor Analysis

According to Hair et al. (2006) a higher-order measurement model becomes applicable if the following four questions are approved:

(1) Is there a theoretical reason to expect that conceptual layers of the construct exist?

(2) Are all the first-order factors expected to influence other nomologically related constructs in the same way?

(3) Are the higher-order factors going to be used to predict other constructs of the same general level of abstraction (i.e. global personality – global attitudes)?

(4) Are the minimum conditions for identification and good measurement practice present in both the first-order and higher-order layers of measurement theory?

(1) Theoretical Reason

The employer brand is a complex and multifaceted construct and can therefore hardly be measured directly. For prospective and existing employees the employer brand seems to be
an intangible and abstract construct. With reference to pre-studies of the author’s questions like ‘How do you rate the employer brand of organization x’ or ‘How important is employer branding for your organization’ could not be answered due to a lack of understanding of the employer brand itself. This fact had to be considered in the operationalization of the external perception of the employer brand. Complex construct in marketing literature are in multiple cases recommended to be measured in terms of second-order constructs (Rossiter, 2002). The analysis in a second-order construct is shifted to a higher level and therefore the reflection of different levels of abstraction is possible (see e.g. Gerbing & Anderson, 1988; Li, Zhou, Kashyap, & Yang, 2008) which increases information about the evaluated organization. Furthermore the individual factors such as employer brand image, employer brand trust and employer preference themselves do not deliver an abstracted evaluation of the external perception of an organization’s employer brand. Hence an overall factor value can be provided by the introduction of a second-order factor.

(2) Influence on Related Constructs and (3) Prediction of Other Constructs

With the introduction of a second-order factor the researcher gives up the ability to separately test the relationships between the first-order factors and other key factors. Thus forms the presumption that all first-order factors influence another key factor in the same way. According to this study all three first-order factors as well as the second-order factor model were tested in the course of structural equation modeling regarding their influence on the nomologically related factor ‘Overall evaluation of the organization’. All factors were positive and in a comparable intensity influencing the overall evaluation of the organization. Hence this precondition was fulfilled. A second-order factor model should furthermore show a stronger ability to predict another construct than in an alternative model where all first-order factors are integrated separately (Hair, Black, Babin, Anderson, & Tatham, 2006).
prediction ability on the factor ‘Overall evaluation of the organization’ was in the second-order model higher \( r^2=0.32 \) than in the alternative model \( r^2=0.27 \). Thus this precondition was fulfilled as well.

(4) Presence of Minimum Conditions.

The minimum conditions for identification and good measurement practice are present in both the first-order and higher-order layers of measurement theory. Hence according to the adequacy of model fit results as well as the validation results (see below) also the last question can be agreed with.

To summarize, four questions were approved, based on theoretical reasoning as well as empirical evidence. To provide empirical evidence a structural equation model calculated in AMOS 18 was used (see figure 1). The results suggest that the second-order factor model exhibit adequate fit and the second-order factor furthermore predicts a related construct adequately and as expected. Furthermore the second-order factor model shows better predictive validity than the lower-order factor model. Hence the second-order factor model is supported (Hair, Black, Babin, Anderson, & Tatham, 2006).
Figure 1: Second-order factor model of the external perception of the employer brand (EXPEB)
SCALE VALIDATION

To validate a scale, academic literature suggests analyzing construct validity. The construct validity is made up of the following four important components: convergent validity, discriminant validity, nomological validity and face validity (Hair, Black, Babin, Anderson, & Tatham, 2006). All four components were considered in the current study.

Convergent Validity

The convergent validity exists if the items of a specific construct share a high proportion of variance in common and can be evaluated in different ways. Based on the results of the CFA the database was analyzed regarding the factor loadings (FL), the average variance extracted (AVE), the squared multiple correlation (SMC) and the composite reliability (CR). A good convergent validity is achieved if the FL is above 0.5 or ideally above 0.7, the AVE is above 0.5, the SMC is above 0.4 and the CR is above 0.6 (for reference values see Fornell & Larcker, 1981; Hair, Black, Babin, Anderson, & Tatham, 2006). The results of the analysis exhibited a satisfying convergent validity, shown in table 4.
Table 4: Convergent validity

<table>
<thead>
<tr>
<th>Item</th>
<th>Factor</th>
<th>Factor loading (FL)</th>
<th>Squared multiple correlation (SMC)</th>
<th>Cronbach alphas</th>
<th>Composite reliability (CR)</th>
<th>Average variance extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friendly employer</td>
<td>Employer brand image</td>
<td>0.780</td>
<td>0.608</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attractive employer</td>
<td>Employer brand image</td>
<td>0.900</td>
<td>0.810</td>
<td>0.882</td>
<td>0.885</td>
<td>0.719</td>
</tr>
<tr>
<td>Likeable employer</td>
<td>Employer brand image</td>
<td>0.860</td>
<td>0.740</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Honest employer</td>
<td>Employer brand trust</td>
<td>0.730</td>
<td>0.533</td>
<td>0.787</td>
<td>0.795</td>
<td>0.663</td>
</tr>
<tr>
<td>Reliable employer</td>
<td>Employer brand trust</td>
<td>0.890</td>
<td>0.792</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Application interest</td>
<td>Employer preference</td>
<td>0.920</td>
<td>0.846</td>
<td>0.921</td>
<td>0.917</td>
<td>0.846</td>
</tr>
<tr>
<td>Working interest</td>
<td>Employer preference</td>
<td>0.920</td>
<td>0.846</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Discriminant Validity

The discriminant validity was tested on first-order factor level to provide the evidence that all factors are unique, truly distinct from the other factors and capture some phenomena other measures do not. To test the discriminant validity of the three first-order factors, the Fornell-Larcker-Ratio (Fornell & Larcker, 1981) as well as the $x^2$-difference test were used. The Fornell-Larcker Ratio represents the ratio of the average variance extracted to the square correlation of factors. With 0.54 (employer brand trust), 0.52 (employer brand image) and 0.38 (employer preference) all indicators are considerably lower than 1 and therewith evidence for discriminant validity of each factor is supported. The discriminant validity was furthermore assessed using the technique of the $x^2$-difference test (see e.g. Sethi & King, 1994; Venkatraman, 1989). According to this test the discriminant validity is supported if a model significantly worsens in the event that the correlation value between a pair of latent variables constrained is set to one. The worsening of the model is proved if CMIN is higher than 3.84 and $p$ is lower 0.05. According to these benchmarks discriminant validity of the factors is provided as CMIN is 15.86 and $p$ shows a value of 0.000.

Nomological Validity and Face Validity

The nomological validity tests if the correlations among the constructs in a measurement theory make sense (Hair, Black, Babin, Anderson, & Tatham, 2006). Furthermore nomological validity refers to the degree to which predictions in a formal theoretical network are confirmed (Bagozzi, 1981). In this study a positive influence, as well as the predictive ability on the nomologically related factor ‘overall evaluation of the organization’ were confirmed when testing the second-order factor model. The face validity must be established prior to data collection and can be described as the judgment about an instrument after it is constructed (Nunnally, 1978). The face validity results in an understanding of every item’s
content or meaning (Hair, Black, Babin, Anderson, & Tatham, 2006) and was considered in the pre-test of this study by discussing the understanding of each item in the pre-tests (see (2) Conceptual Refinement and Item Modification).

DISCUSSION AND IMPLICATIONS

Although employer branding has increasingly been discussed in academic literature, a measurement scale for the external perception of employer branding has so far been lacking. In this research a measurement scale was proposed and empirically tested, in which the external perception of the employer brand is specified as a second-order factor in a reflective model based on the three first-order factors employer brand image, employer brand trust and employer preference. In a four-phase measurement development process this research presents a second-order factor measurement scale with 7 items adopted from branding literature and surveyed in a large-scale survey. The original items were generated from a literature review as well as focus group discussions and the pilot test. The items were measured and tested using survey data from 347 respondents. Exploratory and confirmatory analysis techniques were used. The results of the exploratory factor analyses suggest a three-factor model which was furthermore confirmed in a structural equation model. Consequently the model was tested regarding a second-order-factor structure as well as reliability, unidimensionality, convergent validity, discriminant validity, and nomological validity. The results of confirmatory factor analyses and structural equation modeling lend support to the developed measurement model. Hence it can be assumed that the external perception of the employer brand can be measured as a second-order factor model based on the following three first-order factors: employer brand image, employer brand trust and employer preference. The items forming employer brand image measure how friendly, attractive and likeable an employer is perceived to be. With regards to existing studies on the topic of employer
attractiveness, study results suggest a more general evaluation level as all detailed employer attractiveness items (Item 1 to 12) were removed during the exploratory factor analysis. The second first-order factor employer brand trust is based on the honesty and reliability of an employer. As the importance of trust in general marketing literature (e.g. Chiou & Droge, 2006) as well as employees related literature (Chun & Davies, 2006) has already been confirmed, the authors expected a trust component for the measure of the employer brand. Although this presumption was confirmed it was still surprising that the employer security was not confirmed in confirmatory factor analysis. With regards to the results of the focus group interviews this could be explained by the general attitudes of Generation Y. According to the interviewees, job security has strongly decreased in importance compared to former generations. The last first-order factor employer preference is formed by the items working interest and application interest.

The developed scale makes significant contributions to research as well as practice. For researches the EXPEB scale provides the basis for a consistent definition of the construct across different studies. Consequently the use of the EXPEB scale allows a comparison of research results from different studies. Furthermore empirically developed theories involving the external perception of the employer brand require a valid measure. In addition research results provide new theoretical knowledge about external employer branding and therefore contribute to the general employer branding literature. For practitioners the results of the study offer different contributions. Firstly, organizations get a useful measurement tool for the evaluation of the external perception of their employer brand. The short EXPEB scale consisting of seven items is easy and time-saving to handle which furthermore increases the participation willingness of possible respondents. Additionally, the results can be evaluated quickly. Secondly, an internal comparison of the results over a specific period of time can
indicate area for improvement. Furthermore the EXPEB scale can help to evaluate the effectiveness of various employer branding activities like e.g. an open house presentation, by comparing results before and after the activity. Thus solves the problem of the measurability of employer branding activities. EXPEB results can also be benchmarked if competitor’s evaluations are included in the questionnaire. Another important point is that the EXPEB results can provide important information for future employer branding activities. If for example the rating of the first-order-construct ‘brand trust’ is lower than that of a competitor, an organization can focus its employer brand communication on trust aspects to increase the rating. Thirdly, the evaluation and comparison of particular target groups is possible and therefore the EXPEB scale can help organizations to ensure that the employer brand attracts the right kind of people (see Mosley, 2007).

Fourthly, results of the identified dimensions of the external perception of the employer brand can help corporate communications executives to assess and develop their external communication strategies (Davies, Chun, da Silva, & Roper, 2004). Furthermore, the evaluation of other stakeholder groups might be interesting for organizations, as decisions about prospective employers are rarely made in a social vacuum (Moroko & Uncles, 2009). Prospective employees tend to consult reference groups for advice when choosing between employment offers and/or possible employers for an application and therefore it could be interesting for organizations to know the evaluation by those reference groups. Last but not least the second-order structure of the EXPEB scale allows different levels of abstraction. Hence results can be compared on item-level as well as first-order-construct-level and finally second-order-construct level. This offers additional information for improvement as well as further room for research.
LIMITATIONS OF THIS STUDY

As Berthon et al. have stated (2005) the external validity and generalizability of a scale depends on the subjects on which the scale is based. The study focused on one of the main target groups of employer branding – well educated people like e.g. students and graduates (Berthon, Ewing, & Hah, 2005; Ewing, Pitt, De Bussy, & Berthon, 2002) but other target groups like e.g. engineers without higher education or professionals were not considered. With regards to the engineers it can nevertheless be stated that nearly one third (23%) of the interviewees were engineering students but less educated engineers were not included in the sample. Furthermore nearly one third (27%) of the interviewees were graduates and more than the half (56%) of the interviewees have more than one year and still one third (33%) has more than two years of relevant working experience. Nevertheless they don’t completely cover the target group of professionals. Another limitation is the age of the target group. With regards to the target group of employer branding and the knowledge of a new generation - with distinct requirements - on the labor market, all respondents belong to Generation Y (C. A. Martin, 2005). Hence the study results are limited to people who were born between 1977 and 1994 (Bush, Martin, & Bush, 2004). Another limitation is the fact that the study was carried out in Austria and therefore cultural differences were beyond the scope of this work. Furthermore the possibility of the existence of other dimensions influencing the external perception of the employer brand has to be mentioned. Although the study results support and validate the developed scale it is impossible to rule out the possibility of other important dimensions.

DIRECTIONS FOR FUTURE RESEARCH

Although the study establishes a clearly defined set of EXPEB dimension it also suggests an array of important research questions. As study results are based on two chosen organizations, further research could deliver additional information about other organizations and industries.
Moreover the suggested scale can be applied in broader studies that link the external perception of the employer brand with other constructs. Moreover further research for testing the validation of the derived dimensions on an international base would be interesting. In addition differences in the evaluation between target groups, generations, gender, educational levels, amounts of working experience et cetera would be interesting to survey in future studies.

As to the authors` knowledge, this study is the first empirical attempt at defining and validating the external perception of the employer brand, and the EXPEB scale adds another piece to the growing body of employer branding literature but nevertheless offers a number of opportunities for further research.
REFERENCES


