

MEDIATION EFFECT OF EMPLOYER FAMILIARITY AND REPUTATION ON JOB APPLICANTS IN THE CONTEXT OF MALAYSIAN BANKING INDUSTRY

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Abstract

Purpose of the study: The purpose of this study was to investigate two exogenous variables, namely employer familiarity and reputation, against the endogenous variable of intention to apply. Additionally, employer familiarity and reputation were examined as mediators for social media and the choice to submit a job application.

Methodology: A quantitative study was carried out with final year business graduates as respondents. A questionnaire was used with a 7-point Likert scale. Regression and p-values were the main standards used to analyze the data. Data analysis was carried out using SPSS and Smart PLS-SEM.

Main findings: Social media is a new window of opportunity for employers to groom their image and engage with prospective employees. Employer engagement in social media signifies their physical and mental involvement with greater attention to prospective employees. Social media also serves as a warehouse of information.

Applications of the study: A new reform in salary packages, bonus structures, and other benefits may be needed to make the financial service industry more competitive and ultimately eradicate feelings of job dissatisfaction and intention to leave.

Novelty/Originality of the study: This study is novel in examining endogenous variables with two exogenous variables and studying the mediator role. No previous study has examined mediation in the context of the Asian, especially Malaysian, banking industry.

Keywords: Employer Branding, Familiarity, Social media, Willingness to submit the job Application

INTRODUCTION

The world is often referred to as a global village due to the rapid advancements in technology in the present era. Social media, a planet of communication, is well-known in this fast-paced technological world (Khan, Khan, Ali, & Islam, 2022). Different social networking sites such as Facebook, Twitter, LinkedIn, MySpace, web applications, and many others are ingredients of social media. The use of social media is not specific to any generation, as users are increasing in numbers across all age groups. However, the younger generation is counted as higher users of social media (Ahn, 2011; Khan et al., 2022). Despite social media's popularity, its appearance is not the right perspective for personnel planning. Organizations are using social media to sell and buy products, and promotion of products has also become a significant concern for consumers (Tavleen, 2013; Khan et al., 2022). Social media grew rapidly in the mid-1990s (Khan et al., 2022; Singh, 2013), closing the gaps between people across borders. This brought many changes to organizations, as traditional recruitment advertisements were replaced by social media (Kumar & Garg, 2010). Social media is an innovative phenomenon in employer familiarity (Aslam, 2015). However, in doing so, the role of employer familiarity and reputation as mediators in the use of social media has been overlooked. Further details are provided in the literature review.

1.1 Background of the study

For a long time, many countries have noticed a slow availability of skilled employees (Akomah, Ahinaquah, & Mustapha, 2020; Chu, Long, and Ming, 2015; Henkens & Schipper, 2005; Ng & Burkey, 2005; Qi & Qi, 2021; Schreurs & Syed, 2011; Sharma, 2012; Silva, Warnakulasuriya, & Arachchige, 2018). These shortages of skilled employees began in the early 21st century, when highly qualified employees were no longer available for many vacancies (Chu et al., 2015). Today, skilled employees are not easily attracted to organizations, and there is no trouble-free way to attain them. A recent survey conducted by SHRM in 2022 showed the skills gaps, and organizations are in dire need of skilled employees. Figure 1.1 below illustrates the scarcity of skilled employees. Although the reasons may differ, this fact exists as a bitter reality.

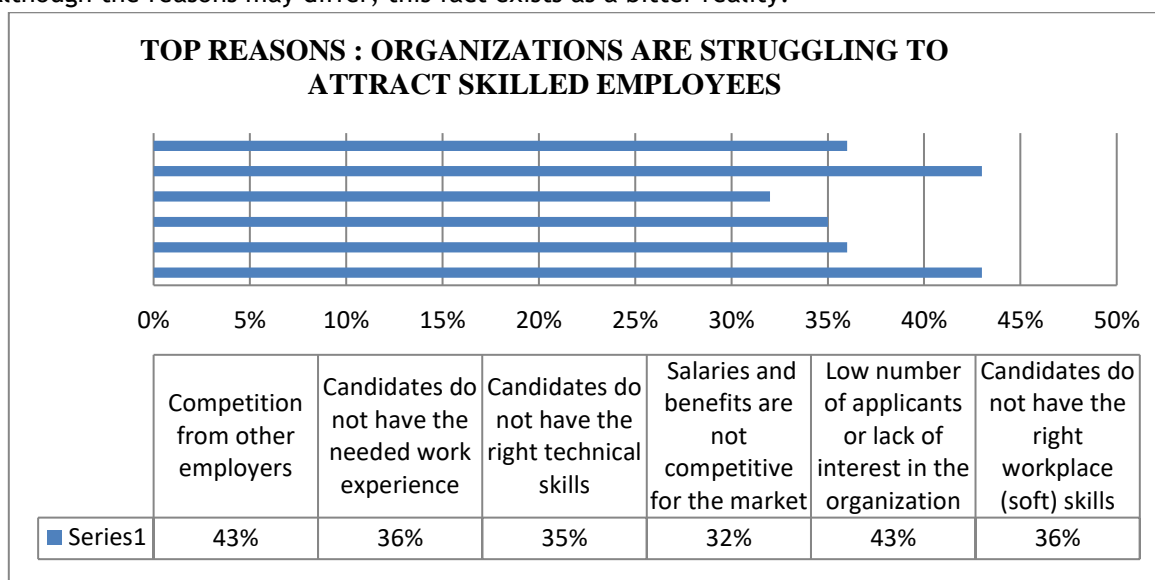


Figure 1.1: Shortage of Skilled Employees (Source: SHRM (2022))

The demand for skilled employees is at its peak (Kölling, 2022; Oladipo, Iyamabo, & Otubanji, 2013; Qi & Qi, 2021), and many countries, such as the USA, UK, Canada, and many European countries, are endorsing the import of skilled employees, such as engineers and accountants (Chu et al., 2014; Henkens & Schipper, 2005; Kölling, 2022; Ng & Burkey, 2005; Schreurs & Syed, 2011; Sharma, 2012). Furthermore, retaining human capital is the main challenge faced by developed and developing countries, despite high unemployment rates. The world has recorded an unprecedented increase in employee turnover.

Before and after the pandemic, different studies have forecasted employee turnover rates. According to the Hay Group global management consultancy (HGGMC) and SHRM (2021), employee turnover was counted at 600 million in 2012 and increased to 850 million in 2018. After COVID-19, it is still expected to increase in huge numbers, as compared to before the pandemic. As Maurer (2021) notes, employee turnover has been manipulated with different numbers in different situations, especially during the pandemic. Many employees have left their jobs, and a pandemic of employee turnover is not specific to any sole region. Without any major changes in figures, employee turnover is affecting each sector in the global village, with the service sector being counted as the highest danger zone.

In Malaysia, the banking industry has seen tremendous development. However, high employee turnover has had a severe impact on the banking industry (Sija, 2021). The Voluntary Separation Scheme (VSS) was a major cause of employee turnover, with 31,476 employees leaving their jobs (Sun Daily Online, 2016). Due to high employee turnover, the financial sector is facing issues with skill gaps.

Furthermore, a survey conducted by the Asian Institute of Finance (2022) also indicated skills gaps in the financial sector in Malaysia. The skills gaps were diagnosed at four levels, with some skills gaps requiring extreme levels of attention. Table 1.1 below indicates the demand for required skilled workforce in the financial sector of Malaysia.



Table 1.1 : Skills Gaps in Financial Sector, Malaysia

Important	Very Important (gap of 21 to 24)	Urgent (gap of 25 to 29)	Highly Urgent (gap of 30 or more)
Empathy	Language proficiency in English	Project management	Strategic thinking
Self-esteem	writing and speaking	Problem solving	
Commitment	Self- motivation	Analytical skill	
Corporate governance & risk management	Coaching	Management	
Teamwork & collaboration	Industry knowledge		
	Communications		
	Customer service		

Source: Asian Institute of Finance (2022)

Table 1.2: Number of SM users in Malaysia-2022

Item	Data
Total population of Malaysia	32.98 million
Number of internet users in Malaysia	29.55 million
Malaysians' daily time spent on the internet	9 hours and 10 minutes
Male Malaysian Users	48.6%
Female Malaysian Users	51.4%

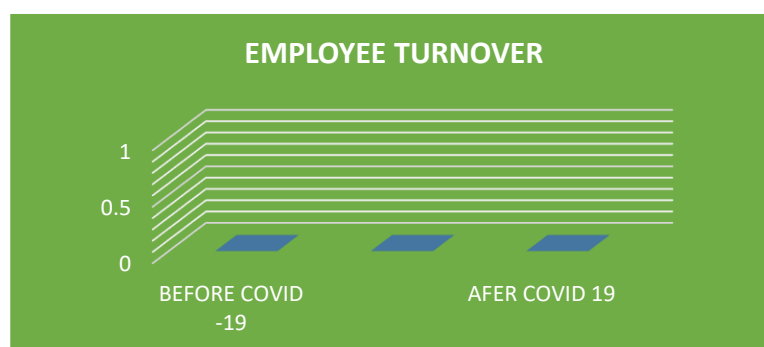


Figure:1.2: Employee Turnover

LITERATURE REVIEW

Social media is a new planet of communication concerning the job market (Gupta, Jogdand, & Kumar; Rai, 2011). The job market has gained greater attention due to the scarcity of human capital (Arachchige & Robertson, 2013; Schreurs & Syed, 2012). Human capital is more valuable than ever before, as it cannot be duplicated in organizations. It is harder to imitate human capital compared to other sources such as finance and raw materials, as skills, knowledge, expertise, and professionalism have gained more significance in the present era (Arachchige & Robertson, 2013). The number of social media users is increasing day by day, and there is a significant difference in the number of users compared to the previous decade. Furthermore, differences in the number of users also exist. A recent survey conducted by Chaffey (2023) states that a larger number of social media users are in Asia. According to Chaffey (2023), eastern Asia is affiliated with 72% of social media users, displaying the wide disparity of social media penetration. Figure 1.3 below illustrates this.

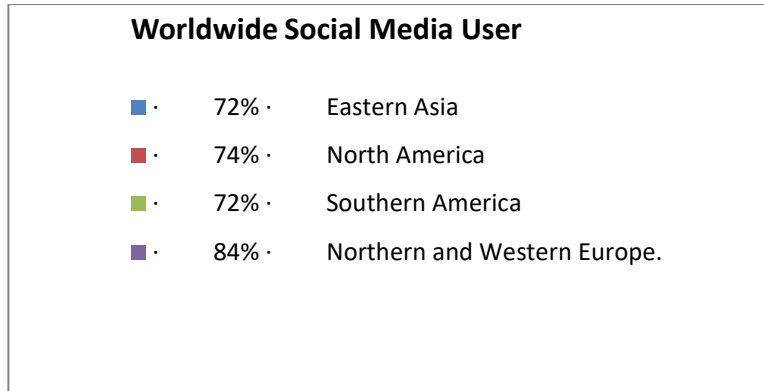


Figure 1.3: Worldwide Social Media Users (Source: Chaffey , 2023)

In addition, social media platforms are not specific to a single application. Social media apps offer complete advertisement facilities to reach customers. About 58.4% of the world's population are active social media users, and this number is increasing every day. The use of social media has hit the Asian world like never before, and Malaysia has a large number of social media users. Malaysia has a population of 32.8 million in the Asian world, with 29.55 million being the largest users of social media in the country. Table 1.2 above indicates the number of social media users in Malaysia, and a distinction between female and male social media users can also be seen in Figure 1.4. The number of social media users has increased, so it is not surprising that traditional recruitment is shifting towards online recruitment (Kumar & Garg, 2010).

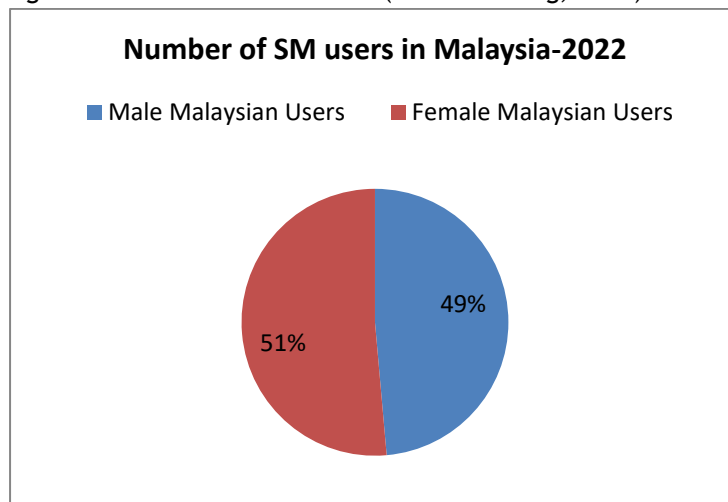


Figure 1.4 : SM Malaysian Female and Male Users (Source: Amurthalingam (2023))

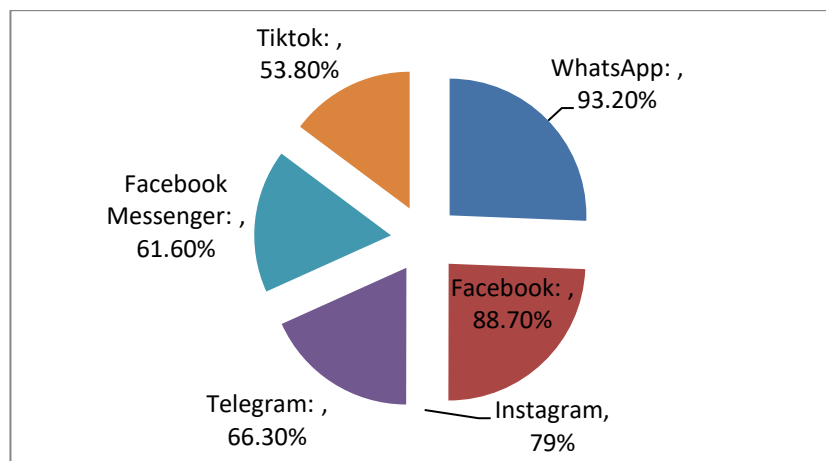


Figure 1.5: Most used social media in Malaysia 2022 (Source: Amurthalingam (2023))

Where eastern world is attached with higher number of users. Similarly, western world is not without its. Likewise, big comparison can be viewed in USA from 2020 to 2021. Different percentages of users are using different types of apps. A large number of persons can also see in Figure 1.6

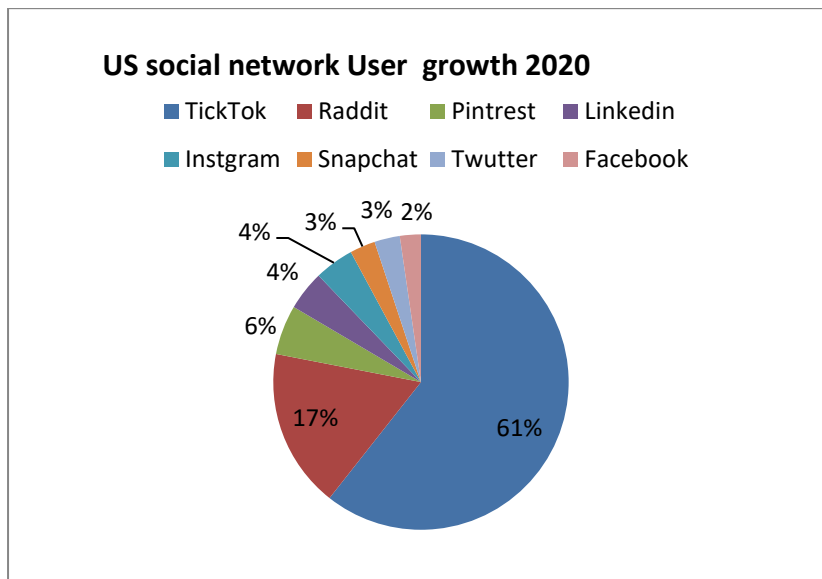


Figure 1.6: USA Social Network User Growth 2020

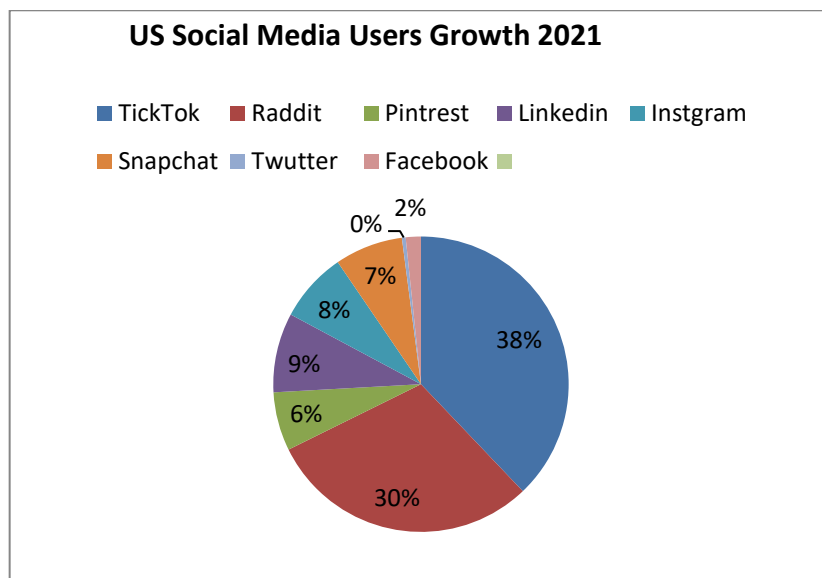


Figure:1.7 :US social media User Growth 2021

Nevertheless, it is not easy for organizations to access these competencies in the form of human capital (Arachchige & Robertson, 2013; Kölling, 2022; Sumption, 2022). Organizations are facing tremendous challenges in attracting potential employees (Suleman, Videira, & Araujob, 2021; Ployhart, 2006). Employee turnover is a core issue in organizations, and it is not easy to refill vacancies even with high unemployment rates (Arachchige & Robertson, 2013). Employee turnover not only impacts existing employees negatively but also creates a bad perception among prospective employees.

However, online recruitment is divided into different ways, such as the use of an organization's website for recruitment and the use of commercial job advertisement websites like Monster.com (Parry & Wilson, 2009). Employer branding has recently merged with social media as a way of presenting organizations as attractive employers to potential associates (Tavleen, 2013). Being an

attractive employer is a central tool in effective recruitment (Gomes & Neves, 2011; Yoganathan, Osburg, & Bartikowski, 2021).

Employer branding serves multiple functions in the job market, and intention to apply is parallel with employer branding (Saini et al., 2013). The maneuver of employer branding is an enormous notice of intention to apply (Ćorić, Bašić, & Filipović, 2022; Gomes & Neves, 2011). Employer branding can be boosted with an increasing employer familiarity (Saini et al., 2013), and familiarity also becomes a cause of employer reputation (Cable & Turban, 2001; Sivertzen et al., 2013). A shiny bar of reputation can be developed through employer familiarity, whereby job seekers intend to apply (Sivertzen et al., 2013).

In the digital world, human and brand are two close contacts as a brand and reputation are on the top of the minds of everyone. When people go for shopping, the first query is about "brand". Similarly, the job market is becoming merged with reputation, as identified by some authors who argue the worth of reputation in a job market (Kantar, Collins, & Bell, 2015). According to them, a poor reputation might be detracting to job seekers. Further, recruitment has moved from traditional media to social media, and campaigns on social media in the job market are becoming well-known among employers (McGrath, 2012). However, employer reputation and social media have been overlooked in the literature. This study takes employer reputation as a mediator.

As various details might appear as strengths and weaknesses about organizations on social media, reputation can be diverted in different directions. Apparently, employer reputation is significant with the intention to apply (Sivertzen et al., 2013). Thus, this study investigates how social media can be used as a communication tool for employer familiarity, reputation, and intention to apply for a job. It is not well-known what type of information influences the early phase of recruitment. This study takes information regarding employer image (job details, organizational attributes), information regarding employer branding, and overall reputation information on social media.

Employee turnover not only impacts existing employees negatively but also creates a bad perception among prospective employees. As per the researcher's knowledge, two exogenous variables and one endogenous variable were not examined together using a mediator (employer familiarity and reputation) in the perspective of the Malaysian banking sector. Employer familiarity and reputation were also put as a mediator for social media and willingness to submit a job application. The replication of the model (modification) was taken from a previous study (Aslam, 2015), and a literature gap was also supportive of this model. The scholarly work together is the contribution of this study; therefore, this study is crucial. Four hypotheses were developed in this study.

Hypotheses:

H1: There is a significant relationship between social media and employer familiarity.

H2: There is a significant relationship between social media and employer reputation.

H3: Employer familiarity mediates the relationship between social media and intention to apply for a job.

H4: Employer reputation mediates the relationship between social media and intention to apply for a job.

H5: There is significant relationship between social media and intention to apply for a job.

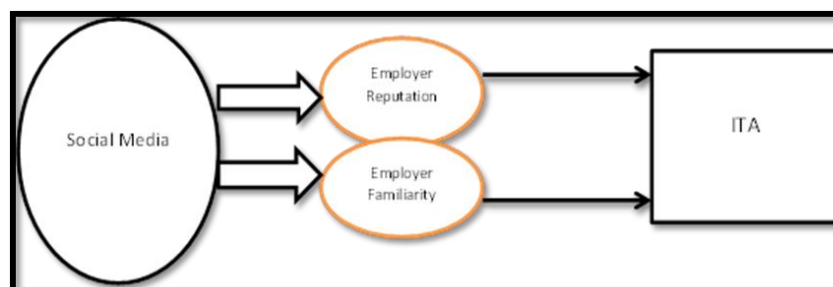


Figure 1.8: Proposed Model.



METHODOLOGY:

Data was collected in federal teriery kuala lumpur . The city kuala lumpur was choosed because mostly all types of bnks are located in this city. Further, majority employees are working here. 384 Sample size was estimated based on Krejcie and Morgan (1970). According to Krejcie and Morgan (1970), 384 sample size is sufficient if population is more than 100000. Data was collected from middle staff including male and female. The quantitative study was peformed and survey was conducted with using questionnaire. Likert scale was used in questionnaire.

Data analysis was performed using SPSS (20.0) and Smart PLS 3.0. Smart PLS-SEM is better suited for latent variables and beneficial in analyzing even small sample sizes. Specific techniques were applied, starting with data screening, where all outliers were deleted. Multicollinierity and non-response bias were also tested. The data was collected through a specific method, but no information was provided in the text. 79 present response rate was estimated. It was the satisfactory point.

Findings/Results:

This study consisted of five hypotheses, all of which were tested via Smart PLS-SEM. The results of the hypotheses were observed against the p-value, and all hypotheses were accepted. It is concluded that social media creates vague posts that may have a negative impact on individuals' minds. Vague posts can lead to assumptions and misunderstandings within clusters of contacts. People have been empowered by social media to write whatever they have heard from other persons, which may lead to negative publicity and a bad reputation for businesses.

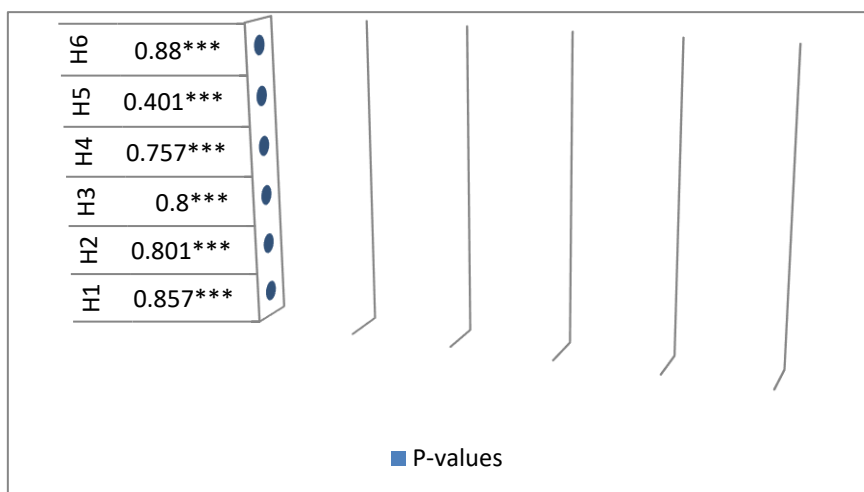


Figure 1.9:

CONCLUSION

This study is consisted of 5 hypotheses. All hypotheses were tested via smart PLS-SEM. The results of hypotheses were observed against P-Value. All hypotheses were accepted. It is concluded that social media creates the vague posts which may cause bad impact on individuals minds. Vague Posters can lead to assumptions and misunderstandings within clusters of contacts. People have been empowered by social media whereby they can write whatever they have heard by other persons. This may pointers the negative publicity and bad reputation of businesses.

LIMITATION AND STUDY FORWARD

This study was carried out in Malaysia. The samples were taken from Kuala Lumpur only. Even the Federal teriery has multiple banks including multinational bank. The top management persons were not included in this study. Only middle level and administrative employees were included. Further, only bank employees were participated . The other sectors employees were not included. This study recommends the future study focused on other sector employees.

CONFLICT OF INTEREST AND ETHICAL STANDARDS

The ethical operations were preferred in this study. There was no biasness in data collection and data analysis too. The originality of the study was also highly priority in this study. No similar study has done before in perspective to Malaysian banking sector.

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