

CHAPTER II

LITERATURE REVIEW

2.1 Theoretical Background

2.1.1 Intention to Stay

Milliman et al. (2018) defines intention to stay as an individual's intention to stay with their current employer long-term, which is considered the opposite of the intention to leave. It is the opposite of turnover intention, which defines the intention of employees to leave the employer (Shahid, 2018). Qian & Balwi (2024) explained that intention to stay is the outcome of employees' thorough assessment of their current work environment, career development opportunities, and organizational culture. Companies support employees' intention to stay through retention strategies, which is crucial as it helps avoid the costs associated with recruiting, selecting, and onboarding new staff (George, 2015).

Retaining employees who effectively represent the company's brand is crucial, especially for service-oriented businesses, as employees serve as the public face to customers. In the transportation industry, where there is direct interaction with customers, it is essential for employers to retain employees who can deliver the highest value to ensure customer satisfaction (Ek Styvén et al., 2022). Employees who embody the company's values not only contribute to a positive brand image but also enhance overall service quality, which can lead to repeat business. Therefore, retaining highperforming employees who provide exceptional value is key to maintaining competitive advantage and driving long-term customer satisfaction.

Intention to stay has been shown to be influenced by various factors, with employer branding emerging as a more recent factor linked to the intention to stay (Hadi & Ahmed, 2018). Companies understand that employees are more inclined to select and remain with a firm if they perceive it provides a high quality of work life, which is

closely associated with job satisfaction (Gómez-Mejía et al., 2018). Milliman et al. (2018) found that as companies infuse work with a sense of meaning, purpose, and personal fulfillment, or in other words develop a workplace spirituality, employees will tend to stay. Shahid (2018) identifies trust and motivation within the company as predictors for employee intention to stay.

2.1.2 Employer Branding

Employer branding is the ongoing process of creating a distinct and recognizable employer identity. Through employer branding, employers seek to project a positive and appealing image to both current and prospective employees, while distinguishing the company as an employer from its competitors (Ek Styvén et al., 2022). Gregorka et al. (2020) describes employer branding as a collection of functional, economic, and psychological benefits that an organization offers its employees, aimed at fostering greater loyalty and improving performance. These benefits are often conveyed through organizational culture, such as portraying the company as a family (indicating warmth and support) or emphasizing a collaborative, team-oriented approach rather than an individualistic, competitive one (Ito et al., 2013).

Strong employer brands enable companies to not only attract new employees more easily but also reduce recruitment costs and boost employee retention (Ek Styvén et al., 2022). Today, potential employees are often drawn to employers who offer competitive salaries and benefits, opportunities for professional development, meaningful work, flexible work arrangements, and a strong organizational ethos (Zaharee et al., 2018). Thus, companies aiming to attract and retain high-quality employees must offer various forms of value beyond just economic benefits. These different types of value have been widely explored in marketing research on employer attractiveness.

Employer prestige refers to how respected and reputable a company is in the eyes of the public, often shaped by its status, achievements, and overall image. In their

study, Astrellia and Wardhana (2024) found that employer prestige had a stronger influence on Generation Z's intention to apply than employer attractiveness, suggesting that external reputation plays a more decisive role than internal workplace appeal for this generation.

2.1.3 Employer Attractiveness (EmpAt scale)

Berthon et al. (2005) defines employer attractiveness as the perceived benefits a potential employee envisions in working for a particular organization. It can be considered a precursor to the broader concept of employer brand equity. In other words, the more attractive potential employees perceive an employer to be, the stronger that organization's employer brand equity becomes. Berthon et al. further developed the EmpAt scale and categorizes employer attractiveness into five dimensions: interest value, economic value, development value, application value, and social value. Based on the definition by Gregorka et al. (2020) economic value is classified as economic benefits; development value and application value are related to functional benefits; and social value and interest value fall under psychological benefits.

a. Interest value (creativity and innovation)

According to Berthon et al. (2005), the interest value refers to how much an individual is drawn to an employer that offers an engaging work environment, innovative practices, and leverages employees' creativity to deliver high-quality, innovative products and services. Ha & Luan (2018) added that in deciding whether to apply for a job and choose a workplace, each candidate carefully assesses various factors and criteria, with a key consideration being a motivating and appealing work environment. Interest value plays a significant role in encouraging employees to remain with a company. As it was mentioned in the research background, Ek Styvén et al. (2022) found it to display the greatest influence on employees' intention to stay.

b. Economic value

Economic value describes the degree to which an individual is drawn to an employer offering above-average salary packages, job security, and opportunities for promotion (Berthon et al., 2005). According to Zaharee et al. (2018), pay and financial benefits are the primary factors influencing millennials' and other generations' choice of employer over any other consideration. Ha & Luan (2018) explains that when applying for a company, most candidates seek competitive compensation and benefits, along with fair policies that value their efforts, intellect, and abilities. Ek Styven et al. (2022) also found the economic value to be one of the highest driving factor in retaining employees.

c. Development value

Development value is the level to which an individual is attracted to an employer that provides recognition, a sense of self-worth, and confidence, as well as career-enhancing experiences and a platform for future opportunities (Berthon et al., 2005). Employees, including prospective candidates, generally seek opportunities to advance their careers and demonstrate their abilities while working with an organization. If a company supports and facilitates staff development, employees are more likely to commit to the company for the long term (Ha & Luan, 2018). The methods for offering development opportunities can differ industry to industry. Zaharee et al. (2018) suggests a systematic approach to talent development throughout employees' careers, which includes a comprehensive on-the-job training program, a mandatory continuous education program, and a cross-functional rotation program.

d. Application value

Application value describes the degree to which an individual is drawn to an employer that offers opportunities to apply their knowledge and teach others, within a customer-focused and humanitarian environment (Berthon et al., 2005). Application values consistently enhance an organization's reputation. Companies that support and

encourage employees to apply their skills effectively in their work tend to gain a strong reputation, and the opposite is also true (Ha & Luan, 2018).

e. Social value

Social value is the degree to which an individual is drawn to an employer that offers a fun and enjoyable work environment, fosters positive collegial relationships, and promotes a team-oriented atmosphere (Berthon et al., 2005). Social value also encompasses the company's responsibility towards the community. Candidates often prefer to work for companies that engage in activities with significant societal impact (Ha & Luan, 2018). Corporate social performance (CSP) is seen as a key factor influencing employees' decisions on where to work (Sohn et al., 2015).

Additionally, Gregorka et al. (2020) classify these dimensions into three broader categories of benefits: economic benefits (economic value), functional benefits (development and application value), and psychological benefits (interest and social value). This classification provides a deeper understanding that *employer attractiveness* is not solely about financial compensation but also includes employees' needs for personal growth and emotionally meaningful work experiences.

In the context of Generation Z a group that is beginning to dominate the labor market these dimensions become increasingly significant. This generation is known for being selective and critical job seekers who evaluate not only financial compensation but also the alignment of personal values with corporate culture, work-life balance, flexibility, and the organization's social responsibility.

Based on this theoretical framework, it can be hypothesized that the higher the perceived employer attractiveness, the greater the likelihood that individuals particularly Generation Z will exhibit an intention to apply for jobs at that organization. This hypothesis is grounded in the assumption that each dimension of *employer attractiveness* contributes to the formation of positive perceptions, which in turn influence behavioral intentions.

2.2 Previous Studies

Table 2.1

Previous Studies

	Title, Author, and Year	Variables	Analysis Method	Findings
1	Employee perceptions of employers' creativity and innovation: Implications for employer attractiveness and branding in tourism and hospitality (Ek Styvén et al., 2022)	• Employer Attractiveness ○ Interest value ○ Social value ○ Economic value ○ Development value ○ Application value • Intention to stay • Intention to recommend	Confirmatory Factor Analysis using IBM AMOS. IBM SPSS for regression analysis	The results of this research revealed that the interest value and economic value of employer attractiveness positively influence employees' intention to stay and recommend the company to others. The remaining three dimensions (social, development, and application value) does not influence the intention to stay and recommend.

2	The effect of employers' attraction and social media on job application attention of senior students at	☐ Employer Attractiveness ○ Interest value ○ Social value ○ Economic value ○ Development value ○ Fair value ○ Social media ○ Social responsibility	EFA, Regression analysis, ANOVA analysis	The results of this research revealed that Development, interest and fair value of employer attractiveness positively influence intention to apply for a
	pharmaceutical universities in Vietnam (Ha & Luan, 2018)	☐ Intention to apply for a job		job. On the other hand, Social value, economic value, and social responsibility value does not positively influence intention to apply for job.

3	Effectiveness of employer branding on staff retention and compensation expectations (Bussin & Mouton, 2019)	• Employer Branding Perception • Demographics • Retention • Compensation Expectations	This study employs regression analysis to analyze the relationships of variables and variance analysis to determine the difference of perception among demographics groups.	The findings of this research shows that employee branding perception is different across age groups while indifferent between genders, education level, and racial groups. It was also revealed that employer brand perception is related with compensation expectations. Lastly, employer branding perception positively influence retention in the company.
4	Employer Branding A Novel Route to Employee Retention and Competitive	• Employer Attractiveness • Competitive Advantage • Employee Retention	This study uses the regression analysis in SPSS 21 to test the hypothesis	This study examines five different dimensions of employer attractiveness and its impact on competitive

	Advantage (Sharma, 2019)		advantage and employee retention. It was revealed that employer attractiveness positively influence employee retention and competitive advantage. Employee retention acts as a mediator between employee attractiveness and competitive advantage.
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5	Employer attractiveness from a generation perspective: Implications for employer branding (Reis & Braga, 2016)	• Employer Attractiveness ○ Interest value ○ Social value ○ Economic value ○ Development value ○ Application value • Employee Retention	Descriptive statistics analysis	The findings of this study confirms that all five dimensions of the Employer Attractiveness (EmpAt) scale scores high mean across Baby Boomers, Gen X, and Gen Y. This means that all dimensions needs to be considered for recruitment and retention. Economic value importance (measured in mean) decreases from
				younger to older generation.

6	Dimensions of Attractiveness in Employer Branding for Employee Retention in Nepalese Hospitality Industry (Sthapit & Shrestha, 2020)	• Employer Attractiveness ○ Interest value ○ Social value ○ Economic value ○ Development value ○ Application value • Employee Retention	Descriptive statistics, Kendall's tau correlation and JonckheereTerpstra test	The results of this study indicates that interest value and the economic value as the most important values in determining retention. Among entry-level and middle-level employees, economic value plays a bigger role. On the other hand, interest value is more important for top-level employees in the Nepalese hospitality industry.
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2.3 Hypothesis Development

2.3.1 Intention to stay and interest value (creativity and innovation)

A study by Ek Styvén et al. (2022) revealed that employees are more likely to stay in organizations that offer exciting and challenging work, highlighting the importance of interest value. Ha & Luan (2018) also found that fostering creativity improves employees' intention to stay. In their research, Sharma (2019) concluded that employees are more likely to stay with companies that offer creative challenges, foster idea collaboration, and allow adaptation alongside equally driven colleagues. Lastly, a study by Gregorka et al. (2020) discovered that employees are more willing to stay at a company that engage with their employees, which can be done through performance

reviews and allowing employee feedback. Drawing from the findings, the researcher suggests the following hypothesis:

H1: Interest value positively influence the intention to stay of PT. Asih Tunggal Jati employees.

2.3.2 Intention to stay and economic value

A study by Ek Styvén et al. (2022) revealed that competitive salaries and financial incentives significantly increase employees' intention to remain with their current employer. These findings are strengthened by Gregorka et al. (2020) that found a positive influence between Employee Value Proposition offers, such as incentives, on employee retention. Additional insight is provided by Tanwar & Prasad (2016) by explaining that the benefit and compensation structure attracts employees to remain in the company. Guided by the findings, the researcher establishes the following hypothesis:

H2: Economic value positively influence the intention to stay of PT. Asih Tunggal Jati employees.

2.3.3 Intention to stay and development value

The study by Ha & Luan (2018) also found that employees are more likely to stay in organizations that provide ample growth opportunities and professional development programs. This finding is strengthened by (Ito et al., 2013), which classified career development within a company as one of the most important factor in maintaining employees. Arasanmi & Krishna (2019) also found a correlation between offering career development opportunities and employee retention. Considering the results, the researcher puts forth the following hypothesis:

H3: Development value positively influence the intention to stay of PT. Asih Tunggal

Jati employees.

2.3.4 Intention to stay and application value

A study by Benraïss-Noailles & Viot (2021) found that when employees are given the chance to implement and share acquired knowledge, their intention to stay will likely increase. Also, Sharma (2019) did not rule out application value as an important factor in shaping employees behavior. Conversely, several studies have found that application value has an insignificant influence on intention to stay (Ek Styvén et al., 2022; Ha & Luan, 2018). The researcher finds it important to analyze how the application value affect the intention to stay at PT Asih Tunggal Jati. Therefore, the researcher proposes the following hypothesis:

H4: Application value positively influence the intention to stay of PT. Asih Tunggal Jati employees.

2.3.5 Intention to stay and social value

Several contemporary studies support the association between social value and intention to stay. Research by Sharma (2019) revealed that companies that promote social interaction and collaboration in the workplace can enhance employee retention. This can be achieved through offsite meetings, celebrating significant occasions, or organizing events that integrate ample social time into employees' work lives. Gregorka et al. (2020) in their study also discovered the importance of holding social activities to boost social engagement with the employees, which leads to retention. Conversely, several studies have found that social value has an insignificant influence on intention to stay (Ek Styvén et al., 2022; Ha & Luan, 2018). The researcher finds it important to analyze how the social value affect the intention to stay at PT Asih Tunggal Jati.

Therefore, the researcher proposes the following hypothesis:

H5: Social value positively influence the intention to stay of PT. Asih Tunggal Jati employees.

2.4 Research Framework

The purpose of this study is to analyze how the five dimensions of employer attractiveness influence the employees' intention to stay. The five dimensions of employer attractiveness includes: interest value, economic value, development value, application value, and social value. Therefore the following research framework is proposed by the researcher:

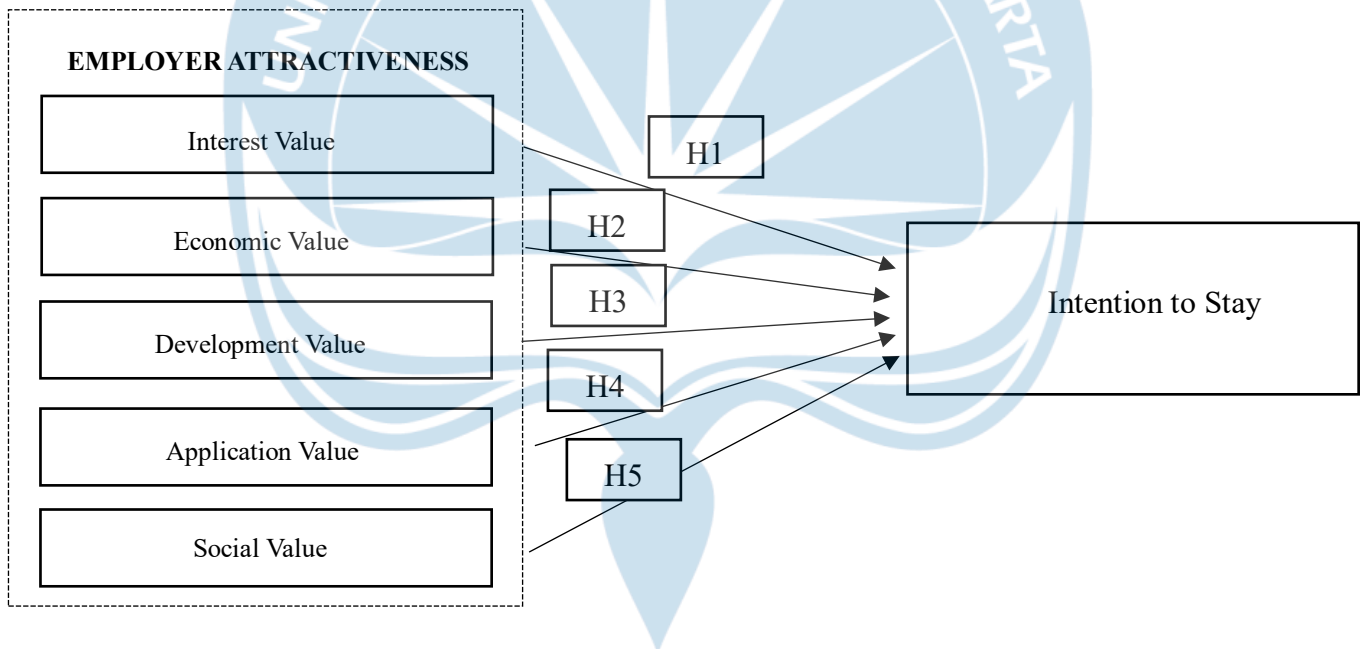


Figure 2.1 Research Framework

Adapted from: Ek Styvén et al. (2022)