THE EFFECT OF EMPLOYER ATTRACTIVENESS AND SOCIAL MEDIA ON CORPORATE REPUTATION AND THEIR IMPLICATIONS ON INTENTION TO APPLY

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Abstract

It is undeniable that frequently, competition in the employee recruitment process is getting tougher. It is inseparable from the increasing number of start-up companies or companies developing their business in various fields that did not even exist before. It makes employee candidates have many choices. Those who are competent can easily be accepted in the companies of their dreams. Companies also face competition to get competent employees in their fields because human resources have an important role in achieving their competitive advantage. The company ensures that all individuals who work have character and work ethic with integrity and can complete their work optimally. For this reason, the company recruits workers who have superior educational backgrounds and opens career paths for the younger generation to develop and actualize themselves in their professional journey. Employer attractiveness or leadership attractiveness is one that applicants pay attention to, including psychological values, innovation values, and application values. Another thing that is of concern is the reputation of the company; the better the reputation of the company, of course, the greater the number of applicants who will apply. This research was conducted on the OVO one of Indonesian unicorn company.

Keywords: employer attractiveness, corporate reputation, intention to apply for a job

1. Introduction

It is undeniable that technology has had a significant influence on human activities. In this very advanced era, electronic media has become one of the mainstay media for communication and business. With the development of technology, people in Indonesia can easily access the latest information quickly. The public can also use Internet media to help sustain daily activities. The internet can easily be accessed on a mobile phone or computer device.

The development of technology and information is so fast, the distribution of internet service systems and the great influence of smartphones make Indonesia one of the countries with the

potential for developing online-based applications. One of them is using mobile payments, an electronic financial system based on mobile devices (Safitri et al., 2019).

Although the use of mobile payment services circulating in Indonesia is quite a lot, it turns out that the Indonesian people's use of mobile payment services is dominated by Go-Pay, OVO, and Dana in the third position. As of January 2018, Hootsuite data states that there are 177.9 million mobile phone users in Indonesia, which is 67% of the total population in Indonesia. Internet users have also reached 50% of the total population in Indonesia, which is around 132.7 million.

The potential for smartphone development can reach 90% in 2020 because currently, internet users have reached 180.5 million or around 68%. The development of smartphone users will be an opportunity for companies that provide mobile payment services, especially mobile payments. Cashless transactions of 86% are still the highest in China and followed by Thailand with 67% (Global Consumer Insights Survey, 2019). One of the online transportation services that are currently developing is OVO mobile payment. OVO application users are not only from the upper class, but the lower middle class can also enjoy the services that are already available in the application.

In addition to the competition, it turns out that the company is also facing competition to get competent employees in their field. Human resources have an important role in achieving the company's competitive advantage. The company ensures that all individuals who work have character and work ethic with integrity and can complete their work optimally so that in recruiting, we need workers who have superior educational backgrounds and open career paths for the younger generation to be able to continue to develop and actualize themselves while working at the company.

Currently, the company is focusing on building the organization's image as a potential company to work. Attention to the creation of the company's brand began to be used as the basis for the employee recruitment process with the term company brand as an employer brand. Companies today are looking for productive, qualified, and competent people. Companies compete with each other to get prospective employees who are mostly millennials. Prospective applicants often consider several companies when applying for a job. According to Alniacik et al. (2012), a company's reputation influences applying for a company. So, employee branding and a good reputation in prospective employee candidates are very important to why many apply to the company.

Therefore, all organizations seek sustainable competitive advantage to achieve economic advantage and survive in an increasingly global and competitive market. According to David (2011), competitive advantage is anything a company does better than rival companies. Furthermore, Cappelli (2001) stated that a large and open market, brand, and corporate reputation are important to attract the best employees.

Several different concepts from psychology, such as reputation, attractiveness, image, and brand equity, are used to describe what job seekers emphasize when they consider applying for a job (Berthon et al., 2005).

The emphasis associated with corporate branding is on attractiveness, company reputation, and attracting potential employees. Sivertzen et al. (2013), a company's reputation has an important role in attracting prospective employees, influenced by four dimensions of employer attractiveness, namely innovation value, development value, application value, and use of social media.

According to Berthon et al. (2005), employer attractiveness is a benefit seen by potential employees in a job within a particular organization. While the definition of the four dimensions of employer attractiveness such as innovation value includes innovation and interest in a product or service, development value refers to possible future job opportunities; application value refers to the possibility to use what has been learned previously and shows the extent to which the organization is oriented towards customer.

One of the reasons applicants are interested in applying for a company is considering its reputation; they argue that no one wants to apply for a company with a bad reputation. So that building a company's reputation is very important because it can affect the intention to apply for a job from prospective employees.

According to Sivertzen et al. (2013), the intention to apply occurs when the needs, personality, and values of potential employees match the organization's image, and then the organization becomes attractive to that person.

According to Barber and Roehling in Gomes & Neves (2011), intention to apply for a job is a strong predictor of the attraction stage in recruitment to predict job applicant behavior and is very important for understanding job applicants' choices.

The use of social media such as LinkedIn, Jobstreet, and Facebook does not provide enough information because usually, the information contained in the job vacancy posted by the company is only information that builds a good reputation, for that it is very important to see a direct review from the company's employees.

The results of research conducted by Sivertzen et al. (2013) stated a positive relationship between employer attractiveness and corporate reputation. Employer attractiveness has five dimensions (interest value, social value, economic value, development value, and application value) with the company's reputation. Potgieter's research (2018) concluded that employer attractiveness is interested in company strategies that use corporate reputation as an attraction. Research by Babikova and Bucek (2018), showing a positive relationship between employer attractiveness and corporate reputation with different significance figures from each industry in the study.

The research of Collins & Stevens, 2002 (in Sivertzen et al., 2013) found that in a study involving engineering students, the impression of an organization will be increased with the great help and information available through job advertisements from the internet sites. The use of social media can destroy an organization's reputation, but social media can also do the opposite by building a good reputation.

Szwajca's research (2017) shows a significant relationship between the social media approach as a means of corporate communication in Poland and the company's reputation in the eyes of the public.

It is corroborated by research conducted by Mwanyika (2017), further strengthening the influence of social media application with increasing company reputation. The research shows that using various social media accounts such as Facebook, Twitter, Instagram, and Linkedin can affect the company's reputation management.

Based on research conducted by Sivertzen et al. (2013), corporate reputation has a positive relationship with the intention to apply for a job.

It is also supported by research that states a positive relationship between company reputation and intention to apply for jobs (Edwards, 2010; Belt & Paolillo, 1982; Gatewood et al., 1993, in Sivertzen et al., 2013). The study also showed that students had their desire to apply for a job; they found that a positive perception of an organization affected the student's desire to apply for a job there in a study conducted by Collins and Stevens, 2002 (in Sivertzen et al., 2013).

This research is reinforced by Khan (2017), showing that currently, the company is using the concept of branding to improve the company's reputation so that it can attract prospective employees to be recruited and ensure that the selected prospective employees match the criteria shown by the company through the company's reputation.

Liu's research (2018) shows that all prospective employees in China are more attracted to companies that have an attractive reputation. It was done on Chinese students at three different universities and proved that the company's reputation contributed positively to the intention to apply for a job.

Based on research conducted by Sivertzen et al. (2013), psychological value has a positive relationship with the intention to apply for a job. These findings suggest that potential employees believe that they will feel better and more confident if they work for a particular company and are also more likely to apply for a job at the company. Ha & Luan's research (2018) shows that psychological value measures the level of employers who provide recognition, self-esteem, and self-confidence to employees. It helps employees have a strong background to achieve great success in their future careers.

Based on these reviews, the authors formulate four hypotheses in this research:
H1: There is a positive influence between employer attractiveness on corporate reputation.
H2: There is a positive influence of social media on corporate reputation.

H3: There is a positive influence of corporate reputation on the intention to apply for a job.

H4: There is a positive effect of psychological value on the intention to apply for a job.

2. Method

The population in this study were all final semester students or job seekers—the sampling technique used non-probability sampling with the type of convenience sampling totaling 150 respondents.

The data collection method used in this study was a questionnaire. Questionnaires are distributed by distributing digital forms to respondents who meet predetermined criteria.

In this study, the respondent's data collected is analyzed using Partial Least Square (PLS), which is one of the data analysis methods using Structural Equation Modeling (SEM) PLS-SEM follows two separate assessment steps, namely the measurement model (outer model) and structural model (inner model).

The first step is related to the specification of formative and reflective measurement models. If the measurement model test is adequate, then the second step of structural model testing can be further analyzed to contact the relationship between variables. For the measurement of the outer model, a validity test is used by checking convergent validity (AVE value) and discriminant validity (cross-loading). Hair et al. (2014) suggests that convergent validity is declared valid if the Average Variance Extracted (AVE) value is > 0.50 and the loading factor value contained in each variable is > 0.70. Result of the AVE test in study shows that AVE of all the variables is above 0.5 as shown in table 1. It means that all variables have met the analysis of convergent validity as measured by the Average Variance Extracted value.

Table 1. AVE Analysis

Variable	AVE
Application Value	0.795
Corporate Reputation	0.729
Employer Attractiveness	0.620
Innovation Value	0.786
Intention to Apply	0.720
Psychological Value	0.788
Social Media	0.805

Furthermore, in the criteria for fulfilling discriminant validity can also be seen from the value of the cross-loading analysis and based on the test results of the analysis of cross loadings, it shows that the value of cross loadings on each indicator in each variable has a greater value than the value of cross loadings on other variables. Thus, all indicators in each variable have met the criteria for discriminant validity.

An indicator on a variable is declared good if the indicator has a loading factor value of more than 0.7 (> 0.7), if the loading factor value for that indicator is less than 0.4 (< 0.4) then the indicator can be deleted (Henseler et al., 2009). Findings of this study shows that the loading factor test results in each indicator have met the validity criteria because they have a value greater than 0.7 (> 0.7) so that the variable indicators of this study have met the requirements of convergent validity as measured by the loading factor value of each indicator.

Furthermore, the coefficient of determination (R^2) and predictive relevance (Q^2) were tested for the structural model test. Hair et al. (2011) stated that the coefficient of determination (R^2) is one of the main criteria in the inner model analysis. The indicator used to measure the variable is declared reliable if it has a composite reliability value greater than 0.6 (> 0.6). All values of composite reliability on the indicators in each variable of this study shows greater than 0.6 so that all indicators of each variable have met the requirements and are declared reliable. Other than R^2, an evaluation of the PLS model is also carried out by looking at its predictive relevance (Q^2). A model can be declared to have predictive relevance if the value of Q2 is greater than zero (Ghozali, 2014). Result of this study concluded that the predictive relevance (Q^2) value for all variables are greater than 0 (> 0), so it can be concluded that the construct relationship of the variables researched is considered relevant in measuring the research model that has been previously established.

In the research hypothesis test, path analysis tests (path coefficients) which coefficient testing is carried out in order to find out the relationship between the independent variable and the dependent variable in this study whether weak or strong. As shown on figure 1, all coefficient has shown a positive and strong relationship between variables.
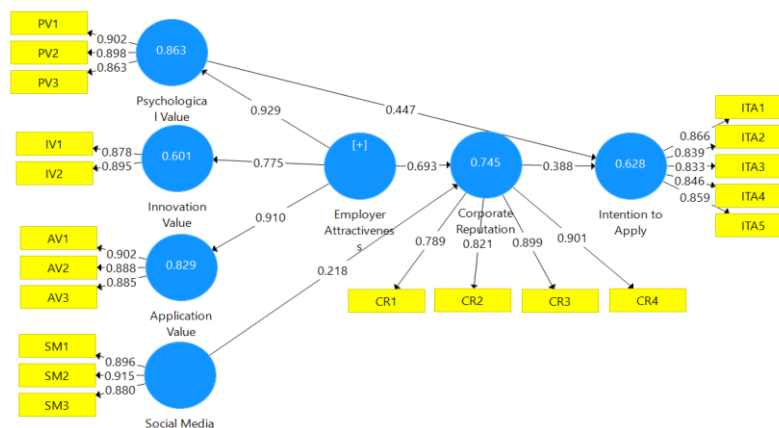

Figure 1. Path Analysis

3. Result

There are 63% of respondents from this study consisting of female respondents and 39% aged between 21-25 years, and 69% of respondents living in DKI Jakarta.

Based on the results of the coefficient of determination (R^2), it is explained that the R-Square value for the variable intention to apply for a job is 0.72. It shows that the variables in this study can explain 72% of the dependent variables in this study. The results of the predictive relevance test (Q^2) concluded that 0.567 is greater than 0 (> 0), so it can be concluded that the construct relationships of the variables studied are considered relevant in measuring the research model that has previously been formed.

Table 2. Results of Path Coefficients Test

	Original Sample	t-Statistics	p-value
Corporate Reputation -> Intention to Apply	0.388	3.3740	**0.0010**
Employer Attractiveness -> Application Value	0.910	60.8240	**0.0000**
Psychological Value -> Intention to Apply	0.447	4.4680	**0.0000**
Social Media -> Corporate Reputation	0.218	2.8500	**0.0050**

Table 2 shows that all variables have a significant influence because all p-values are below 5% alpha. The direction of influence on all variables is positive and significant. Meanwhile, Table 3 shows that psychological value has the largest influence on the variable intention to apply while the weakest influence is on the variable corporate reputation.

Table 3. Results of Effect size (f^2) Test

	Application Value	Corporate Reputation	Innovation Value	Intention to Apply	Psychological Value
Corporate Reputation				0.144	
Employer Attractiveness	4.843	0.908	1.506		6.312
Psychological Value				0.190	
Social Media		0.090			

Furthermore, based on the Goodness of Fit (GoF) testing carried out, it can also be concluded that the model in this study has a relatively large level of fit, which is 0.452.

For the mediation test, the results of corporate reputation and psychological value are variables that fully mediate the employer attractiveness variable to the variable intention to apply, and these results are following the results of the p-value test obtained 0.001 and 0.000, which is smaller than the 95% confidence level or 5% alpha (0.05) and the t-statistic test is 3,215 and 4,438 (greater than 1.96). While corporate reputation is not a variable that mediates social media

variables on intention to apply, this can be seen from the p-value of 0.054 (greater than alpha of 0.05) and the t-statistical test of 1.935 (smaller than 1.96).

Based on the results of testing the four hypotheses used in the study, all variables could predict the variable intention to apply for a job because by testing using a 95% confidence level or an alpha of 5%, the p-value is below alpha. It shows that the positive original sample size indicates a significant relationship and a positive direction in each variable.

4. Discussion

In the first hypothesis, employer attractiveness or the perception of potential employees regarding the attractiveness of a company which includes three dimensions, namely psychological value, innovation value, and invention value, has a significant and positive influence on the intention to apply for a job with a magnitude of p-value 0.001 and t-stat 3.374 for Cronbach Alpha of 5%. It shows that the attraction created by a company, especially in terms of psychology, innovation, and creativity (invention), can influence potential employees to submit job applications to job vacancies offered by the company. The higher the attractiveness created, the higher the intention of the potential employee to submit a job application to the company rather than to other companies. This study follows the results of research conducted by Sivertzen, Nilsen, and Olafsen (2013), which concluded the same thing related to the test of the effect of the two variables. Also, Berthon et al. (2005) expressed that the more attractive the employer's attractiveness of the company is felt by potential employees, the stronger the company's advantages. Especially by paying attention to the three dimensions of the employer's attractiveness.

Innovation value is the first dimension where the company must produce high-quality; high-quality products or services to attract employers and create a good reputation. One way to increase the value of this innovation can be done by reducing the workload of prospective applicants because prospective job applicants who will have a less workload tend to be more creative to increase the value and reputation of the company.

Psychological value, this second dimension creates a psychological impression that working at the company gives confidence, the impression that the people can be better if they work at the company, increase levels, and career experience, all of which are considered important for prospective job applicants as well as can indicate that the company has a good reputation. Companies can take a method by informing the company's advantages, so that prospective applicants are interested in applying. This initial step can also be used to win the competition to get the best employee candidates in the recruitment process.

The Application Value of prospective employees indicates how the company can make employees feel part of the company's family, which is important for prospective job applicants. It will ultimately impact increasing the company's reputation, for example, the availability of opportunities to be able to teach about what previously mastered to other employees or the opportunity to apply the results that have been learned during lectures. It is in line with the

opinion of Vroom in Sanskrity et al. (2013), which states that scholars and professionals are currently more interested in companies that can provide the best place for them to work, in the form of a comfortable workplace, career potential, good company names known, completeness of work facilities, and others. So, companies need to be able to provide and inform prospective employees regarding the opportunity to teach what they have previously mastered to other employees or the opportunity to apply the results learned at college.

Rumangkit and Dwiyan (2019) state that the relationship between the influence of employer attractiveness is not something that a company will produce but is an integral part of the identity of behavior that is born or indeed owned by a company. It shows the importance of employer attractiveness in building corporate reputation, considering that there is a positive relationship between the dimensions of employer attractiveness and corporate reputation in this study. In addition to having an impact on employee recruitment, the assessment given by employees will have an effect and will result in the creation of an increase in turnover for the organization (Schein 1996; Backhaus and Tikoo, 2004 in Wallace et al. 2014), even further stated, if there is an increase in employer attractiveness, then will create a strong desire to remain and contribute to the organization to reduce the level of turnover intention.

Furthermore, in testing the second hypothesis, related to the influence of social media on corporate reputation also showed positive and significant results with a p-value of 0.005 and the t-stat of 2.85 for 5% alpha. The results of this finding conclude that the more often companies use social media related to company activities such as posting job advertisements or related to other important information about available job opportunities, the more significant increase in the company's reputation. Companies can also take advantage of social media to increase the number of applicants for available vacancies. As Furu said in Sivertzen et al. (2013), companies' use of social media turns out to have several advantages, such as free of charge or free, unlimited use and requires a short time for feedback.

In the third hypothesis regarding the influence of corporate reputation on intention to apply for a job, it appears that when the company has a good reputation, the intention of potential applicants will be higher to submit their application and even provide significant effort so that they can become part of the company. This study follows the results of research conducted by Sivertzen, Nilsen, and Olafsen (2013), which concluded that corporate reputation has a positive and significant influence on the intention to apply for a job. It is due to the respondent's interest in applying for a job vacancy because it is based on the perception of a good company reputation.

The last hypothesis states that a positive influence of psychological value on the intention is to apply for a job. It shows a significant positive effect has a p-value of 0.000 and a t-stat of 4.468 with an alpha magnitude of 5%. It shows that psychologically, someone who feels that they will be better in terms of career, confidence, and abilities or expertise by joining the company will intend to join, which tends to be high compared to the intention to join other companies.

Concerning the mediation test, namely the corporate reputation variable, the test results show that the variable positively and significantly mediates the employer attractiveness variable on the

intention to apply but does not significantly mediate the social media variable on the intention to apply. It is thought to be because the interest of a potential employee arises because of the company's reputation. At the same time, social media is seen as a forum to introduce company activities related to job vacancies in the company so that the effects of social media will directly affect the intention to apply rather than to the reputation of the company.

Based on the results discussed previously, the results of this study can be concluded that:
1) There is a positive and significant influence between employer attractiveness and corporate reputation.
2) There is a positive and significant influence between social media on corporate reputation.
3) There is a positive and significant influence between corporate reputation on the intention to apply for a job.
4) There is a positive and significant influence between the psychological value on the intention to apply for a job.

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