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THE RELATIONSHIP BETWEEN EMPLOYER BRAND AND INTENTIONS TO STAY IN ORGANIZATIONS

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In the modern highly competitive business environment, companies characterized by labor shortage are struggling to attract, motivate, and retain talents. As a mix of functional, economic, and psychological benefits that stem from employment, employer brand is one of the approaches that companies develop to create employee value proposition and maintain their workforce. Many employees decide to stay in or leave a company based on the whole human resource management system that a company offers. This paper mainly aims to investigate the relationship between the perceived employer brand and employees' intention to stay in an organization. The research is based on a sample of 209 employees working in Serbia. The research methodology consists of the theoretical and empirical quantitative research in the proposed relationship. The analytical procedure used is PLS-SEM. The results show a positive relationship between the observed variables and points to the conclusion that a positive perception of employer brand leads to employees' higher intention to stay in an organization. The strongest effect on intention to stay was made by a healthy working atmosphere, followed by training and development, work-life balance, ethics and corporate social responsibility, and finally, compensation and benefits.

Keywords: employer brand, intention to stay, human resources management, PLS-SEM

JEL Classification: J24, M12, M54

INTRODUCTION

In the modern highly competitive business environment, companies characterized by labor shortage are struggling to attract, motivate, and retain talents (Poór, Slavić, Nikolić & Berber, 2021). As a mix of functional, economic, and psychological benefits

stemming from employment (Ambler & Barrow, 1996), employer brand is one of the approaches that companies develop in order to create employee value proposition and maintain their workforce. Many employees decide to stay in or leave a company based on the whole human resource management system that an organization offers.

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The brand represents "valuable intangible assets and one of the most important resources that offers a number of benefits and therefore the brand

must be constantly built and carefully managed” (Brzaković, Brzaković & Brzaković, 2019, p. 17). The implementation of different branding techniques in human resource management (HRM) is a relatively recent phenomenon (Slavković & Mirić, 2024a). Employer brand is understood as an effective strategy for “attracting and retaining qualified individuals and differentiating the company from its competitors in the labor market. The development of employer brand was aimed at developing long-term and sustainable relationships with employees. Employer branding philosophy based on the focus on employees as internal clients tend to be different from the other companies’ approaches that are focused on attracting and retaining human capital” (Slavković & Ognjanović, 2024, pp. 25-26). According to the definition, it is obvious that employer brand is gaining more and more attention from both the academic and the business sides. Researchers are trying to investigate the effects of employer branding on several outcomes and employees’ attitudes, as well as certain objective results, such as productivity, profitability, and the like. Business is trying to develop a specific brand that will attract, motivate, and retain companies’ workforce. This is why it is very important to investigate employer brand, especially in the business context of the Republic of Serbia, in which new developments of academic empirical research in this particular field have been detected recently. Also, there is limited research in how employees perceive their organizations’ employer brands (Kanwal & Van Hove, 2024). The research results may serve as a recommendation for companies on how to create employer brand and what HRM practices are needed for employer branding to be successful.

Given the claim that employer brand can enhance the employee attraction and retention and that there is limited research results on employees’ perceptions of employer brand, this paper mainly aims to investigate the relationship between the perceived employer brand and employees’ intention to stay in an organization. The research is based on a sample of 209 employees working in Serbia. The research methodology consists of theoretical and empirical quantitative research in the assumed relationship. The analytical procedure used is PLS-

SEM. Although previous research has been conducted in the relationship between employer brand and intention to stay in (or intention to leave) Serbia, most of those studies have used employer brand as a single construct (Pavlović & Slavković, 2024), or as more individual constructs (organizational culture, training, etc.) (Slavković & Mirić, 2024b), rather than a second-order formative construct. By implementing this approach, this study seeks to fill this gap in the existing literature in Serbia.

The paper is structured into four sections. The first part presents the main theoretical background on employer branding and the relationship with employees’ intentions to stay. The second part gives an explanation of the research methodology. The third part deals with the data analysis results and discussion, while the final part is the conclusion with empirical implications, propositions for future research, and the research limitations.

LITERATURE REVIEW AND HYPOTHESIS SETTING

Employer brand

Employer brand is not a novel concept as some of the first definitions were formulated in the 1990s. Today, the way companies can build stronger relationships with their employees and make them more loyal to their employers is becoming increasingly important. “Employer branding is defined as the process of reckoning the picture of the organization as a suitable place to work. The picture is portrayed to potential (external) and existing (internal) employees to entice and absorb and retain the most talented employees in the organization” (Poonam, 2019, p. 669). It is “an aggregate of a company’s effort to acquaint to present and future prospective staffs that it is an adorable place to work for” (Lloyd, 2002). According to T. Ambler and S. Barrow’s research (1996), it is possible to view employees as consumers, suggesting that just as companies build brands to attract customers, they should also create appealing employer brands

to attract and retain talents. This initial definition laid the foundation for the growing importance of employer branding as a strategic part of human resources and overall talent management. The term *employer branding* suggests “the differentiation of a firm’s characteristics as an employer from those of its competitors” (Backhaus & Tikko, 2004, p. 502). Today, employer branding combines several fields, mainly marketing and human resource management (Cvjetković & Babić, 2023).

Employer branding can be explained in the context of social exchange theory (SET), according to which employees will reciprocate towards organizational policies and practices in their behaviors and attitudes. SET suggests that the interaction between two parties involves reciprocal interdependence (Blau, 1964). “Organizations initiate the social exchange process by valuing their employees’ contributions and caring for their well-being. Thereby, employees respond with suitable behaviors” (Meira & Hancer, 2021, p. 670). SET’s basic assumption implies that “positive, beneficial actions by an organization towards employees contribute to the establishment of high-quality exchange relationships that create obligations for employees to reciprocate in positive, beneficial ways. According to the theory, employees would reciprocate by adopting a more positive attitude (commitment, engagement, intention to stay) towards the workplace when they are exposed to desirable HR practices and a favorable work environment” (Berber & Gašić, 2024, pp. 723-724).

Many authors have investigated the benefits of a good employer brand. The most significant benefits provided by employer branding are (Virijević Jovanović & Zdravković, 2014):

- increasing productivity and profitability,
- greater employee loyalty,
- increasing the employee retention rate,
- employees dedicated to organizational goals,
- a low risk of talented employees leaving,
- positioning the company as an attractive employer,
- lower recruitment costs,

- employees recommend the company as a desirable employer,
- strengthening the core competencies,
- ensured long-term competitiveness, and
- good interpersonal relations in the company.

The internal factors of the employer’s attractiveness include (Slavić & Berber, 2022):

- recruitment activities,
- company stability,
- work-life balance and job security,
- the reward system,
- the company’s innovativeness and employees’ competences,
- training and development,
- a healthy working atmosphere,
- an adequate salary,
- substantive jobs,
- a good relationship with the superiors,
- good cooperation with colleagues, and
- talent management practices.

Three different perspectives have been predominant in the employer branding literature, namely “the external perspective (outsiders’ perceptions), the internal perspective (employees’ perceptions), and the construed image perspective (insiders’ perceptions of outsiders’ views)” (De Stobbeleir, De Clippeleer, Caniëls, Goedertier, Deprez, De Vos & Buyens, 2018, p. 4). Internal branding (branding towards employees) and external branding (branding towards candidates) are the two main perspectives (Charbonnier-Voirin & Vignolles, 2015). Internal branding involves using recommendations from the existing employees as a means to attract new candidates. Beside the above-mentioned internal factors, it is also important to emphasize the vital role of the work itself, the characteristics of job design (Kerekes *et al*, 2023). External branding involves spreading information about the company in the talent market via the Internet and the other media. Without internal branding based on positive employees’ experiences, external branding will quickly experience a decline

in its attractiveness and investments will fail. Brand building is a two-way process involving both the existing and future employees. An employer brand is “communicated to current employees internally and to potential ones externally as well” (Kuráth, Szabó-Bálint & Jarjabka, 2021, p. 12). While a company strives to create a reputation that will attract talented individuals, it must meet business standards, create a favorable climate, and build respect and trust among employees so as to ensure internal branding. The employer branding process should enable employees to be corporate brand ambassadors, who attract new talents and establish long-term relationships with consumers (Slavić & Berber, 2022).

Employer brand and employees’ intention to stay in an organization

Recent research has increasingly focused on the relationship between employer branding and employee retention, highlighting the various mediating and moderating factors that influence employees’ intention to stay with their organizations. A significant body of literature suggests that a strong employer brand positively correlates with employee retention by enhancing job satisfaction, organizational commitment, and perceived organizational support.

Several prior research studies have investigated the relationships between employer branding and employees’ intention to stay in or leave companies in the service sectors. D. Alzaid and S. Dukhaykh (2023) emphasize that a robust employer brand can enhance employee retention in Saudi Arabia’s banking sector by fostering relational psychological contracts. The study findings reveal that employer branding is positively and significantly related to relational psychological contracts and employee retention. This notion is supported by A. Rai and B. Nandy (2021), who found that organizational identification and person-organization fit mediated the relationship between employer branding and employees’ intention to stay in the Indian power sector. Furthermore, S. Bharadwaj and M. Yameen (2020) and N. Khan, S. Bharadwaj, A. Khatoon and M. Jamal (2021) highlighted the role of corporate social responsibility (CSR) as a dimension

of employer branding that significantly enhanced retention rates. When an organization continues to deliver the benefits expected by their existing employees through its employer brand, the employees tend to demonstrate increased loyalty, which ultimately leads to employee retention and their intention to stay in the company (Alshathry, Clarke & Goodman, 2017; Chopra, Sahoo & Patel, 2024).

A. Ahmad, M. N. Khan, and M. A. Haque (2020) investigated the role of employer branding in enhancing employee attraction and retention within the Indian banking sector. The study targeted employees from both private and government banks. The final sample consisted of 75 valid responses. The findings emphasized that employer branding attributes, such as ethical behavior, societal contributions, and career growth opportunities, strongly influenced both employee attraction and employee retention. Contrary to the previous one, the research study conducted by S. Sahu, A. Pathardikara and A. Kumara (2018) examined the mediating effects of employee engagement, employer branding, and psychological attachment on the relationship between transformational leadership and intention to leave among Indian IT professionals. The results showed that transformational leadership significantly predicted employee engagement and, together with engagement, explained substantial variance in employer branding. Employer branding strongly influenced psychological attachment, but neither engagement nor branding had a significant direct effect on intention to leave. Mediation analysis indicated that none of the hypothesized mediation effects on turnover intention were supported.

A. Kar and T. Nguyen Thi Phuong (2022) conducted an empirical study to examine how different employer branding dimensions influenced turnover intentions among hospitality employees in Vietnam during the COVID-19 pandemic. Using a structured questionnaire, they included 200 current hospitality employees in the survey and analyzed the data utilizing structural equation modeling (SEM). The study measured the six employer branding values: *economic*, *social*, *development*, *security*, *application*, and *interest* adopted from established employer

attractiveness frameworks. The results showed that the economic, social, development, and security values had significant negative effects on turnover intention, whereas the *application* and *interest* values were not significant predictors. The findings suggest that, during crisis conditions, employees prioritize tangible rewards, career development, workplace relationships, and job stability over opportunities to apply skills or perform interesting work.

H. M. Nguyen and L. V. Nguyen (2023) examined the interrelationships between employer attractiveness, employee engagement, and employee performance within Vietnamese manufacturing and service organizations. Employing a quantitative survey design, the authors collected data from 937 employees across 37 companies. The results revealed that employer attractiveness measured with similar constructs as in A. Kar and T. Nguyen Thi Phuong (2022) significantly and positively influenced employee engagement, which in turn had a strong positive effect on employee performance.

Moreover, the generational context plays a critical role in shaping the dynamics of employer branding and employee retention. E. Hendriana, A. Christopher, H. Zain and N. Pricilia (2023) specifically examined Generation Z, revealing that the work-life balance and employer branding were pivotal in influencing this group's retention intentions. This aligns with the findings of I. Gracita and R. Anindita (2023) that organizational commitment mediated the relationship between employer branding and turnover intentions, suggesting that tailored employer branding strategies could effectively address the unique needs of different generational cohorts. H. Kanwal and G. Van Hoye (2024) showed that employer brand was a valuable source for fostering employees' organizational identification, whereas higher organizational identification reduced employee turnover (Bharadwaj, Khan & Yameen, 2022).

In addition to these factors, the role of internal communication and employee engagement as the essential components of employer branding has been highlighted. A. Špoljarić and A. Tkalac Verčić (2021) argue that satisfaction with internal communication

significantly influences employee engagement and perceptions of employer brand, which are critical for employee retention. This perspective is supported by M. Bussin and H. Mouton (2019), who found that effective employer branding not only enhanced employee retention but also moderated compensation expectations, suggesting that employees were more likely to stay with the organizations they perceived as organizations valuing their contributions. A. Tkalac Verčić (2021) investigated how employee engagement, perceived organizational support, and employer branding influenced internal communication satisfaction within organizations. The study employed a quantitative, cross-sectional survey method, collecting data from 2,024 employees in Slovenia across multiple industries, making it one of the largest national datasets in this research area. The results demonstrated that employee engagement had the strongest positive effect on internal communication satisfaction, followed by perceived organizational support and employer branding. Employer branding not only directly improved communication satisfaction but also had an indirect effect through its influence on engagement. This research enriches the employer branding literature by positioning it as a key driver of internal communication satisfaction, alongside engagement and organizational support, in the Central European context. Similarly, N. Pološki Vokić, A. Tkalac Verčić and D. Sinčić Ćorić (2023) conducted a research study on a sample of 3,457 Croatian employees. They investigated the relationship between internal communication satisfaction and employer attractiveness. The results showed that there was a positive relationship between the mentioned constructs; therefore, good internal communication added to employer attractiveness.

Employer branding and employee retention in Serbia

Serbia's evolving economic landscape marked by transition towards a more competitive labor market has elevated the strategic importance of employer branding as a tool for talent attraction and retention. Gallup (2025) found that, in Serbia, there 33% of employees actively searched for new positions,

although they had already been employed. They stated this indicator as the employee's intention to leave ("To what extent are you currently looking for a job different from the one you have now? Are you actively looking for another job, watching for new opportunities but not actively looking for them, or are you not looking for another job at all?"). Local studies emphasize that cultivating a strong employer brand involves not only external reputation management but also internal dimensions, such as organizational culture, training and development, and employee satisfaction, all of which influence employees' decisions to stay or leave.

Earlier work by M. Slavković, G. Pavlović, and M. Simić (2018) further expands this insight, examining how recruitment practices intertwine with employer branding to influence employee satisfaction. The research found that recruitment positively influenced employee satisfaction and that employer branding served as a mediator between recruitment processes and satisfaction levels, reinforcing employer branding with both strategic and procedural intent.

M. Slavković and M. Mirić (2024b) conducted a study across 128 Serbian companies, applying PLS-SEM to explore how various elements of employer branding influenced employee retention and found that job satisfaction acted as a partial mediator between organizational culture and employee retention, a complete mediator between employee training and development and retention, and a partial mediator between employer reputation and retention. Their findings suggest that, while favorable branding strategies are critical, actual retention outcomes are heavily shaped by employees' perceived satisfaction. In a similar study emphasizing affective commitment, M. Slavković and M. Mirić (2024a) conducted a survey which included 146 Serbian enterprises and demonstrated that, as employees' emotional attachment to their organizations, affective commitment partially mediated the relationship between the employer brand values (such as organizational culture, training and development, and reputation) and job satisfaction, which indicated that the emotional aspect of workplace experience

significantly underpinned how employer branding translated into retention.

Other scholars in Serbia point to the growing relevance of employer branding in the "war for talent." T. Krušković, B. Ilić and S. Anđelić (2023) highlighted employer branding as a key motivational mechanism for both employee attraction and retention, particularly in competitive sectors. J. Lukić, M. Brkljač and K. Perčić (2019) found that interpersonal relations and work atmosphere (75.5%), the good treatment of employees by management (69.4%), and opportunities for professional development (68.7%) were the practices applied to make employees more attached to their companies. Employment security and the amount of the salary and bonuses rank fourth and fifth.

It can be concluded that Serbian empirical research illustrates a consistent theme that employer branding is most effective when embedded in the internal fabric of the organization. Organizational culture, development opportunities, reputation, recruitment practices, job satisfaction, and affective commitment interact in complex ways to shape whether employees intend to stay in an organization or not.

Based on the literature review and the theoretical foundation of employer brand, this study finds employer branding to be a vital strategic tool for enhancing employee retention. The interplay of the factors, such as organizational identification, job satisfaction, generational characteristics, and internal communication, underscores the complexity of this relationship. The organizations that effectively leverage their employer brand can foster a more committed workforce, ultimately leading to improved employee retention outcomes. Employer brand is composed of different constituting elements related to the work environment, economic value (compensation), career development, corporate social responsibility, and the like. Accordingly, the following research hypothesis is set:

H1: Employer brand is positively related to employees' intention to stay in a company.

METHODOLOGY

The methodology section presents the information about the sample and the variables used in the analysis, as well as data processing.

The sample

Data collection was performed using an electronic questionnaire on the LinkedIn social network in December 2023. Non-probability convenience sampling was utilized, targeting the most easily accessible individuals for the research. A total of 300 questionnaires were sent out. Upon completion of data collection, it was determined that 227 responses had been collected. After the data purification process, the final sample was reduced to the 209 valid answers that were used in the analysis. To mitigate a non-response bias, the authors first reduced the non-responses, i.e. stressed anonymity and emphasized academic sponsorship and the importance of the survey (Berber & Gašić, 2024). The response rate was 69.67%. Although the sample was relatively small, the utilization of the “ten times more” rule (Hair, Risher, Sarstedt & Ringle, 2019), where the sample needs to be at least ten times greater than the number of the structural paths between the variables, helped to find that the sample was suitable for further analysis.

In the sample of 209 respondents from the private organizations operating in the service sector, mainly the IT sector, 36% of the respondents were male and 64% were female. The largest share of the respondents ranged from 25 to 30 years of age (19.2%), only to be followed by those from 31 to 35 (18.3%), then from 36 to 40 (18.3%), and from 41 to 45 (10.6%), whereas a very small share of the respondents were those over 55 years of age (9.6%), i.e. from 51 to 55 (9.6%), from 18 to 24 (8.2%) and from 46 to 50 years of age (6.3%). When the respondents' education level is concerned, most respondents evidently completed high school (54.8%), 23.1% obtained a university diploma, and 10.1% were with a master's degree; only 12% accounted for those with college education. Most respondents had 5 to 10 years of work experience (74%), whereas only 26% of them had less than 5 years of work experience. Also,

the largest number of the respondents were in non-managerial positions (74%), and 26% of them claimed they worked in certain managerial positions.

The questionnaire and the variables

The questionnaire was developed based on the previous research conducted in this area. The questionnaire was divided into three parts. The first part consisted of the statements about the respondents' demographic profile. The second part of the questionnaire included the statements concerning employer brand. The questionnaire was an adapted questionnaire from K. Tanwar and A. Prasad (2017) and consisted of 23 statements related to the five dimensions for measuring employer brand. A total of six statements referred to *healthy work atmosphere (HWA)*, such as “my organization provides decision-making autonomy to its employees”, “my organization offers a relatively stress-free work environment”, or “my organization offers opportunities to enjoy group atmosphere.” A total of six statements pertained to *training and development (TD)*, such as “my organization provides us with online training courses,” “my organization offers us opportunities to work on foreign projects,” or “my organization communicates a clear advancement path for its employees.” A total of three statements referred to *work-life balance (WLB)*, such as “my organization provides flexible working hours,” or “my organization offers the opportunity to work from home.” There were four statements related to *ethics and corporate social responsibility (ETH)*, such as “my organization has a fair attitude towards the employees,” or “there is a confidential procedure to report misconduct at work.” The final four statements related to *compensation and benefits (CB)*, such as “my organization provides good health benefits,” or “my organization generally offers a high salary”. Higher arithmetic means indicate that the respondents have higher positive opinions on those practices. The third part of the questionnaire contained adapted statements about *intention to stay (IS)* in the company (Daly & Dee, 2006) to determine the relationship with the employer brand. Those are the following statements: “under no circumstances will I voluntarily leave this organization before retirement,” “I would

be reluctant to leave this organization,” or “I plan to stay in this organization as long as possible.” The respondents answered the questions within the range from 1 to 5 on the Likert scale (1=strongly disagree, 5=strongly agree). Some items were modified so as to align with the specific cultural and linguistic particulars of the Serbian context and the specific private sector organizations.

The SPSS and SmartPLS software were utilized to analyze the data by means of descriptive statistics and PLS-SEM analysis.

RESULTS AND DISCUSSION

A path analysis was carried out in order to investigate the reflective and formative constructs and bootstrapping was performed so as to investigate the structural model. Path analysis was used to test the measurement model using the reliability of the indicators and the constructs, as well as the convergent and discriminant validities, while the structural model was tested by applying the

bootstrapping procedure based on 5,000 subsamples (Berber & Gašić, 2024). This type of measurement was proposed for the reflective constructions in the model (Hair *et al*, 2019). The loadings of the indicators ranging between 0.4 and 0.7 should be retained only if their removal did not have an impact on the average variance extracted and composite reliability (Hair, Sarstedt, Hopkins & Kuppelwieser, 2014). The outer loadings of all the indicators were checked, and it was found that all of them had reached the minimum level of 0.7 and that all of them could be included in further analysis (Table 1). However, the later analysis of the VIF and the cross-loadings showed that the indicators CB1, CB4, SI2, ETH2, TD6, and TD3 had high VIFs (above the threshold of 5.0) and were highly correlated; therefore, they were excluded from the model. Figure 1 summarizes all the above-mentioned points.

The formative construct in the model was tested by the outer weight, and its significance was tested through the standard deviation, t-statistics, and p-value. Multicollinearity analysis was also performed using the variance inflation factor (VIF). Based on the values

Table 1 The factor loadings

	Indicators	CB	ETH	HWA	IS	TD	WLB
CB	CB2	0.918					
	CB3	0.901					
ETH	ETH1		0.901				
	ETH3		0.863				
	ETH4		0.792				
HWA	HWA1			0.848			
	HWA2			0.915			
	HWA3			0.691			
	HWA4			0.872			
	HWA5			0.890			
	HWA6			0.845			
IS	SI1				0.833		
	SI3				0.804		
	SI4				0.860		
TD	TD1					0.822	
	TD2					0.942	
	TD4					0.931	
	TD5					0.916	
	WLB1						0.908
WLB	WLB2						0.928
	WLB3						0.923

Source: Authors

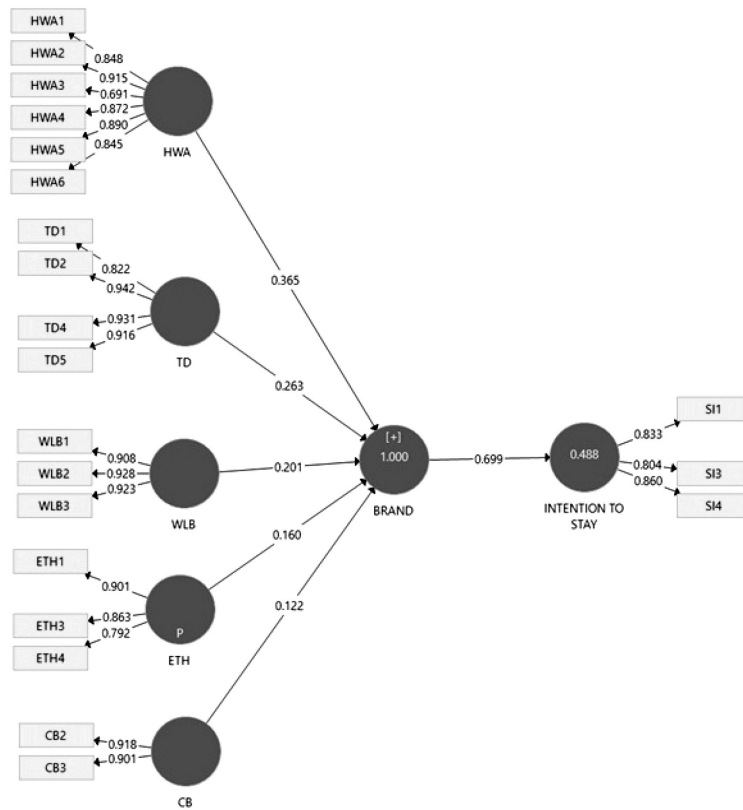


Figure 1 The path analysis

Source: Authors

in Table 4, it was concluded that all the coefficients of the path were positive and significant (p-values < 0.05), which meant that the higher-order construct, i.e. the *employer brand*, consisted of five variables. Multicollinearity analysis (the common method bias) was performed by calculating the variance inflation factor. N. Kock (2015) argued that, if the VIF were lower than 3.3 for all the values, then there was no multicollinearity issue. Based on the analysis, it was concluded that there was no multicollinearity between the formative constructs because the values of the VIFs were less than 3.3. It was confirmed that the formative part of the model was reliable and valid.

Table 2 presents the reliability test, Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE). The lowest acceptable limit of Cronbach's Alpha should be 0.6 (Dakduk, González &

Portalanza, 2019). The lowest limit of the acceptability of Composite Reliability should be 0.7 (Hair *et al*, 2019). Based on the data accounted for in Table 2, it was determined that convergent validity had been satisfied, as the constructs had met all the criteria.

Table 2 The reliability of the constructs and convergent validity

	Cronbach's Alpha	CR	AVE
CB	0.791	0.905	0.827
ETH	0.812	0.889	0.728
HWA	0.920	0.938	0.717
INTENTION TO STAY	0.782	0.872	0.693
TD	0.925	0.947	0.817
WLB	0.909	0.943	0.846

Source: Authors

Table 3 Discriminant validity (the Fornell-Larcker criterion)

	CB	ETH	HWA	IS	TD	WLB
CB	0.909					
ETH	0.700	0.853				
HWA	0.619	0.802	0.847			
INTENTION TO STAY	0.560	0.614	0.699	0.833		
TD	0.740	0.740	0.793	0.595	0.904	
WLB	0.773	0.738	0.742	0.601	0.797	0.920

Source: Authors

Table 4 The formative second-order construct and the structural model

	β	STDEV	t-Statistics	p-Values
Second-order construct				
CB → BRAND	0.122	0.006	19.687	0.000
ETH → BRAND	0.160	0.010	16.439	0.000
HWA → BRAND	0.365	0.011	33.721	0.000
TD → BRAND	0.263	0.008	32.819	0.000
WLB → BRAND	0.201	0.007	27.896	0.000
Direct and indirect effects				
BRAND → INTENTION TO STAY	0.699	0.040	17.654	0.000
CB → BRAND → INTENTION TO STAY	0.085	0.006	14.024	0.000
ETH → BRAND → INTENTION TO STAY	0.112	0.009	12.254	0.000
HWA → BRAND → INTENTION TO STAY	0.255	0.016	15.928	0.000
TD → BRAND → INTENTION TO STAY	0.184	0.011	16.543	0.000
WLB → BRAND → INTENTION TO STAY	0.140	0.009	15.580	0.000

Source: Authors

Apart from convergent validity, discriminant validity was also examined. Discriminant validity was assessed by the Fornell-Larcker Criterion, according to which the root from the AVE of a latent variable must have a higher value than all correlations with other latent variables (Fornell & Larcker, 1981). Table 3 demonstrates that discriminant validity was met because the value of the root of the AVE on the diagonal was higher than all the values below for each variable.

The final step was to analyze the relationship between the independent variable (the *employer brand*) and the dependent variables (intention to stay). As a statistical measure of the proportion of the variance for the dependent variable explained by the independent variable, R^2 (R-squared) shows that 48.8% of the variance in the *intention to stay* is explained by

the *employer brand* in the model. The quality of the structural model was verified using the cross-validated Redundancy Index (Stone-Geisser's Q2). The calculation was performed by the blindfolding technique in the Smart PLS. Both Q2 values (0.623 for the *employer brand* and 0.324 for the *intention to stay*) fall within the positive range, thus indicating a high-quality structural model.

The results shown in Table 4 and Figure 2 indicate a statistically significant relationship between the *employer brand* and the *intention to stay* ($\beta = 0.699$; $t = 17.654$; $p = 0.000$).

A more detailed analysis showed which element of the *employer brand* had the strongest effect on the *intention to stay*. According to the data shown in Table 4, the healthy working atmosphere ($\beta = 0.255$; $t = 15.928$; $p = 0.000$) had the strongest effect on the *intention to*

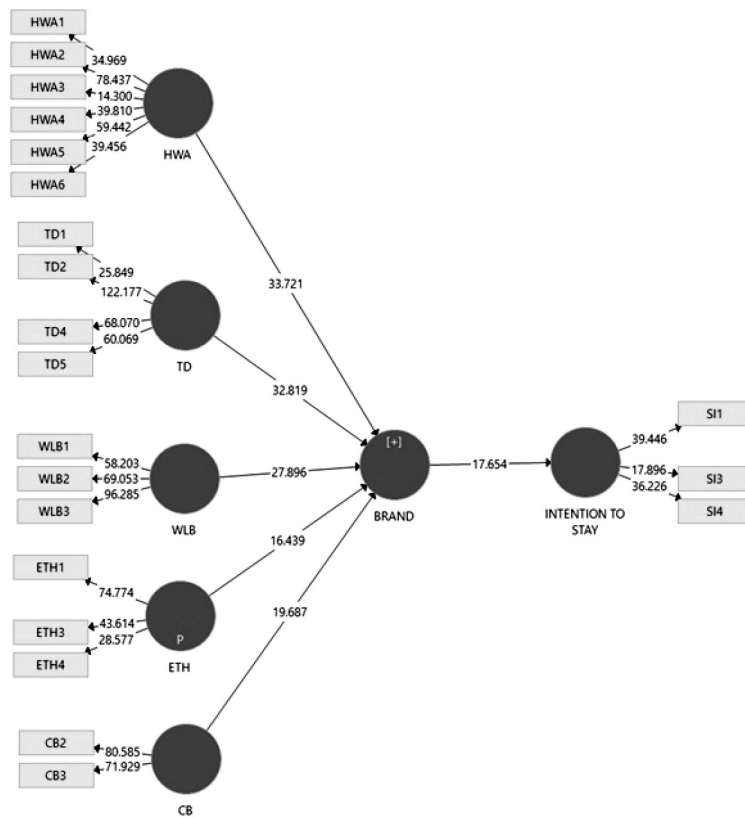


Figure 2 The bootstrapping analysis

Source: Authors

stay, only to be followed by training and development ($\beta = 0.184$; $t = 16.543$; $p = 0.000$), work-life balance ($\beta = 0.140$; $t = 15.580$; $p = 0.000$), ethics and corporate social responsibility ($\beta = 0.112$; $t = 12.254$; $p = 0.000$), and, finally, compensation and benefits ($\beta = 0.085$; $t = 14.024$; $p = 0.000$). Based on the above-mentioned points, the proposed hypothesis H1 was confirmed.

The results suggest that the non-material and relational aspects of the work environment have a stronger effect on retention intentions than financial incentives, reinforcing the strategic importance of holistic employer branding approaches. These results are consistent with the earlier findings by A. Rai and B. Nandy (2021) and D. Alzaid and S. Dukhaykh (2023), who highlighted the role of employer branding in fostering relational psychological contracts and

organizational identification, thus leading to stronger employee retention. The high predictive value of healthy working atmosphere mirrors the emphasis on workplace relationships and job satisfaction observed in the hospitality sector during the crisis conditions (Kar & Nguyen Thi Phuong, 2022) and in the context of Generation Z retention drivers (Hendriana *et al*, 2023). The importance of training and development as the second strongest factor aligns with A. Ahmad *et al* (2020) and H. M. Nguyen and L. N. Nguyen (2023), both of whom found career growth opportunities to be central to employer attractiveness and engagement. The relatively smaller, yet significant, effect of compensation and benefits echoes M. Bussin and H. Mouton's (2019) and J. Lukić *et al*'s (2019) observations that a strong employer brand can moderate the weight of financial rewards in retention-related decisions.

Furthermore, the identified role of ethics and CSR as a predictor supports the conclusions of S. Bharadwaj and M. Yameen (2020) and N. Khan *et al* (2021) that social responsibility strengthens loyalty and reduces turnover.

CONCLUSION

The findings of this study align with previous research (Bharadwaj & Yameen, 2020; Khan *et al*, 2021; Alzaid & Dukhaykh, 2023), reinforcing the notion that employer branding plays a significant role in employee retention. The results obtained in this study confirm that a well-perceived employer brand positively influences employees' intention to stay, with the strongest contributing factor being *healthy working atmosphere*, followed by *training and development opportunities*, *work-life balance*, *ethics and corporate social responsibility*, and *compensation and benefits*. Employer branding is not merely a tool for attracting talents, but a strategic HRM approach that influences organizational sustainability. By aligning employer brand attributes with employees' expectations and needs, companies can foster a committed workforce, reduce turnover rates, and enhance overall business performance. The organizations that invest in employer branding as an ongoing strategic priority, rather than a one-time initiative, will be better positioned to retain top talent and maintain a competitive advantage in the labor market. Overall, this study extends previous research by providing empirical evidence from the Serbian private service sector, demonstrating that, while tangible benefits do remain relevant, on the one hand, relational, developmental, and value-based employer branding attributes have a greater influence on employees' intention to stay, on the other hand.

From the theoretical perspective, this study contributes to the growing body of knowledge on employer branding by providing empirical insights into its effects on employee retention in the Serbian business context. The research study bridges the existing gap by examining how employees perceive employer brand attributes and how these perceptions

translate into retention intentions. Also, yet another theoretical contribution is that the study has proven the implementation of the second-order formative construct of employer branding in the model with intention to stay. The findings further validate the applicability of social exchange theory (SET) in explaining the relationship between employer branding and employee commitment, confirming that employees reciprocate favorable HR practices with increased loyalty and reduced turnover intentions. Additionally, this study confirms the reliability and validity of the measurement instrument previously used in different business environments, demonstrating its applicability in Serbia as well. The results suggest that employer branding is not only an external marketing tool but also a critical internal HRM strategy that influences key organizational outcomes, such as workforce stability and engagement.

Organizations should prioritize creating a conducive working atmosphere by fostering a supportive and inclusive workplace culture, where employees feel valued and respected. Open communication, participative decision-making, and supportive leadership are crucial for building a positive work environment. Additionally, implementing well-being programs focused on mental and physical health, such as stress management workshops and flexible work arrangements, is essential. Investing in continuous learning opportunities, career development programs, and mentorship initiatives should be central in HRM strategies, ensuring clear career progression and skill enhancement that align with both employees' aspirations and business needs. Encouraging lifelong learning through digital platforms and certification programs can significantly boost employee engagement and commitment. Enhancing work-life balance through flexible work arrangements, such as remote work, hybrid models, and compressed workweeks, alongside policies supporting parental leave, childcare, and personal time off, can improve overall job satisfaction, particularly for younger employees. Promoting a culture that emphasizes performance over long working hours helps reduce burnout and increases retention. Strengthening ethics and corporate social responsibility (CSR) by

integrating ethical business practices into a corporate strategy, ensuring transparency, fairness, and integrity in decision-making, and actively involving employees in CSR activities can enhance the organization's reputation and foster a sense of purpose. Lastly, developing competitive and fair compensation and benefits through regular market benchmarking, offering personalized benefits like performance-based incentives, wellness packages, and recognition programs, and establishing transparent and equitable pay structures can help to reduce turnover and foster trust within the workforce.

Despite the study's contributions, several limitations of this study should be acknowledged. Although sufficient for PLS-SEM analysis, the sample size could be expanded so as to ensure greater generalizability across multiple industries and demographic groups. Future research should explore potential moderating effects of the demographic variables such as age, gender, education level, and managerial status on the relationship between employer branding and retention intentions. Additionally, as this study utilized a cross-sectional research design, future longitudinal studies are recommended in order to examine the long-term effects of employer branding on retention and other employee outcomes. Exploring industry-specific employer branding strategies and their impact on organizational performance could provide further practical insights. Qualitative research methods, such as in-depth interviews or focus groups, could complement quantitative findings by offering richer insights into employees' perceptions and experiences related to employer branding.

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