

## Transformational Leadership and Corporate Reputation: Mediation Effects of Employer Branding

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### Abstract

*The purpose of this paper is to examine the impact of transformational leadership and corporate reputation on employer branding by testing a hypothesized model. This study employed a quantitative online survey technique. The researcher distributed 350 questionnaires through purposive sampling out of which 132 questionnaires received back for data analysis. Regression analysis was selected to analyze the collected data to test the hypothesis developed from past literature. Results validate that transformational leadership has an impact on employer branding and employer branding has a direct impact on corporate reputation but correlation amid transformational leadership and business reputation goes insignificant when added employer branding showing full mediation of this variable. The present study backs the writings of business reputation that can be developed through transformational leadership and employer branding. The findings would be helpful for organizational leaders in developing strategies to create a corporate reputation.*

**Keywords:** Transformational leadership, employer branding, corporate reputation, management.

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## 1. Introduction

The reputation of an organization is an overall perception in the minds of stakeholders seeing that to what extent the organization is capable of fulfilling their expectations. Importantly, reputation is the clear perception of a diverse group of stakeholders. Academically reputation has its roots in various disciplines like marketing, strategic management, and organizational theory, and many more (Dean, Arroyo-Gamez, Punjaisri & Pich, 2016; Martin et al., 2005). Corporate reputation is the aptitude of stakeholder's the organization to generate value among competitors from perspectives (Kia, Halvorsen, & Bartram, 2019). In this study, stakeholders are employees of universities. Furthermore growing research on the subject shows that a firm's repute is an immaterial asset of that firm but it is hard to match and gives higher profit and position to that firm (Gardberg & Fombrun, 2002). Many researchers moreover, practitioners emphasized that decisions regarding corporate reputation are as important as the corporation's financial, legal, and operational decisions.

Du Preez and Bendixen (2015) narrated that many organizations do not show concern for their reputation until they face a threat. The role of this repute becomes more critical in the case of service providers like education service providers. An educational institute can achieve good reputation and stakeholder's trust by providing superior education (Singh & Weligamage, 2010). Some educational institutes are providing many value-added services like career counseling, industry linkage, research exposure to students. In the new era of a highly competitive environment, organizations are facing challenges in recruiting, sustaining, attracting, and retaining highly talented employees. Skill and knowledge of employees are considered competitive edge and organization assets (Minchington, 2010). The demand for skilled and talented employees is increasing steadily. Organizations are facing cutthroat competition in finding, managing, nurturing, and retaining a competent pool of employees (Cheese, Craig, & Thomas, 2007). Moreover, demographic changes in a certain part of the world are also giving severe challenges to the organizations to achieve this objective. Establishments have to experience the rising trend of job switching or job mobility among their talented workforce (Dean et al., 2016). As a result, there is

“Battle of talents” to approach and recruit high potentials from the labor market (Du Preez, Bendixen, & Abratt, 2017).

A concept of approaching, attracting, and retaining highly skilled potential human resource is called as Employer Branding. This concept has gained a lot of attention in recent times. Employer branding concept originates from strategic brand management, which is one of the areas form marketing. This concept assists the organization to be an employer of choice for employees. Employer branding concept in human resource discipline works as a tool in developing a corporate brand image in the minds of highly skilled employees. This creates a sense among people that this is an attractive and trustworthy company in the market. Employer brand fascinates people and lastly holds them which outcomes in employee commitment and loyalty with the organization.

Past studies on transformational leadership and employee branding have been mostly conducted in advanced Western nations (e.g. the USA and the UK) and very limited studies have focused on transformational leadership and employee branding in non-Western countries (Punjaisri & Wilson 2011). This advances the inquiry of the applicability of the transformational leadership and employee-branding concept in the context of non-Western countries. In this context, numerous researchers have suggested gathering data in a non-Western nation to test the applicability, reliability and validity of concepts and theories developed in advanced nations (e.g. Boyacigiller & Adler, 1991). The current study is undertaken to cover a much-needed gap in the existing literature. This will help to understand the impact of transformational leadership on corporate reputation in the context of Pakistan. The author has vast experience in higher education institutions in Pakistan, which developed his interest in conducting this research. In addition, many important administrative and strategy implications for Pakistan’s higher education institutes executives and public policymakers are expected to be developed from the findings of this study.

The word “leadership” has gained popularity in various fields like media houses, politics, and universities as well. Theory suggests that a leader is responsible for the productivity of the employees by boosting their energy and motivation and making them do more than what is expected. Currently, higher education is facing now a great

challenge of leadership dilemmas. Expectations of concerned parties (stakeholders), their evaluation criteria, and the level of enthusiasm and energy of employees, generated by leaders are key factors of leadership style (Du Preez & Bendixen, 2015; Kia et al., 2019). Although leadership style does matter in all fields for Higher Education Institutes it is a matter of great concern.

According to Singh and Weligamage (2010), there is a need to carry out research to support and further investigate the theoretical relationship between transformational leadership and its impact on corporate reputation. Furthermore, the relation between these two has not been studied in the education sector in Pakistan. Therefore, the purpose of this paper is to examine the impact of transformational leadership on corporate reputation while checking the mediating role of employer branding. This study aims to answer the following research questions:

1. Does transformational leadership has any impact on corporate reputation
2. Is employer branding mediates the relationship between transformational leadership and corporate reputation

The theoretical significance of the study is that it will be a valuable addition in the literature of transformational leadership and its impact on corporate reputation. This study will also study two new variables i.e. corporate reputation and corporate reputation along with transformational leadership in the context of Pakistan. The contextual contribution is its significance in terms of its application in transformational leadership and its impact.

This study is organized into six chapters. Chapter 1 explains the research gap, research questions, and the significance of the study. Chapter 2 presents the extensive review of pertinent literature and proposed the research framework based on reviewed literature. Besides, the hypothesis has been derived from the research framework. Chapter 3 outlines the research methodology of the study including sample, population, and the instrument used for collecting data. Chapter 4 presents the analysis and subsequent results from the analysis. Chapter 5 discusses discussions on the results obtained from data analysis. Chapter 6, the final chapter, outlines the implications, limitations, and recommendations for future research.

## **2. Literature Review**

### **2.1 Corporate Reputation**

Corporate reputation is a promising area of study in the field of management of organizations. Organizations generally gain this value with time and gain popularity or unpopularity in a particular area. However, this reputation does not remain the same forever. Any positive or negative event can improve or deteriorate it. According to Dean et al. (2016), “It takes twenty years to build a reputation and five minutes to ruin it”. Roper and Fill (2012) mentioned, “Corporate reputation is an impression or feeling about something or an entity. Bloom and McClellan (2016), followed the same views regarding company repute as “net perception of a company’s ability to meet the expectations of all its stakeholders”. Word “corporate” is a derivation from Latin “Corpus” which means the whole or body so corporate repute is an overall evaluation of the organization and aptitude of the organization to accomplish their demands. According to Schweizer and Wijnberg (1999), reputation is an imperceptible component among the company’s pool of assets. Du Preez and Bendixen (2015) added in the literature of corporate reputation as a collective measure of stakeholder satisfaction, the company’s financial performance and similar constituents. Gigliotti and Ruben (2017) explained the significance of a good reputation as it would commune the company’s mission, the performance of the leadership, the talent of its workforce, and its job within the competitive environment. Corporate reputation has its dimensions in organizational theory, strategic management, marketing, accounting and finance, communications, and economics (Liu, Ko, & Chapleo, 2017). Table 1 shows the application of corporate reputation in various fields in the past literature:

**Table 1**  
***Dimensions of Corporate Repute***

<b>Discipline</b>	<b>Definition</b>
Strategy	Reputes are imperceptible properties that are challenging the rivals to replicate, acquire, or substitute and so produce mobility barricades that arrange for their owners with a persistent competitive gain.
Marketing	Reputation describes the business connotations that individuals create with the company name.
Sociology	Reputational rankings are social constructions emanating from the relationships firms establish with stakeholders in their shared institutional environment.
Communication	Reputations are corporate traits that develop from relationships companies establish with their multiple constituents.
Organizational Theory	Reputations are perceptive illustrations of firms that develop as stakeholders make sense of corporate accomplishments.
Economics	Reputations are qualities or signals that define a company's credible behavior in a specific situation
Accounting	Repute is one of the numerous sorts of imperceptible properties that are hard to quantify but that construct value for firms.

**Source:** "Fombrun, Gardberg and Sever, (2000)."

Repute is can be understood from many perspectives as Roper and Fill (2012) discovered that there are two levels of measurement for corporate reputation namely individual level and corporate level which are shown in Table 2. At individual level viewer's measure reputation based on employees' performance, they consider employees as brands and they rate them to rate the reputation of the organization. While on the other side corporate level is measured within the same industry, for example, if someone is interested to check the reputation of a university then the reputation of the education industry must be checked in this regard and that particular university would be ranked within the reputation of the same industry.

**Table 2**  
***Reputation Levels***

<b>Level</b>	<b>Measurement</b>
Individual level	Performance of the employees are judged
Corporate level	Industry reputation is considered then organization is ranked out of same industry

*Source:* Roper and Fill (2012)

## **2.2 Employer Branding:**

According to Cherif, Stefurak, Roze, Overbye, and Hanna, (2016), branding was even in use before its formal definition. Greek people and Roman people used this branding information on their products in terms of marketing. The first idea was to establish at that time and still used in practice. Nguyen, Melewar and Hemsley-Brown (2016) further highlighted the origin of term branding from the organized farming culture as Norse Farmers use to put some mark or some identification symbols on their cattle to represent a sense of ownership. Bloom and McClellan (2016) continued the explanation of the trademark (brand) as “a complex symbol that represents a variety of ideas and attributes.” Branding is the “attribution of social and symbolic meaning to a product or service”, Kim (1990). It makes “brand” a combination of physical and incorporeal factors. Branding was first to use only for tangible things but with time, its usage expanded over people, firms and places as well (Kia et al., 2019). A brand of employer distinguishes the attributes of its firm from its competitors.

In recent, all the above-mentioned definitions and explanations of brand and branding are being applied to manage the reputation of the organizations to build strong image and brands known as an employer brand. Among all the stakeholders of the companies, employees and consumers are the most important ones and a company’s activities (input) and consumers’ perception (output) formulates the brand as product and brand as the employer (Roper & Fill, 2012). Now employer branding is one of the strongest strategies in the operational field of management for both marketing and HR experts as recent recognition by most of the firms is that it

is their employees who deliver the brand promise, not the product. So well recognized brands emerge on the face of the earth if values and culture of the organization from top to bottom line of employees are aligned with the value delivered by their products (Liu et al., 2017). Working on the same point Du Preez et al. (2017) discovered on the paradigm of employer branding, employees are the first internal customer market and jobs are internal products for any company.

Simon Barrow is the person who is known as the inventor of term “Employer Branding” and the concept companies and employers need branding in the 1990s. Besides, Du Preez and Bendixen (2015) further discussed it as it has positioning and personality like the traditional brand. Therefore, it is more concerned with developing the picture in the thoughts of the talent work market that this company/brand is the best dwelling to graft (Ewing, Pitt, de Bussy, & Berthon, 2002). Employer branding concept has been developed from inside marketing that employees are inside clienteles of the corporation and employments are inside products. It is a long-term strategy of the company to manage the perception of employees regarding the company (Bloom & McClellan, 2016). Companies with high employer branding reduce the price of employee acquirement, progresses employee associations, retaining and bargaining lesser wages for analogous staff to corporations with the feebler company brand, concluded by Ritson in 2002. The race to look at the best employer is becoming fierce day by day. Companies are spending heavy amount to become a desirable place to work. Hence, companies must discover what attracts potential employees. Moreover, employer branding is important because it is possible that in the future there would exist same intense competition for employees as exist now to retain and attract customers (Cherif et al., 2016; Salem, Ayadi, & Hussainey, 2019).

According to Du Preez and Bendixen (2015), customers were considered as external to the organization but many managers find it difficult to communicate with the external customers without the notion of in-house marketing to the staff. As if the values and culture of the organization are not well communicated with the employees and if they are not well aware of the operational philosophy then they cannot pass it on to their customers. It would bring disaster.

Conferring to Backhaus and Tikoo (2004) business branding is a procedure, which composed of three steps given below:

### **2.2.1 Magnitudes of Attraction in Establishment Branding**

Organizational attraction is “the envisioned benefits that a potential employee sees in working for a specific organization i.e. perceived economic value, interest value, social value, department value, and application value” as highlighted by Jiang and Iles (2011). According to Nguyen, Melewar, and Hemsley-Brown (2019) “war of talent” has discovered the need for a good image for companies to fascinate and preserve brilliant people. We can find in the literature that researchers are supporting the work on employer branding with few theoretical grounds. The first one is the “Resource Based View”. Application of establishment branding is centered on the view that employees can generate a competitive edge for the firms and through training and development of its workforce; a firm’s productivity can be boosted. Resource based view strengthens the idea that capabilities and qualities of an organization’s capital can produce a competitive and sustainable edge and possessions of an organization if are rare, non-swappable, precious and hard to duplicate can make a firm leader in the industry (Gigliotti & Ruben, 2017; Remund & McKeever, 2018).

### **2.3 Transformational Leadership**

Transformational leadership style is where leader works with its employees to understand needed change, generating vision through motivation and inspiration and finally achieve desired targets with committed workforce (Bloom & McClellan, 2016). This leadership style is committed to boost up the performance of subordinates, their motivation and morale by being a role model in order to generate feel of identity of employees with organization (employer branding) and ultimate outcome of this practice is a high commitment, the loyalty of employees, good performance and finally a good reputation of the organization (Kia et al., 2019).

Mickson and Anlesinya (2019) narrated that transformational leadership is based on the association amid leaders and their followers within the universities as in the case of this study. According to Veen, Göritz, and Sattler (2016), “Transformational leaders are assumed to stimulate followers to perform beyond the level of expectations.” Generally, it constitutes on four components

which are i) idealized influence, ii) inspirational motivation, iii) intellectual stimulation and iv) individualized consideration. Transformational leadership integrates the elements of “empathy, compassion, sensitivity, relationship building, and innovation” among employees, suggested by Jin (2010). This leadership style is founded more on employees’ development, their confidence building, making them participate as mentioned by Aldoory and Toth, (2004) in their research that sharing of power and involvement of employees in decision making are core values of transformational leadership style (Remund & McKeever, 2018).

## **2.4 Transformational Leadership and Employer Branding**

In 1990, companies recognize the need for attracting and retaining knowledgeable and skilled workers for organization success and competitive advantage. Nevertheless, this was difficult to achieve due to demographic changes and challenges. During the mid-1990s, a new concept emerged as employer branding in organizational branding. The reason for the emergence of this concept is attracting and retaining employees. To have a talented employee, the corporate sector freshly started incorporating branding principles and rehearses in the area of HRM. The solicitation of branding into HRM is known as “Employer Branding” (Gigliotti & Ruben, 2017; Mickson & Anlesinya, 2019). Branding is not a new term, but its application in HRM has changed the terminology. The term employer brand is demarcated as “the compendium of functional, economic, and psychological remunerations provided by employment and identified with employing company” (Cherif et al., 2016). Employer branding is a collection of all the efforts made by the company to make the image in the mind of existing and prospective employees that it is the attractive and enviable place to work (Du Preez & Bendixen, 2015) and main transformational leadership is also the same (motivating and inspiring employees through caring and developing employees and being a role model) therefore on the basis of literature.

*H1: Transformational Leadership and Employer Branding keeps a positive relationship.*

## 2.5 Employer Branding and Corporate Reputation

Organizational success is highly dependent upon potential recruits and retention of high performers which is now a very strategic job for organizations. Studies mentioned that organization's perceived image is one of the main determinants of the potential applicant pool (Cherif et al., 2016). Company image is the positioning of the employer in the minds of individuals that organization is a distinctive, central, and enduring place of working (Nguyen et al., 2016). It is now a strategic trial for establishments to develop their company image for the purpose of attraction and retention of the true employees and this procedure is known as "employer branding". Previous studies (Du Preez et al., 2017) presented the instrumental-emblematic frame as an integrating conjectural framework for outlining the key constituents of organizations' appearance as an employer. Conferring to this outline, imageries entail both contributory and emblematic dimensions (Nguyen et al., 2019). The concept that persons subordinate both contributory functions and emblematic meanings with kinds of stuff in line through a lengthy convention in communal psychology (Katz, 1960).

Instrumental image dimensions are more like tangible benefits of employees and represent the corporation in relation to impartial, tangible, and realistic features born from the sound culture of the firms, for example, wage and development prospects (Lievens, 2007). While emblematic appearance magnitudes define the organizations in footings of particular, theoretical, and imperceptible virtues which employees want to be associated with, and are similar to organizational behavior insights (Gigliotti & Ruben, 2017). These attributes are very fascinating to employees as they allow them to preserve their self-uniqueness, to augment their self-perception, or to express themselves (Aaker, 1991). Studies show that symbolic dimensions are best characterized by five factors like competence, sincerity, innovativeness, robustness and prestige (Liu et al., 2017). Researches show that figurative magnitudes justify differential alteration outside contributory image magnitudes in predicting organizational attractiveness (Van Hoye & Saks, 2011). As literature shows if organizations are able to develop honesty, innovation, proficiency, esteem, and sturdiness in their

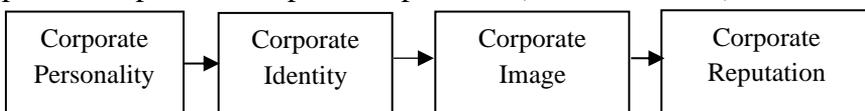
employees it will ultimately reflect in the organization's overall reputation, so our 2nd hypothesis is:

*H2*: There is a positive correlation between employer branding and corporate reputation.

## 2.6 Transformational Leadership and Corporate Reputation

Corporate identity lies in the center of corporate reputation and to build reputation companies have to develop their corporate identities which is central and internal to the corporate culture (Roper & Fill, 2012). As company identity is central to the corporate reputation, similarly commercial character is vital to the corporate distinctiveness and corporate image is the vision of the external stakeholders of the organization how they perceive this corporate personality (Liu et al., 2017). Individuality management is apprehensive with the formation, communication, and growth of an establishment's task, culture, and philosophy'. Distinctiveness has been extracted from the inside organization and it has a strong linkage with the dominant culture of the organization. An organization's trade communiqué must be aligned with this distinctiveness within to the staffs as well as outwardly to patrons. Numerous scholars contemplate that management activities are to be focused only at the outside stakeholders, primarily clientele which is not the correct approach. Though the formulation of a business brand must be grounded on communiqué with the staffs (Nguyen et.al, 2016).

Lots of studies recommend that if an organization finds any slits amid the business identity and the business appearance, then steps must to be taken to rectify it. And it would require an audit to identify the current identity and corporate character. Real administration of business identity will give an outcome in a favorable corporate image which over some time ultimately will produce a positive corporate reputation (Liu et al., 2017).

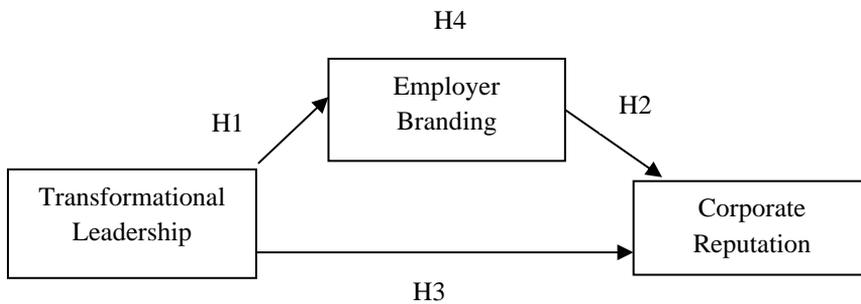


**Figure 1:** Building blocks of Corporate Standing

**Source:** Roper and Fill, (2012)

Corporate personality, also known as the corporate character is the core heart of an organization, the way the organization is. Major facets of corporate personality are corporate culture and the way organizations develop a strategy (Nguyen et al., 2019; Mickson & Anlesinya, 2019). Representation and the way the organization make its stakeholders to be perceived. It's a mode with which organizations generate uniqueness and competitiveness. Corporate identity communicates three aspects to its stakeholders: what the organization does, how it does it, and what it is (Olins, 1989). Bernstein (1984) discussed that perception of different stakeholders regarding an organization is known as corporate image. The corporate image of an organization is a result of a blend of different factors, like beliefs, values, and attitudes that an individual or organization has, and such characteristics (belief, values, and attitudes) of an organization are not possible without the input of transformational leadership and branding efforts (that employees should feel this is the best place to work) therefore based on literature our third and final hypothesis is

**H3:** There is a positive relationship between transformational leadership and corporate reputation.



**Figure 2:** Research framework

Employer branding is mediating the relationship between transformational leadership and corporate reputation. As literature has proven that organizations build their reputation using resource based view theory as unique that is rare, valuable and not easy to imitate, and if organizations are trying to build it through transformational leadership then it would not be possible to do it

without developing its brand in the minds of employees either current or future that this specific organization is the best place to work for. Its leadership in first place is transformational which focuses on employee development, cares about employees, motivates and inspires, and finally develops its image and brand through specific belief and culture that this organization fulfills its promises and it's a brand worth working for.

*H4:* Relationship of transformational leadership and corporate reputation is mediated by employer branding.

### **3. Methodology**

#### **3.1 Instrumentation**

Primary data has been collected through self-administrated questionnaire. Self-completion Questionnaires have been used to analyze the theoretical model or conceptual framework. The Survey technique was used for data collection as it is associated with the deductive approach. The data has easily be compared and standardized. Seven Likert Scale has been used for checking the response of the respondent, Scale encompasses option from strongly agree to strongly disagree. Level of agreement has been checked through the options in the Likert scale like 1= “strongly disagree”, 2= “disagree”, 3 = “slightly disagree”, 4 = “neutral”, 5 = “slightly agree”, 6 = “agree” and 7= “strongly agree”. Literature data include published research which will give an additional insight into the primary data and there can be high degree of reliability and validity.

This research study is examining the proposed model in public and private sector universities of Punjab recognized by the Higher Education Commission of Pakistan. The education sector was chosen because there is intense competition in this area and employees of the education sector are the dynamic and main source of organizational reputation (Backhaus & Tikoo, 2004). There are total 51 universities in Punjab. Out of this total, 27 belong to the public sector while rest 24 belong to the private sector. The probability sampling technique was used for data collection. 9 out of 27 public universities are in Lahore, 4 are in Multan, 2 are in Bahawalpur, 3 are in Faisalabad and 1 is in Sargodha and out of 24 private sector universities, 19 are in Lahore, while Multan, Gujranwala, Faisalabad, Wah, and Texila each has one university. The unit of analysis is the individual academic and non-academic

university staff. The researcher sends 350 online questionnaires that were distributed and out of which 132 questionnaires were returned, consequently response rate was 26.4%. In this context, Nguyen, Melewar and Hemsley-Brown (2019) claimed that 23% response rate is acceptable in online data collection methods. Furthermore, Silva and Durante (2014) reasoned that a mainly individuals use the internet for entertainment and recreation purposes, which makes them discount research survey contribution appeals, subsequent in a low response rate. Nevertheless online is the fastest, lowest cost technique to carry out surveys, the usage of anti-spamming software and the extensive usage of unwanted email made the response rate of email surveys lesser than postal or phone surveys (Petrovčič, Petrič & Manfreda, 2016; Veen et al., 2016). Returned Questionnaire were coded in SPSS 20 and analyzed through different techniques present in SPSS. Mediation was check through Preacher and Hayes mediation techniques.

The validity of all the measures used in this study is above .7, Cronbach's alpha for transformational leadership is .912, employer branding is .871 and for corporate reputation is .874 which high reliability of all scales. Transformational leadership scale was adopted form Bass and Avolio, (1990) comprising of 16 items and a sample item is "I am proud of my superior". Scale for employer branding was adopted from Berthon, Ewing & Hah, (2005) measured through 9 items and a sample item is "I feel good about myself as result of working for this university" and corporate reputation scale was adopted form Tkalac Verčič, Verčič, & Žnidar (2016) measured through 8 items and a sample item is professors have a high level of reputation. Table 3 shows the demographic profile of the respondents of this study.

**Table 3**  
*Descriptive statistics of demographic variable*

<b>Variables</b>	<b>N</b>	<b>Mean</b>	<b>St. deviation</b>
<b>Gender</b>	132	1.53	0.501
<b>Age</b>	132	2.75	1.168
<b>Qualification</b>	132	1.89	0.723
<b>Experience</b>	132	1.89	1.075
<b>Job Scope</b>	132	1.23	.443
<b>Valid (List wise)</b>	132		

#### **4. Results**

Correlations among variables are present in Table 4 where hypotheses of the study are supported. For example correlation between TL and EB is .312 that is highly significant, and the correlation between EB and CR is .734 which is again significant at .01 levels. Correlation between TL and CR is .319\*\* supporting hypothesis 1, 2, and 3 that there is a significant and positive relationship among these variables.

**Table 4**  
*Correlation Table*

Variables	M	SD	1	2	3	4	5	6	7	8
<b>1-Gender</b>										
<b>2-Age</b>			-.372**	1						
<b>3-Exp</b>			-.355**	.780**	1					
<b>4-Qlf</b>			-.185*	.649**	.536**	1				
<b>5-Job Sep</b>			.054	.011	.008	.128	1			
<b>6-TL</b>			-.011	.046	.079	.008	-.074	1		
<b>7-EB</b>			-.028	.035	.026	-.027	.069	.312**	1	
<b>8-CR</b>			.008	.108	.106	.052	-.028	.319**	.734**	1

**Note:** \*\* correlation is significant at 0.01 level (two tailed) and \* correlation is significant at 0.05 level (two tailed).

**Table 5**  
**ANOVA**

	Model	Sum of Squares	Df	Mean Square	F	Sig.
<b>1</b>	Regression	18.561	1	18.561	14.759	.000 <sup>b</sup>
	Residual	163.486	130	1.258		
	Total	182.047	131			
<b>2</b>	Regression	99.828	2	49.914	78.315	.000 <sup>c</sup>
	Residual	82.219	129	.637		
	Total	182.047	131			

a. Dependent Variable: CR

b. Predictors: (Constant), TL

c. Predictors: (Constant), TL, EB

Table 5 shows the ANOVA values of the data where dependent variable is corporate reputations and independent variable is transformational leadership

**Table 6**  
*Mediation Coefficients*

Model	Unstandardized Coefficients		Standardized Coefficients		T	Sig.
	B	Std. Error	Beta			
1	(Constant)	3.563			8.853	.000
	TL	.314	.082	.319	3.842	.000
2	(Constant)	.639	.386		1.655	.100
	TL	.098	.061	.100	1.604	.111
	EB	.767	.068	.703	11.292	.000

a. Dependent Variable: CR

Table 6 shows a strong mediation of employer branding between transformational leadership and corporate reputation. When TL was tested with CR it showed significant regression with beta .319 but when EB has added then this relationship went insignificant as shown in the second step of above table TL shows insignificance at .111 levels which proves our fourth hypothesis that employer branding mediates the relationship between transformational leadership and employer branding.

## 5. Discussion

The results of this study discovered that transformational leadership positively influences corporate reputation. Many traits of an effective leader such as shared communication, shared objectives and measurable performance evaluators, employee concern and relationship with employee directly develop workers' promising general opinion of the organization. The findings of the current study are in accordance with previous pertinent studies on the relationship between transformational leadership and corporate reputation (Liu et al., 2017; Roper & Fill, 2012). Transformational leaders involve employees in decisions making process and thus enhance their positive assessment of the organization by feeling more comfortable at work.

The present available literature on corporate reputation (Dean et al., 2016; Roper & Fill, 2012) has acknowledged organization competence and excellence of leadership as amongst the foremost corporate reputation drivers. Outcomes of the current study offer new confirmation from an employee viewpoint that appropriate leadership such as transformational leadership outlines employees' optimistic opinion of the corporate reputation. As noted by Yukl (1994), leadership has a significant part in creating a corporate climate and establishing an inner atmosphere, which impact employees' attitudes and inspiration. To advance positive inner reputation which can produce encouraging reputation (Veen et al., 2016), the transformational leadership style should thus be encouraged somewhat than the other leadership styles, as demonstrated by the present study.

This study aimed to empirically investigate the relationship between transformational leadership and corporate reputation employee while testing employer branding as a mediator in the context of Pakistan. Employer branding plays a significant mediating role between these two variables. Previous studies have also shown that transformational leadership influences corporate reputation (Ruben, De Lisi, & Gigliotti, 2016). The current study found out that transformational leadership (TL) plays a significant role in enhancing the corporate reputation. This study highlights the significance of transformational leadership on corporate reputation.

Competencies that play a vital role in enhancing leadership effectiveness. It shows that employer branding also plays a vital role in the corporate reputation. Leadership is very important area of concern for any organization (Remund & McKeever, 2018).

The findings showed that it is impossible to create a sustainable business environment for a company without having sound leadership. This paradigm of business contains not only competition and war of survival but survival with sustainability now (Mickson & Anlesinya, 2019). Corporate reputation is an outcome of a certain set of values, culture, and norms that an organization carries driven by its leadership (Roper & Fill, 2012). Besides, among different leadership styles, transformational leadership is the one that is considered as the most appropriate approach for developing competitive values and norms in organizational culture (Kia et al., 2019). Because in this specific form of leadership, leader not only works with their subordinates but also works for them. The study tries to develop them through being a role model, inspires and motivates them.

Ultimately, a culture of trust and loyalty develops in an organization. Employees then own their workplace and try to create an identity with it. They start thinking it as the best place to work with. Therefore, there is a perfect triangle of Leadership, followership, and employer (Bloom & McClellan, 2016). All three are on same page and the same road towards the good corporate reputation of the organization. And the outcome of all this process is the good reputation of the organization; a reputation that this organization is having employer of choice; a reputation that this organization is having transformational leaders who are there for subordinates and employees when they need them and reputation that this organization is the one where employees go to office happily and feel the honor to work for their organization (Bloom & McClellan, 2016).

## **6. Implications**

The present study has significant practical and theoretical implications. Theoretically, this study addresses a significant gap in the literature related to transformational leadership and corporate reputation. It extends the efforts by investigating the relationship between transformational leadership and corporate reputation which

could be established and enhances employer branding. Most of studies in this area are conducted in advance countries, however, less work is available in the context of a developing country like Pakistan. This research work, consequently, develops the current understanding of which leadership style is appropriate. In the context of practical and managerial implications, the study demonstrates that the transformational leadership style is a suitable leadership style to encourage the employees to exert their full potential. This means that one of the critical success factors for any project is its leaders' leadership style. This is mainly true in the context of Pakistan as research displays that people in Pakistan are usually more concerned with rewards. Furthermore, managers utilize this model to build their competitive repute that will sustainable. It shows that the transformational leadership style is a suitable leadership style to stimulate the human resource to work to their latent. It can be achieved through organizational culture, norms, and values led by its employer and transformational leadership. This study provides a framework that gives strategic marketing aspects to organizations that they should not only focus on conventional marketing tactics to develop their repute rather they should center it on their leadership and employer branding strategic tools to develop a long-term competitive reputation.

### **6.1 Limitations and Recommendations for Future Research**

Like many empirical studies, this study also has some limitations that must be considered. The most apparent limitation of this study is cross-sectional design. Past literature suggest various dimensions of leadership style, however, we have included in the transformational leadership style in this study. Future studies can take transactional leadership in a framework to investigate the impact of both and to find out which one is better or in what combination of these variables are best for the reputation of organizations. Secondly, the sample size of this study is small 132 because data was gathered through online questionnaires. The response rate was very low as it is difficult to motivate respondents in an online environment. So future studies can replicate the current model with a larger sample size to make the findings more generalizable. Thirdly, sector taken in this study was education because educations sector has become very dynamic and these no

more only trust or organizations for the well-being of masses but the organization that not only generate good graduates but also earn profit and fights for its competitiveness. It would be valuable if the future studies investigate the association of leadership styles across industry sub-categories (e.g. pharmaceutical, banking, etc.).

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