Citation:
The Effect of Internal Branding on Brand Performance with Moderator Role of Job Satisfaction

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ABSTRACT

Internal Branding makes perception of the employees about the brand values and with the combination of perception makes attitudes and shape behaviors. The main objective of this study was to investigate the relationship between internal branding, brand identity, brand commitment and brand performance in branches of financial institutions in Iran. Due to the use of research results in practice this research is applied and descriptive survey. Data collection instrument was a questionnaire which its validity through the content validity and its reliability has been confirmed by Cronbach’s alpha. In this study, for test of hypotheses, structural equation modeling approach (PLS) was used. The results show all assumptions except one Hypothesis, was confirmed. Also it was confirmed that job satisfaction amplified among brand identity and brand performance as well as the relationship between internal branding and employee loyalty. 

Key words: internal branding, brand identity, brand commitment, brand performance, job satisfaction

Introduction

Balmer (2009) showed that large companies used a wide marketing concepts such as corporate identity, corporate image, corporate name, for their marketing activities. These include concepts such as marketing mix, that known as sixth element (6cs) corporate identity, corporate communications, shareholders, brand commitments, image and reputation and corporate culture (Balmer and Fuhrer, 2006). In a service organization, brand commitment depending on the effectiveness of employee to provide core values for customers of the company. In fact, De Chernatony (2002) claims that company are guaranteed when employees in service sector adapt their behavior with brand values. Thus the focus of this research is the employees that directly communicate with customers and their perceptions of internal branding impact as much as other factors such as work environment. Today, having a strong brand is a priority in many organizations, so researchers in this field have always studied it from different aspects. Internal and external branding can be done in two ways. Approach outside branding of the organization is
issue of many researchers and choose methods that is directly related to customer. On the other hand employees are important factor for formation of organizations in the minds of consumers. Then, for improve their internal branding According to the employee stated. (Ahmed and Rafiq, 2003). The central focus of many research is employee, because manpower has made undeniable role to build the brand in recent years. Reviewing the literature clearly shows that few studies examined the effectiveness of internal branding on employee attitude (sense of belonging, commitment and brand loyalty). And few studies have examined any part of that. The study Punjaisri; Wilson; Evanschitzky (2009), is one of the few researches that has examined the attitudes of employees on internal branding. In their paper they suggest that internal branding effect on employees' attitudes and performance, but this study are looking explain the relationship between internal branding and brand performance.

**Literature Review**

**The Brand Identity-Brand Reputation**
De Chernatony's Brand Management model conceptualizes the internal brand building process as revolving around the identification and narrowing of gaps between a brand's identity and its reputation. The brand identity is conceptualized as an interplay of six basic components viz., Brand Vision, Organization Culture, Brand Positioning, Brand Personality, Relationships (staff to staff, staff to customer, staff to other stakeholders) and Presentation (to reflect consumer / stakeholder self-image & aspirations). While the brand’s identity depends on how it is perceived by its stakeholders as being different from competition, the brand’s reputation is presented as a resultant of the all its past and present actions over time (de Chernatony, 1999). Hence, while identity is based on perception, reputation is based on reality. The gap between the two reflects incongruity and leads to a lowered brand performance since the stakeholder always expects the brand to offer benefits in line with the perceived identity. Harris & Chernatony also emphasize on the importance of Perceptual Congruity and Communication for reducing the gap and goes on to suggest the mechanisms for harmonizing perceptions to include collation of perceptions, conducting workshops & staff communication programs and usage of a totem/object based metaphor for uniform communication of brand identity and guide their behaviour towards reducing the identity-reputation gap (Harris & De Chernatony, 2001).

**Internal Branding**
Hatch, M. J., & Schultz, M. (2003) conceptualize Corporate Branding is as a continuous adjustment of the interplay between Brand Vision, Organization Culture and Brand Image. It is suggested that an approach that is organizationally integrated and cross-functional would be required to manage the interplay. It is therefore important to “bring the (whole) corporation into corporate branding” or at the very least, to make it the integrated effort of HR, Communication and Marketing functions led by the top management. Hence, effective dialoguing between top management, external stakeholders and members of the organizational culture would be a prerequisite. Honest self-assessment, responsive attitudes toward stakeholders, and respect for the
values that attract all stakeholders to the corporation would add impetus to the internal branding efforts. Hence, effective internal branding would necessitate drawing in from the rich resource of organizational culture and make it an integrated part of the effort to build a corporate brand.

**Internal Brand, Commitment & Involvement**

According to Baumgarth, C., & Schmidt, M. (2010) the key determinants of internal brand equity constitute Brand Orientation or a brand orientated organization culture at an organization level and Internal Brand - Knowledge (IBK), Commitment (IBC) and Involvement (IBI) at an individual level. It is hypothesized that internal brand equity has a positive effect on the external brand equity of an organization. The role of HR is emphasized by the authors by recommending the need for an open channel of communication between an organization’s brand management and HRM teams towards establishing and managing incentive systems, training programs, targeted internal communication, leadership, and effective recruitment systems in order to nurture a brand-oriented culture and also measure and manage the IBK, IBI & IBC (by means of regular employee surveys and summarizing scorecards) to serve as a control system that can support management by providing early warning of weaknesses in the internal branding endeavor.

**Internal Brand identification, Commitment & Loyalty**

Punjaisri, K., Evanschitzky, H., & Wilson, A. (2009) emphasize that internal branding is an enabler for the employees of an organization to exhibit brand supporting behaviours. Their proposed framework for internal branding empirically draws the relationship between internal branding and the behavioural outcome (brand performance) as well as the meditational effects of employees’ brand identification, commitment and loyalty. The model also indicates HRM activities like training, orientation, meetings and briefings as contributors to internal branding. Among the concepts used to describe a strong brand, brand loyalty is perhaps the one that has received the most attention by academics and practitioners (Malai and Speece, 2005; Tsao and Chen, 2005). For that reason, there are several definitions and measures of brand loyalty; some focus on the attitudinal dimension and others focus on the behavioral aspect of brand loyalty (Gee et al., 2008; Nguyen, et al, 2011). In this study, brand loyalty “is a deeply held commitment to re-buy or re-patronize a preferred brand consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior” (Oliver, 1997, p. 392). Brand loyalty is a valuable asset for every brand. Brand loyalty originally referred to consumers’ repeated purchasing. Repeat purchasing, however, may only indicate consumers’ temporary acceptance of a brand (Shang, 2006). Research has indicated that the cost of recruiting new customers is very high due to advertising, personal selling, establishing new accounts, and customer training (Mittal and Lassar, 1998). More importantly, profits generated by loyal customers increase significantly over time (Nguyen, et al, 2011).

**Job satisfaction and internal marketing**

There has been a long debate regarding the relationship between culture of organizations and job Satisfaction of their employees. Besides, supporting evidence has been found by many studies (e.g.
In literature, job satisfaction has been viewed as the evaluation of the organizational context, whereas, organizational culture has been regarded as a description of the work context (Kerego and Mthupha, 1997). Kline and Boyd (1994) performed an investigation for determining the relationship between organizational context and job satisfaction. Their results showed that different aspects of the work environment could be influential on job satisfaction. Thus, based on the overview of the relative literature and different studies (e.g. Hellreigel and Slocum, 1974) existence of relationship between organization’s culture and job satisfaction would be a reasonable assumption. With regard to the relationship between job satisfaction and organization’s culture, the relationship between job satisfaction and internal brand equity as a culture related construct could also be investigated. It has been argued that one major role of a brand is creation and increasing the satisfaction which could predict future behaviors regarding the brand (Mittal and Kamakura, 2001). Zhou et al. (2008) argue that marketing orientation can have influential effects on firm’s performance through employees’ job satisfaction. Besides, with considering the basic idea that every employee in organization can contribute something valuable to end customer, marketing orientation can collect and promote employees’ individual efforts in organization (Jaworski and Kholi, 1993). Consequently, these collective efforts can help employees to reach and maintain more satisfaction.

**Model and hypotheses**

- \(H_1\): Internal branding is positively impact to brand identity.
- \(H_2\): Internal branding is positively impact to brand commitment.
- \(H_3\): Internal branding is positively impact to brand loyalty.
- \(H_4\): Employee Commitment is positively impact to employee loyalty.
- \(H_5\): employee Commitment is positively impact to brand performance.
- \(H_6\): Brand loyalty have a positive impact to brand performance.
- \(H_7\): Brand identity is positively impact to brand performance.
- \(H_8\): Brand identity is positively impact to brand commitment.
- \(H_9\): The effect of internal branding on brand identity for employees who have higher job satisfaction factors are stronger than employees who are less job satisfaction.
- \(H_{10}\): The effect of internal branding on brand commitment for employees who have higher job satisfaction factors are stronger than employees who are less job satisfaction.
- \(H_{11}\): The effect of internal branding on brand loyalty for employees who have higher job satisfaction factors are stronger than employees who are less job satisfaction.
**Background research**

Panjaysry et al (2009) in their study concluded that internal brand has a positive impact on attitudinal and behavioral aspects of employees. Moreover, their research showed that brand identity is derived from the brand's commitment to employee loyalty. Azizi et al (2011) also concluded that internal branding has a positive impact on employee loyalty but on employee commitment was not effect, found. Brand Commitment on brand loyalty and brand loyalty on brand performance have a positive relationship. Panjaysry and Wilson (2007) studied with depth interviews concluded positive relationship between internal branding has a positive impact on commitment, brand loyalty and brand identity. Sarebandi and Davari (2014) in their study investigate the effect of internal marketing has a positive effect on satisfaction in the banks employees. As well as all components of internal marketing (selection and appointment, training and development, organizational support, motivation, policy, vision, communication and empowerment) has a significant positive correlation with job satisfaction.

**Research Method**

In the present study to test of hypothesis structural equation modeling approach and software Smart PLS was used. Structural equation modeling provides connections between several variables in the model, In fact, compared with other data analysis techniques may provide. The researcher can also test their theoretical model. In other words, variables in structural equation modeling were different between observed and latent variable. Latent variables are not directly observable or measurable. Observed variables that are directly observed and measured. The final
questionnaire was divided into two parts. The first part contained questions regarding respondents’ demographics, and the second part focused on measurement scales. All variables in the second part of the questionnaire were closed-ended five-point scales, with 1 indicating “strongly disagree” and 5 indicating “strongly agree”.

**Sampling and Data collection**

The sample for this study was managers and employee of Private financial institutions in which have offices in Shiraz. The reason for selecting these institutions is the institutions nature of the finance. A convenience sampling technique was used and a total number of 162 manager and employee were selected from Private financial institutions. The survey instrument was a self-administered questionnaire including 33 items. 4 items were used to identify demographic characteristics of respondents. Using proper view of professors and experts as well as the use of standardized scales were adequate research content validity, and reliability with Cronbach's alpha has been examined.

<table>
<thead>
<tr>
<th>Table 1: Cronbach's alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>Brand Identity</td>
</tr>
<tr>
<td>Brand Commitment</td>
</tr>
<tr>
<td>Brand loyalty</td>
</tr>
</tbody>
</table>

In Table 2, shows the sex ratio roughly balanced in the sample and the majority of sample was 31 to 40 years old. Also married people are much more than singles.

<table>
<thead>
<tr>
<th>Table 2: Demographic Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>Man</td>
</tr>
<tr>
<td>Woman</td>
</tr>
<tr>
<td>Age</td>
</tr>
<tr>
<td>30-</td>
</tr>
<tr>
<td>31-40</td>
</tr>
<tr>
<td>41-50</td>
</tr>
<tr>
<td>&gt;50</td>
</tr>
</tbody>
</table>

In order to examine the proposed hypotheses, partial-least-squares regression (PLS) was employed. The number of usable questionnaires was the key factor for choosing PLS as the method for testing the model. PLS path models are categorized as inner and outer models. While the inner model specifies the relationship between latent variables, the outer model shows the relationship between a latent variable and its related observed variable. Furthermore, the outer model can be used for testing the hypothesis. As a result, the output of the PLS which is the outer model is provided in figures 2 and 3.
Figure 2: Output of PLS (T-value)

Figure 3: Output of PLS (Path coefficient)
The following table summarizes the results of the assumptions stated.

**Table 3: Results of hypothesis testing**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>$\beta$</th>
<th>T value</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal branding is positively impact to brand identity</td>
<td>0.456</td>
<td>766.8**</td>
<td>Supported</td>
</tr>
<tr>
<td>Internal branding is positively impact to brand commitment</td>
<td>0.689</td>
<td>944.20**</td>
<td>Supported</td>
</tr>
<tr>
<td>Internal branding is positively impact to brand loyalty.</td>
<td>0.577</td>
<td>068.5**</td>
<td>Supported</td>
</tr>
<tr>
<td>Employee Commitment is positively impact to employee loyalty</td>
<td>0.169</td>
<td>084.11**</td>
<td>Supported</td>
</tr>
<tr>
<td>Employee Commitment is positively impact to brand performance</td>
<td>0.370</td>
<td>188.6**</td>
<td>Supported</td>
</tr>
<tr>
<td>Brand loyalty have a positive impact to brand performance</td>
<td>0.303</td>
<td>132.5**</td>
<td>Supported</td>
</tr>
<tr>
<td>Brand identity is positively impact to brand performance</td>
<td>0.018</td>
<td>0.323</td>
<td>Supported Not</td>
</tr>
<tr>
<td>Brand identity is positively impact to brand commitment</td>
<td>0.161</td>
<td>252.4**</td>
<td>Supported</td>
</tr>
</tbody>
</table>

To check moderator hypotheses, SPSS software was used. The following table (4) summarizes the results expressed in the hypotheses.

**Table 4: Results of tests moderating hypotheses**

<table>
<thead>
<tr>
<th>hypotheses</th>
<th>T value of hypothesis without moderator</th>
<th>The path coefficient hypothesis without moderator</th>
<th>T value of hypothesis with moderator</th>
<th>The path coefficient hypothesis with moderator</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H9</td>
<td>11.573</td>
<td>0.462</td>
<td>5.106</td>
<td>0.328</td>
<td>Supported</td>
</tr>
<tr>
<td>H10</td>
<td>10.465</td>
<td>0.432</td>
<td>8.106</td>
<td>0.378</td>
<td>Supported</td>
</tr>
<tr>
<td>H11</td>
<td>12.547</td>
<td>0.569</td>
<td>10.119</td>
<td>0.448</td>
<td>Supported</td>
</tr>
</tbody>
</table>

**Discussion and conclusion**

The present era is the human's era and goals of each organization, headed by becoming a brand, depending on the training and development of human capital of the organization. Internal branding is a set of strategic processes that empower employees to coordinate, and they have the right experience for the customer to create a sustainable basis. Internal branding is increasingly as a matter of principle to ensure employee commitment to the development of attitudes and behavior of employees respond to known brand. The results show that internal branding is equally important is the branding activities. Because with education, community meetings and other internal branding characteristics can be motivated and active, which causes employees to increase organizational performance. The research also proved that internal branding activities not only impact on organizational performance but also increase and effects on brand identity, brand commitment and loyalty of employees. According to this conclusion organizations should more attention on their employee's activities. The results of this research is similar with results of Punjaisri et al (2009), Wilson (2007), Azizi et al (2011), Sarebandi and Davari (2014), Lee et al. (2014). In this studies internal branding has positive effect on another variables. For the financial institution branch offered suggestions to increase performance:
1. Create training sessions to improve knowledge of employees
2. Seek opinions of the employees
3. Increase in salaries and financial rewards of employees so that their yield is increased
4. Provide objective criteria for promotion of employees
5. Create positive working relationships between employees and supervisors.
References

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