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aaEmployee retention: the effects of internal branding and brand attitudes in sales organizations

Abstract

Purpose – The purpose of this study is to investigate the relationships among internal branding, brand orientation, brand identification, brand commitment, and employees' intention to stay. The study also examines the mediating roles played by brand identification and brand commitment on the relationship between brand orientation and retention.

Design/methodology/approach – Data were collected from 702 business-to-business salespeople working in 15 cement and building materials companies in Thailand. Hypotheses were tested and analyzed by means of a confirmatory factor analysis, structural equation modeling, and a bootstrapping procedure.

Findings – The results revealed that establishing an internal brand has a positive effect on brand orientation, which has a positive impact on brand attitudes, namely brand commitment and brand identification. Such attitudes in turn are positively related to employee retention. The direct relationship between brand orientation and intention to stay was found to be partially mediated by brand identification.

Research limitations/implications – The current research took place among customer-facing staff (e.g., salespeople), which can be extended to back-end employees in order to better reflect the overall internal branding effort.

Practical implications – Organizations may improve employee retention through an internal branding process, and internalization of brand attitudes. Such efforts are not only the job of brand managers, but a shared responsibility of all employees at all levels. Collaboration

between brand management and human resource interventions is crucial to successfully implement these efforts.

Originality/value – This study extends existing knowledge by investigating the relationships that have rarely been discussed in the human resource management and employee retention literature. It shows the importance of a brand-building mechanism at the cultural level, and the influential effect of brand attitudes on the turnover of salespeople.

Key words Internal branding, Brand orientation, Brand identification, Brand commitment, Retention, Salespeople, Thailand

Paper type Research paper

Introduction

Employee retention has become a major concern for organizations in today's work scenario, in which human capital remains one of the few resources that can provide a sustainable competitive advantage (Cardy and Lengnick-Hall, 2011). Organizations enormously invest in recruiting and selecting employees, and then invest even more in training and developing them over time. In order to get a return on such investment, organizations need to retain well-trained employees so that they remain with the workplace for the maximum time and contribute effectively to the organization's success. Losing good employees leads to reduction in productivity and work quality, and also represents economic costs in terms of direct costs (i.e., replacement, training, management time), and perhaps more considerably, in terms of indirect costs (i.e., morale, collaboration, pressure on remaining staff, organizational knowledge), as well as the loss of social capital (DeConinck, 2011; Matanda and Ndubisi, 2013). A sales organization has a crucial role in any business operation to meet customer expectations and deliver superior values. Contacting customers on a regular basis,

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need to act on behalf of the organization and convey what it represents. Their attitudes and behaviors will have a significant impact on customer perception of product and service brand image, and business outcome. It is argued that salespeople's capabilities and their personal relationships seem to be more important drivers of business success than the characteristics of the product or service, or even the associated marketing communications, particularly in the business-to-business sector (Baumgarth and Schmidt, 2010). Prior research has revealed that the relationship between a buyer and a seller is associated with a buying organization's willingness to continue to make a business deal with a supplier (e.g., 2011; Sunder *et al*., 2017). If a salesperson leaves, the relationship between the buyer and the seller will be at risk, since the salesperson is actively involved in the customer relationship-building process from acquisition to retention. Turnover of salespeople, therefore, leads to both direct and indirect costs, and becomes counterproductive to the growth and success of the organization.

Managing employee retention is an effective way of making sure that good quality or experienced employees remain, while maintaining organizational performance, morale, and positive customer retention (Backhaus and Tikoo 2004; Bloemer and Odekerken-Schroder, 2006; Hancock *et al*., 2013). However, research attention has focused more on turnover than on retention (Cardy and Lengnick-Hall, 2011). Scholars have asserted that turnover and retention are not simply two sides of the same construct (Mitchell, *et al*. 2001). The factors that might lead an employee to leave may be different from factors that lead an employee to stay. For instance, new job opportunities, family situations, and personal concerns may lead employees to quit their current jobs. Instead, efforts to maximize retention may involve shared values or cultural beliefs that make the organizational environment as 'sticky' as possible in order to induce them to stay (Cardy and Lengnick-Hall, 2011). Dedicated

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employees then can play a critical role in sustaining customer loyalty and making contributions to organizational success.

One possible retention approach is to recognize employees as a key element of branding, and internal customers. The concept of a brand has its roots in the area of consumer products, and is often identified with a customer perception. A brand can be defined as "a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of the competition" (Keller, 2003, p. 3). The purpose of a brand is to identify products or services of a selling organization that differ from the products or services of competitors (King and Grace, 2008). For decades, organizations have invested in marketing efforts and the creation of strong brands in order to acquire and retain customers. The brand concept has been revolutionized, and a brand itself is much more important than an associated product or service, since it influences an individual customer's experiences and demand satisfaction (Ind, 2007). It is no longer just a visible or emotional symbol, but represents relationships with all organizational stakeholders, including employees (Punjaisri and Wilson, 2017). A brand therefore should represent the relationship an organization has with its employees, as much as it should represent the relationship it has with its customers (Matanda and Ndubisi, 2013).

Ambler and Barrow (1996) introduced the concept of an organizational brand, and applied the idea to the field of human resource (HR) management by considering the employer as a brand and employees as customers. The term refers to an organization's image, values, or cultures as perceived through the mindset of its current employees (Barrow and Mosley, 2006). It is also believed that a close alignment of employees with brand values and culture may provide an organization with both rational and emotional benefits to improve employment experiences (Anisimova and Mavondo, 2010; Mosley, 2007). Such awareness has impelled researchers to explore the concept of internal branding and its consequences.

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Internal branding is based on the principle that brand values are characterized through employees. Organizations need to facilitate their staff to understand and embrace the meaning of the brand, as well as to acquire necessary competencies to deliver brand promises (Punjaisri and Wilson, 2017). While external marketing activity is very useful for building brand awareness, an internal branding initiative is important for employees to appreciate and internalize the meaning of the brand. It involves activities that help employees comprehend and buy into brand values, and facilitate them to perform the roles as advocated by the management with a goal of keeping consistency between internal and external brand messages (Ind, 2007; Matanda and Ndubisi, 2013). Thus, internal branding engenders employees' attitudes and mindset toward the brand to ensure that brand messages are accurately delivered to external constituents.

However, the concept still has yet to be explored, especially in the HR management literature. To date, little has been written about the relationships among internal branding, brand attitudes, and employee retention, despite the growing interest in the theory of internal branding. Prior studies have focused on the effects of internal branding on brand-supporting behaviors and performances, specifically in the context of the service and hospitality industries (e.g., Foster *et al.*, 2010; Kimpakorn and Tocquer, 2009; Lee *et al.*, 2014; Punjaisri *et al.*, 2009; Terglave *et al.*, 2016; Yang *et al.*, 2015). Scholars have also found that effective internal branding could help employees internalize organizational values (e.g., Matanda and Ndubisi, 2013), develop brand attitudes and mindset (e.g., Baumgarth and Schmidt, 2010; Hirvonen and Laukkanen, 2014), and contribute to their willingness to remain with the organization (e.g., Lee *et al.*, 2014; Punjaisri *et al.*, 2009). There is still an evident gap in the research about the mechanism through which internal branding influences such brand attitudes and employee retention, especially an exploration of these relationships within one study (Punjaisri and Wilson, 2017). Further investigation of these relationships and extension

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of research beyond the service sectors (i.e., sales organization) could be one of the contributions for the current study to academic research. This study therefore aims to understand the internal branding process from employees' perception. To address the gaps identified above, this research is designed to empirically assess the relationships among internal branding, brand orientation, brand identification, brand commitment, and employee retention. It also examines the mediating roles played by brand identification and brand commitment on the relationship between brand orientation and retention. The focus of this study is salespeople, who represent the interface between the organization and customers.

The next section provides a theoretical foundation for the research, leading to hypothesis development. The research methodology and sample are then presented and the findings are analyzed and discussed. The paper concludes with a discussion of implications, the study's limitations, and avenues for future research.

Theoretical background

Internal branding

A branding program that aligns with organizational vision, values, and culture can build a strong organizational brand (Hatch and Schultz, 2008). Ind (2007, p. 123) advises organizations to use "the internal marketing of external campaigns" in order to ensure that branding campaigns can be effectively appreciated and supported by their employees. Unfortunately, in many organizations, there is a fundamental disconnection between external brand messages and internal brand values. Boone (2000, p. 36) stated that "many companies do a brilliant job of advertising and marketing to customers. Then comes the hard part: delivering. While they put millions of dollars into marketing, most companies invest little to ensure that employees transform brand messages into reality in terms of the customer's

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experience. Employees have to be engaged to make the brand come alive. Therefore, the messages sent to employees about the brand are just as important as the ones sent to customers." This means, organizations should balance not only branding activities that focus on external stakeholders (e.g., customers) but internal branding mechanisms to ensure that employee behaviors are consistent with external branding efforts, otherwise the investment efforts may be ineffective (Punjaisri and Wilson, 2017).

The concept of internal branding has been developed to assist an organization promoting the brand to its employees (Mitchell, 2002). The term has been used to refer to the organization's effort to treat employees as internal customers, and to help them embrace the values of the organization (Foster *et al.*, 2010). It engenders a shared understanding of a brand across an organization by providing employees with a clear guideline and direction to deliver brand messages and appropriate customer experiences in a uniform way (Boone, 2000; Burmann and Zeplin, 2005; Punjaisri *et al.*, 2009). Employees in consensus with an organization's brand are more likely to act consistently in ways supporting how the organization wants the customers to perceive or experience it. Likewise, the internal branding process aims to reassure employees that their organization is a good workplace where they can commit and engage themselves toward the organizational goals (Barrow and Mosley, 2006). Once they become enthusiastic, employees will become guardians of brand image, as the organizational values become ingrained in their hearts and minds. Then, they become true believers and advocates of the brand (Kimpakorn and Tocquer, 2009; Liu *et al.*, 2017). Internal branding is therefore supposed to provide employees with a preferred work model and clear direction to effectively deliver brand meaning and values to outside constituents (Lee *et al.*, 2014; Yang *et al.*, 2015). It is an important mechanism to operationalize a brand orientation, ensuring that employees share the characteristics of the brand that are essential in implementing brand-building activities (Santos-Vijande *et al.*, 2012).

The premise of internal branding involves communication with and education of employees about the brand values, to enhance their intellectual and emotional engagement with the brand (Aurand *et al*., 2005; de Chernatony and Segal-Horn, 2003; King and Grace, 2008). Effective and consistent communication and training that reflects brand messages can accomplish the following. First, it enables employees to gain brand knowledge, and to understand brand insights. Second, it elevates the psychological contract between the organization and the individual employee. Third, it drives employee internalization of brand values. While brand knowledge enables employees to understand the brand and desired work behaviors, fulfillment of the psychological contract inspire employees to internalize and live the brand. In addition, employees should be treated as internal customers, and rewards should be appropriately paid to motivate them to better comprehend brand messages, absorb brand values, and engender brand culture (Baumgarth and Schmidt, 2010; Matanda and Ndubisi, 2013; Punjaisri *et al*., 2009).

Brand orientation

Brand orientation has been defined as "an approach in which the processes of the organization revolve around the creation, development, and protection of brand identity in an ongoing way with target customers with the aim of achieving a lasting competitive advantage in the form of brands." (Urde, 1999, p. 117). The main purposes of this concept were to create a better understanding of how brands are a strategic resource, and to enhance knowledge about how to successfully manage a brand (Urde, 2009). The central critique of the traditional way of managing brands is that a brand needs to be given integrity, not only in relation to customers' needs and wants and actions by the competition, but also in relation to organizational strategic intent and values. Brand orientation represents an inside-out approach that recognizes brands as a center for an organization and its value-creation strategy (Baumgarth *et al*., 2013; Urde *et al*., 2013). From a cultural perspective, brand orientation

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may also be defined as a certain type of organizational culture or as a particular company mindset (Gromark and Melin, 2013). Hatch and Schultz (2008) suggest that brand orientation is made up of culture, vision, and image. Their approach views culture as a foundation, vision as a point of gravity, and image as the external aspect of the brand. A brand-oriented organization uses the brand to drive business strategy and develop organizational cultures (Wong and Merrilees, 2007). It facilitates the implementation of organizational support activities that promote a shared understanding of brand values, and acceptance of work-related norms among employees, who are regarded as a focal point of the organization to implement the brand-related activities (Baxter *et al*., 2013).

Researchers have drawn the concept of brand orientation from two perspectives, namely philosophical and behavioral (Urde *et al*., 2013). Brand orientation as a philosophy is to exhibit organizational values, beliefs, and attitudes toward branding, while the behavioral perspective focuses on the extent to which organizational marketing practices support the brand. However, the behavioral perspective has recently been criticized for failing to pay adequate attention to the concern that the brand must primarily be established at the philosophical level (Evans *et al*., 2012; Urde and Koch, 2014). Therefore, the current study focuses on the philosophical perspective of brand orientation. Importantly, Wong and Merrilees (2008) confirm the presence of such perspective, and define brand orientation as a 'mindset' within the organization, which in turn characterizes a specific organizational culture. Brand orientation assists organizations to embrace the brand at a cultural level. Organizations use it as a guiding principle to interpret cultural meanings and cultivate brand attitudes and perceptions (Evans *et al*., 2012). That is, a brand-oriented approach encompasses a passion for the brand among employees, and stimulates them to be more open to brand-relevant information so that they can understand how their tasks contribute to the organizational brand.

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Brand identification

The theoretical background for identification research is based on social identity theory, which hypothesizes that in constructing their sense of the world, people categorize themselves and others into groups (Tajfel and Turner 1985). Ashforth *et al.* (2008) argue that people tend to classify themselves and others into various social groups according to typical characteristics attributed to or obtained from group members. The theoretical concept highlights the role of collective identification, which influences the cognitive and affective awareness of employees toward the brand and the organization (Van Knippenberg and Sleebos, 2006). Employees with high social identity are likely to demonstrate affective cognitions and perceptions toward any organizational activities that are compatible with their value propositions (Urde *et al.*, 2013).

Brand identification is a specific form of social identity, where employees define themselves in terms of their perception of 'oneness' with or 'belongingness' to a particular organizational brand (Mael and Ashforth, 1992). Donavan *et al.* (2006, p. 126) pinpoint that identification with a brand is characterized "by a strong emotional attachment with the brand and a sense of belongingness to the brand (or corporation that owns the brand)." It has a significant influence on people's perception to the brand. People feel more obligated to the organizational brand when they identify strongly with it (Van Knippenberg and Van Schie, 2000; Van Knippenberg and Sleebos, 2006). A degree of identification with an organizational brand determines how employees ascribe and apply characteristics of the brand to themselves and tend to behave similarly to other members in order to be regarded as organizational member (DeConinck, 2011). The more employees adopt organizational values or culture as their own, the greater the likelihood that they will identify with their organizational brand, will act in an accordance with the 'prototype' of the organization, and will share a common destiny with their place of employment, so that the organization's success and failure become

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their own success and failure (Riketta, 2005). This indicates "the degree to which a person defines him- or herself by the same attributes that he or she believes define a brand." (Hughes and Ahearne, 2010, p. 84).

Brand commitment

The conceptualization of brand commitment employed in this study is drawn from Allen and Meyer's organizational commitment theory (Allen and Myer, 1990). Brand commitment is defined as the psychological attachment of employees to the brand, which influences their belief and willingness to behave in accordance with brand values, and exert significant effort toward attaining organizational brand objectives (Burmann and Zeplin, 2005; Ind, 2007). Commitment is rooted in the Social Exchange Theory (Blau, 1964), which requires that something has to be given in return for something else. Although commitment is subtyped as normative, continuance, and affective commitment, the current study focuses only on affective commitment, which is likely related to positive emotions of employees toward the organization and a feeling of affection for the brand, compared to other types of commitment (Terglav *et al.*, 2016). This type of commitment also reflects a feeling of remaining in a stable exchange relationship via social ties, with a belief in maintaining rather than terminating a relationship (Cifci and Erdogan, 2016). Affectively committed employees remain with their place of employment, because they want to and tend to soundly align themselves to organizational values. Therefore, this attitude can infer that they are likely to have more positive perceptions and higher levels of motivation to support the achievement of an organization's goals, and become loyal brand citizens (Burmann and Zeplin, 2005; Punjaisri *et al.*, 2009).

Employee retention

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Intention to stay has been identified as one of the strongest predictors of employee retention (Griffeth *et al*., 2000). Employers have to consider the risk of losing their well-trained employees, who might leave for better prospects elsewhere. Turnover is an undesirable event in the organization management process, since unmanaged loss of employees disrupts organizational communities, raises costs, decreases productivity, and lowers the morale of those who stay (Cardy and Lengnick-Hall, 2011). The negative effect of employee turnover, particularly salespeople, is reflected in losses of revenue and losses from investments made by the organization (e.g., training). It could fundamentally change the nature of the customer relationship, leading to customer switching, and unprofitable purchase behavior both in short-term and long-term (Subramony and Holtom, 2012). Replacement of the ones who quit is another concern that involves not only costs of recruitment and new hire training, but also the time required for the new joiners to establish themselves in their territories, gain trust, and generate acceptable revenue streams (Sunder *et al*., 2017). To deal with this issue, organizations may need to adopt preemptive strategies to retain experienced employees. Research on branding suggests that the alignment of brand values, organizational culture and strategy, and to what extent employees perceive and embrace these factors, can influence employee retention (Anisimova and Mavondo, 2010; Matanda and Ndubisi, 2013). Employees who are attitudinally enthusiastic about the brand will have a tendency to live the brand, affectively commit to, and remain with the employing organization. Willingness to remain is vital to organizational capability to effectively respond to market needs and sustain customer loyalty, which in turn lead to organizational success (Bloemer and Odekerken-Schroder, 2006; DeConinck, 2011). Retaining good employees helps offset replacement costs and reduces the indirect costs such as lowered productivity, interrupted service levels, and lost customers.

Conceptual framework and hypotheses development

Internal branding and brand orientation

Organizations are struggling to use their branding capabilities through internalizing the brand in the workplace and aligning employees' perception and attitudes to the brand values. It can be contended that organizations can anchor the brand in the mind of employees by creating and disseminating a shared understanding of brand values, norms, or cultural beliefs that assist employees to align and connect their mindset with their brand (Baumgarth, 2010; Hirvonen and Laukkanen, 2014; Mosley, 2007). The present study proposes that internal branding can be influential on brand orientation, which is the basis of knowledge and comprehension of brand messages (i.e., values, norms, artifacts, assumptions). This is because brand orientation helps develop a right brand mindset using the inside-out approach, so that employees can perform and deliver according to the organization's standards. Few studies empirically examine the effect of internal branding on brand orientation, although several scholars (e.g., Baumgarth and Schmidt, 2010; Baxter *et al*., 2013; Evans *et al*., 2012; Hirvonen and Laukkanen, 2014) have assumed that promoting the brand inside the workforce and considering employees as internal customers will create further awareness to apprehend and recognize the brand as an important element in development organizational brand culture. Therefore, it is proposed that:

H1. Internal branding has a positive impact on brand orientation.

Brand orientation and brand attitudes

This study adopts the balance theory (Heider, 1958) to explain the influence of brand orientation on brand attitudes. According to the theory, an individual desires to maintain consistency among a triad of linked motives, which are drivers to maintain the person's values over time. The triad is made up of an employee's belief system, the organizational

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brand, and the messages that reflect brand values, norms, and assumptions (Punjaisri *et al.*, 2009). An unbalanced relationship mechanism will cause tension that needs to be shifted toward a balanced state. An employee may change his or her attitudinal perspectives regarding the object to be consistent with organizational values, norms, or assumptions to rebalance the system (Liu *et al.*, 2017). That is, when employees find themselves embracing a different mindset toward their organizational brand, they will try to recover the psychological balance system.

Brand orientation refers to the mindset of an organization, and serves as an initiator of the development of brand attitudes (Urde, 1999; Wong and Merrilees, 2008). It plays an important role in business strategy execution by depicting the degree of organizational attributes, which reinforce brand mentality to all employees. Mitchell (2002) posits that organizations need to create an attitudinal connection with employees to make the brand come alive, in order to align their mindset with brand values, culture, and business goals. Baumgarth and Schmidt (2010) suggest that after establishing brand orientation, organizations need to facilitate the adoption and absorption of brand-oriented values among employees, and advise them on the way they are supposed to act in order to support brand strategy execution. It can be assumed that employees will work best, and become attitudinally attached to brand delivery, when they are well aware and orientated to the organization's brand (Baxter *et al.*, 2013; Hirvonen and Laukkanen, 2014). This assumption is in line with the preceding literature that brand-oriented processes are likely to induce an intellectual and emotional commitment, and a sense of belonging in employees, through which they develop a strong social identity toward the organizational brand (Urde *et al.*, 2013). Organizational norms or brand values can used to advise and guide employees on the way they are supposed to act. To create preferred brand attitudes, organizations may begin with a brand-oriented mindset (Baumgarth *et al.*, 2013; Hirvonen and Laukkanen, 2014). Thus, it is argued here

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that an organization's efforts to implant the value of the organizational brand among its employees tend to increase employees' identification and commitment to the brand. So far, few studies empirically describe the impact of brand orientation and brand attitudes (i.e., brand identification, brand commitment) (e.g., Baumgarth and Schmidt, 2010; Baumgarth *et al.*, 2013). Clarification of these effects, particularly in a sales forces context, could be one of the contributions of the current study to academic research. Hence, it is hypothesized that:

H2. Brand orientation has a positive impact on brand identification.

H3. Brand orientation has a positive impact on brand commitment.

Previous studies indicate that the components of identification and commitment should be considered as separate concepts (e.g., Mael and Ashforth, 1992; Riketta, 2005). From the organizational behavior literature, Ashforth *et al.* (2008) argue that identification is not presently defined by commitment. According to their study, identification refers to a sense of belonging to the group, and a perception of being interconnected with the group's prototype. Employees feel proud of organizational membership and a part of the brand, and this is likely to induce their psychological attachment to the brand and willingness to exert extra effort toward the organizational success, that is, commitment (Baumgarth and Schmidt, 2010; Punjaisri *et al.*, 2009). As such, brand identification is argued to be an antecedent of employee's brand commitment. Thus, it is hypothesized that:

H4. Brand identification has a positive impact on brand commitment.

Brand attitudes and employee retention

According to Moroko and Uncles (2008), organizations with strong employee brand attitudes can potentially enhance retention, and relationship among employees. When brand values are communicated and well absorbed by employees, they are likely to align their attitudes with such values (Mitchell, 2002). A healthy perception of an organizational brand can be a

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significant predictor of decisions to pursue employment with that organization (Bloemer and Odekerken-Schroder, 2006). Loyal employees who are interested in growing together with the employing workplace are considered one of the valuable assets to an organization. Loyalty plays a critical role in developing organizational capabilities and making contributions to business success (Lee *et al*., 2014). The impact of retention leads to cost savings through lower resourcing and training expenditures, which are direct costs, and the indirect ones from experienced performers who are up to speed and accustomed to day-to-day tasks and related stakeholders they are dealing with (DeConinck, 2011). Thus, it is not surprising that the concerns of retention remain of great interest (e.g., Hancock *et al*., 2013; Punjaisri *et al*., 2009). Both researchers and practitioners continue to call for studies that gain in-depth knowledge and better understanding of employees' attitudinal perspectives, to determine which factors keep them with their employer.

Prior research has shown that employees with high brand identification and commitment tend to remain with the organization (Lee *et al*., 2014; Punjaisri *et al*., 2009; Van Knippenberg and Sleebos, 2006). They see themselves in relation to their organization and are likely to internalize the related values and goals in their personal mindset (Riketta, 2005). Committed employees are found to exhibit a relatively stable and conscious tendency to engage in a relationship with their employer (Foster *et al*., 2010). It is postulated that such attitudes are a unifying force to internalize organizational and brand values for employees. Conversely, employees who have weaker identification and lower commitment may want to separate themselves from it, and view themselves as not having the same goals, values, and attributes as the organization. They tend to behave in a manner that is counterproductive to the growth and success of the organization, and may consider leaving (Hancock *et al*., 2013; Riketta, 2005). It is therefore posited that brand identification and brand commitment will play a key role, in this context, in determining the degree of retention. As such:

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H5. Brand identification has a positive impact on intention to stay.

H6. Brand commitment has a positive impact on intention to stay.

The mediating roles of brand attitudes

This study takes brand attitudes (e.g., identification, commitment) into account as mediators between brand orientation and intention to stay. Brand orientation alone may be insufficient to align employees' brand attitudes and perception (Baumgarth and Schmidt, 2010; Baumgarth *et al.*, 2013). Foster *et al.* (2010) also argue that commitment and identification, based on the social identity theory (Ashforth *et al.*, 2008), can motivate employees to internalize brand values, and fulfill the organization's strategic interest, as a result keeping them to remain with their current workplace. Such arguments are grounded in social exchange theory (Blau, 1994), which indicates that social behavior is the result of an exchange process, and that human relationships are formed by the use of a give-and-take relationship and the comparison of alternatives. Over time, employees who are brand-oriented will feel obligated to reciprocate the good deeds of the organizational brand to ensure a balance of their exchange (Hirvonen and Laukkanen, 2014). When an exchange relationship satisfies employees' needs and expectations, they are likely to repay their organization by establishing positive, long-term, and interactive mutual relationships, as well as adopting "probrand attitudes" (Chang *et al.*, 2015, p. 122). With the influence of a brand-oriented culture, the more committed employees are, and the more they identify with the organizational brand, the higher the tendency for them to be loyal and likely to remain with the organization. Thus, it is hypothesized that:

H7. Brand identification mediates the relationship between brand orientation and intention to stay.

H8. Brand commitment mediates the relationship between brand orientation and intention to stay.

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Figure 1 provides an overview of research model.

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Insert Figure 1. about here

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Methodology

Sample and procedures for data collection

Hypotheses were tested from data collected from 702 business-to-business salespeople from 15 cement and building materials companies in Thailand. In terms of gender, 31 percent were female and 69 percent male. The majority of participants were between the ages of 26 and 40 (70 percent). A total of 47 percent had been working with their employers for less than five years, 23 percent between five and twelve years, and 30 percent for more than twelve years.

Using a purposive sampling method, questionnaires were sent out to the targeted respondents (e.g., salespeople) through the in-charge team of HR practitioners of each company. All questionnaires were administered electronically through a web-based system externally hosted by an academic institution. The survey link (URL) with a randomized password to access was sent to targeted respondents via their official e-mail addresses. A help desk team with ability to answer any survey-related queries was provided by the researcher to support respondents during the ten-week data collection period. The questionnaire windows included a cover letter that informed participants about the purposes and procedures of this study. Participants were asked to complete the questionnaire as part of an organizational culture survey. Their participation was voluntary and assurance was given that their responses would remain anonymous and confidential, and be used only for research purposes.

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Out of 1,500 questionnaires electronically distributed, 702 were returned, representing a response rate of 46.8 percent.

Measures

All the measuring instruments employed in this study used six-point Likert scales, ranging from "strongly disagree (1)" to "strongly agree (6)." The questionnaire was initially developed in English and translated into the local language and then back-translated into English by two bilingual language experts, to ensure equivalency of meaning. Prior to distribution, the translated version of the questionnaire was pre-tested with 25 MBA students and HR practitioners to ensure understanding and consistent interpretation of the terminology used in the questionnaire.

Internal branding. Participants reported perceptual scores on a scale of five items developed by Aurand *et al.* (2005). Examples are "The brand values are reinforced through internal communication." "Departmental plans include employees' roles in living the brand values." "Training is provided to help employees use the brand values."

Brand orientation. The eight-item scale to measure brand orientation was adapted from the work of Wong and Merrilees (2008). Examples are "Branding is essential to our strategy." "Branding is essential in running this company." "In our company, we have a clear idea of what our brand stands for: brand identity and brand promise are well defined."

Brand identification. The six-item measure of this construct was adopted from the study of Punjaisri *et al.* (2009). The scale was designed to capture employees' sense of belonging to the brand and their willingness to define themselves as a member of their organization. Examples of the original scale are "When I talk about this company, I usually say 'we' rather than 'they'." "This company's successes are my successes." "When someone praises this company, it feels like a personal compliment."

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Brand commitment. This construct was assessed using a composite measure of eight items adapted from the work of Kimpakorn and Tocquer (2009). Sample questions are "I am willing to put in a great deal of effort beyond that normally expected in order to help this company's brand to be successful." "I usually tell my friends that this is a great company's brand to work for." "I really care about this company's brand."

Intention to stay. The employee's intention to stay with the organization consisted of four items adopted from Veloutsou and Panigyrakis (2004). The items are "I am not thinking of moving to another company." "I would like to work for this company for at least five years." "I would like to stay in the same job for at least five years." "I intend to remain with this company to advance my career."

Data analysis procedures

Data were analyzed by means of a confirmatory factor analysis (CFA), and structural equation modeling (SEM), with a maximum likelihood method of estimation, using AMOS 22 software. The two-step modeling approach developed by Anderson and Gerbing (1988) was used. In the first step, the measurement model was assessed by performing a CFA on all multi-item measures in which all observed data loaded on the factor for which they are proposed to be an indicator. SEM was then performed in the second step to test the hypothesized model and its structural paths between the related constructs.

Preacher and Hayes' (2004) approach was used to assess the hypothesized structural model and the mediating effects. They state that the simple mediation model appears when the independent variable (X) affects a dependent variable (Y) through a mediator (M). The effect of X on Y represents the total effect (*c*). The effect of X on Y after the addition of M is expressed as (*c'*). Path (*a*) represents the effect of X on M and path (*b*) represents the effect of M on Y, controlling for the effect of X. The indirect effect between X and Y is defined as

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ab. A partially mediated model is supported when the value of indirect effect path (*ab*) is smaller than the value of total effect path (*c*) but remains significant, while a fully mediated one is supported when the indirect path reduces to non-significance. To further test mediating effects and indirect relationships, the bootstrapping procedure in AMOS was utilized. This approach is a non-parametric method for assigning measures of accuracy to sample estimates, and it does not impose the assumption of normality on the statistical distribution of the sample (Preacher and Hayes, 2004).

Since all measures were collected during the same period of time using the same questionnaire from self-reporting informants, the presence of common method effect was evaluated using Harman's single factor test (Podsakoff *et al*., 2012). All the variables were loaded into a CFA to test whether a single factor might account for the majority of the covariance among the measures. The unrotated factor outcome showed that the single factor explained 40 percent of the total variance, lower than the threshold value of 50 percent, indicating that common method bias does not seem to be a concern in this data set.

Results

Descriptive statistics

Descriptive statistics and the correlation matrix are presented in Table I. Demographic variables (e.g., gender, age, tenure) were not statistically related to the dependent variables within the model (i.e., brand commitment, intention to stay), therefore they were omitted from further analysis to avoid misinterpretation of the results (Spector and Brannick, 2011). Internal branding is positively related to brand orientation ($r = 0.48$), brand identification ($r = 0.50$), brand commitment ($r = 0.47$), and intention to stay ($r = 0.38$). Brand orientation is positively related to brand identification ($r = 0.68$), brand commitment ($r = 0.67$), and

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intention to stay ($r = 0.31$). Brand identification is positively related to brand commitment ($r = 0.68$). Both also are positively related to intention to stay ($r = 0.64$ and 0.67) respectively.

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Insert Table I. about here

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Measurement model

The measurement model analyzes the relationship between the manifest indicators and the hypothesized latent constructs in order to indicate how well the identified measures predict the latent variables (Byrne, 2010). The CFA results indicated that the five-factor model (i.e., internal branding, brand orientation, brand identification, brand commitment, and intention to stay) showed acceptable fit to the data: $\chi2/df$ = 2.98, GFI = 0.90, CFI = 0.96, TLI = 0.95, SRMR = 0.048 and RMSEA = 0.053 (Hu and Bentler, 1999). Another measurement model was tested by loading all observed items into one latent factor. The single-factor model demonstrated worse fit than the preceding one: $\chi2/df$ = 10.44, GFI = 0.69, CFI = 0.79, TLI = 0.76, SRMR = 0.09 and RMSEA = 0.12. A comparison of this one-factor model with the five-factor model also showed a significant chi-square change. These findings indicate that the constructs are distinct from one another, and that common method bias does not seem to be a pervasive problem in this study.

Convergent validity was tested using factor loadings, composite reliability (CR), and average variance extracted (AVE) (Hair *et al*., 2010). As shown in Table II, convergent validity was supported, because standardized coefficients from items to factors ranged from 0.68 to 0.98, with statistically significant regression weight, and all items exceeded the

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conventional threshold of 0.5 (Anderson and Gerbing, 1988). CR values, which depict the degree to which the construct indicators indicate the latent variables, ranged from 0.89 to 0.94. This exceeded the recommended value of 0.7 (Hair *et al.*, 2010). The AVE values, which reflect the overall amount of variance in the indicators represented the latent construct, also exceeded the recommended value of 0.5 (ranging from 0.54 to 0.81), indicating adequate convergent validity (Bagozzi and Yi, 1988).

Reliability was assessed using Cronbach's alpha. All alpha values were greater than 0.7, indicating a high level of internal consistency (Hair *et al.*, 2010). Discriminant validity was assessed by comparing the correlations between constructs and the square root of the AVE for that construct (Fornell and Larcker, 1981). As shown in Table I, all the square roots of the AVE values were higher than the correlation values in the same row and the column, indicating adequate discriminant validity.

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Insert Table II. about here

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Structural model and hypothesis testing

The results of the proposed structural model test (see Figure 2) revealed a good fit to the data, with $\chi 2/df = 2.90$, GFI = 0.90, CFI = 0.96, TLI = 0.95, SRMR = 0.052 and RMSEA = 0.052). Prior to the analysis, all variables used in the models were checked for multicollinearity by examining the variance inflation factors (VIF). No issue was detected since all VIF values were lower than 5, below the threshold of 10 (Hair *et al.*, 2010). The regression result showed the coefficient of determination (R^2) values, which ranged from 33 to 68 percent of

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the variance, suggesting a moderate amount of variance explained. Also, the result indicated that internal branding has a significant effect on brand orientation ($\beta = 0.57$, $p < 0.01$). Similarly, brand identification is found to have a positive influence on employees' brand commitment ($\beta = 0.44$, $p < 0.01$), lending support to both H1 and H4.

According to Preacher and Hayes' (2004) approach to test the mediating effects, the first step tested the total effect model of the predictor (brand orientation) on the outcome variable (intention to stay) without the presence of the mediators (brand identification and brand commitment). In this step, a significant relationship must exist between the predictor and the outcome variable. The estimate of the causal path from brand orientation to intention to stay is significant ($\beta = 0.58$, $p < 0.01$).

The second step tested the relationships between brand orientation and the mediators and the mediators to the outcome variable. The results show significant relationships between brand orientation and brand identification, as well as brand commitment ($\beta = 0.78$ and 0.83 respectively, $p < 0.01$) and between both mediators and intention to stay ($\beta = 0.64$ and 0.74 respectively, $p < 0.01$). Therefore, H2, H3, H5, and H6 are supported.

To investigate the third condition, the direct path from brand orientation to intention to stay was added to the proposed structural model. The result revealed that the indirect effect of brand orientation on intention to stay is weakened but still significant, when controlling brand identification ($\beta = 0.49$, $p < 0.01$), indicating partial mediation. Additionally, the bootstrapping procedure in AMOS with 95 percent bias-corrected confidence intervals was performed, using 5,000 resamples (MacKinnon *et al.*, 2004). The results revealed that zero is not included in the intervals of the indirect effect of brand orientation on intention to stay through brand identification (CI = 0.46 to 0.75, $p < 0.01$), confirming that there is a mediation effect to report. Thus, H7 is partially supported. However, the indirect effect of brand

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orientation on intention to stay is still unchanged when controlling brand commitment (β = 0.58, $p < 0.01$). Thus, H8 was not supported.

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Insert Figure 2. about here

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Discussion

The primary objective of this study is to investigate the relationships among internal branding, brand orientation, brand identification, brand commitment, and intention to stay. Despite the growing scholarly attention paid to internal branding and its consequences, there is still the need to explore how organizations can actively encourage their employees to live the brand, and how to induce them to stay. Little research has empirically reported on these associations within one study (Punjaisri and Wilson, 2017), and the findings have rarely been discussed in the areas of HR management, particularly employee retention. The present study addresses this need by combining internal branding, brand orientation, brand attitudes, and retention into a comprehensive model, which has not been previously covered in the internal branding literature. Its results indicate that internal communication and training resulting in effective internal branding can support the successful implementation of brand orientation within the company. It confirms that treating employees as internal customers and providing them with a clear brand message can promote the brand values they hold (Foster *et al.*, 2010; Mitchell, 2002). Employees are likely to absorb and perceive the organizational brand, and incorporate it within their mindset (de Chernatony and Segal-Horn, 2003; Hirvonen and Laukkanen, 2014). Consequently, the brand is espoused as an important aspect of organizational culture. This study advances the internal branding research by providing empirical data to confirm the

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association between these two variables. It also contributes to the literature by suggesting that the internal branding process involves capabilities from both marketing and HR practices to regulate and distribute employees' comprehension and attention to support the organizational brand-building efforts. The process helps to anchor the brand concept in the hearts and minds of the employees for developing a brand-oriented culture from inside out (Baumgarth and Schmidt, 2010).

Brand orientation has a positive impact on brand attitudes, namely brand identification and brand commitment. The findings provide evidence that internal brand-oriented campaigns have an effect in leading employees to identify with, and to some degree become committed to, the organizational brand (Urde *et al.*, 2013). In line with prior studies (e.g., Baumgarth *et al.*, 2013; Liu *et al.*, 2017), successfully implemented brand orientation programs can positively reinforce employees' intellectual and emotional commitment to the company brand. As a guiding light to reshape the whole organizational mindset, brand orientation steers employees on the way they are supposed to perform, helps them realize how their work impacts on the brand, and creates an attitudinal connection among them to make the brand live (Evans *et al.*, 2012).

By drawing on the results of prior research on brand attitudes (Punjaisri *et al.*, 2009), the study highlights that brand identification is a strong predictor of brand commitment. A perception of being interconnected with the organizational prototype boosts employees' pride regarding the brand, and subsequently enhances their internal commitment. As Punjaisri *et al.* (2009, p. 218) assert, "management can expect their employees' commitment, when they are successful in inducing employees' brand identification." The study substantiates this with empirical evidence. The results also indicate that both brand attitudes are positively related to employee retention. Building on social identity theory (Ashforth *et al.*, 2008) and social exchange theory (Blau, 1994), it is confirmed that employees who perceive organizational

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values or membership as consistent with their personal values, and as part of their self-definition, will reciprocate by engaging themselves in the organization, and tend to be more loyal (Lee *et al.*, 2014). Therefore, the internal effort devoted to facilitate more positive attitudes will provide valuable contribution to building a strong perception of organizational brand, and supporting retention strategies. This is specifically important in sales organizations where high turnover is a challenge. Retaining good sales force is vital for growth, productivity, and profitability. Compared to novices, experienced salespeople better understand their customers, as well as functional and technical aspects of the job. In addition, they are likely to better manage customers' needs and perceptions, and offer higher quality service.

Expanding on such relationships, this study is among the first to provide empirical evidence on the mediating roles of brand attitudes in the relationship between brand orientation and intention to stay. As found, brand identification acts as a partial mediator in such a relationship. The mediating effect suggests that part of the total effect that brand orientation has on employee retention is transmitted through brand identification. The explanation is that employees' brand-oriented mindset amplifies a sense of identification with the organizational brand, which in turn influences them to recognize and respond by remaining with the organization. Therefore, organizations need to pay attention to means of influencing staff attitudes toward a brand, so they value it, and understand their role within the workplace. In other words, organizations can exploit brand orientation programs to directly shape employees' identification with the brand, and enhance their feeling of distinctiveness as well the subsequent pride, to maximize their retention. However, there is no mediation effect of brand commitment on the link between brand orientation and intention to stay. This may be due to the justification that commitment and retention constructs are

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somehow related. The correlation is relatively high compared to the others, and the value is quite close to the square root of the AVE (Fornell and Larcker, 1981).

To conclude, this study makes a theoretical contribution to prior research on internal branding, and the dynamic and unfolding nature of retention by incorporating the concept of brand orientation and brand attitudes. The current study also extends knowledge by testing the proposed model in the sales force context, while previous studies have been undertaken within the service and hospitality industries (e.g., Kimpakorn and Tocquer, 2009; Lee *et al.*, 2014; Terglave *et al.*, 2016; Yang *et al.*, 2015). It offers a small step forward by considering the assumption that the similar effects of internal brand and brand attitudes may produce different employee outcomes due to different work contexts or business practices.

Practical Implications

The overall findings from this study have several implications for managers in the areas of HR management, branding, and marketing. The results suggest that managers need to undertake internal brand-building efforts to establish and maintain an organizational brand mindset at a cultural level, and to align such cultural brand values with employees' attitudes. The findings provide empirical evidence of the importance of brand orientation in giving employees favorable experiences with the organization brand. This fosters their perception of belongingness and psychological attachment, enhancing intention to stay. That is, a brand building effort is not only a central job of brand managers or marketers, but a shared responsibility of all employees at all levels, because the process directly implicates an organizational brand mindset and culture as a whole. The walls between HR and marketing functions should come down, and new roles should be designed in order to mutually develop brand experiences for employees, as companies do for external customers. This signifies that

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collaboration between brand management and HR interventions is essential and should not be taken lightly.

There is a mediating effect of brand identification between brand orientation and intention to stay, suggesting that fostering employees' perceptions of belongingness should be a focus for leaders at all levels. Managers should encourage and facilitate the internal branding process, by means of targeted internal communication (i.e., morning brief, bulletin board, corporate newsletter, podcast), effective brand education programs on related brand messages and how to internalize them, and perhaps work incentives. The process will not be successful without managers who clearly define the goals and mission of the organization and brand, and regularly keep employees involved (Vallaster and de Chernatony, 2006). An ongoing deployment of internal branding activities will enrich employees' pride and espoused values toward the brand, and induce them to personally realize and adopt a brand-oriented work culture (Punjaisri *et al.*, 2009; Baumgarth and Schmidt, 2010). Along with establishing brand identification, organizations can effectively retain their employees in the future.

In addition, brand managers and HR practitioners should work in concert to constantly monitor people's mindset and attitudes toward the organization and brand values, by means of regular employee surveys, people data analytics, and performance index scorecards. This will provide a timely notification of shortcomings in the internal brand-building practices. Lack of attention in responding to employees' perceptions and reactions might affect their sense of obligation to their current job and perception toward the brand, and thus increase a tendency to leave. If employees' intention to stay is reinforced, costs related to turnover and human capital management can be minimized, which in turn maintains and even improves productivity, continuous service levels, customer experience, and profitability.

Limitations and directions for future research

While the study contributes to knowledge and managerial practice, there are some imperfections that suggest caution when interpreting the results. First, self-report questionnaires on all measures might increase the potential for common method variance from a single source. Therefore, longitudinal research could be considered with time series data through multiple measurement methods, which takes broader consideration of possible correlations among the underlying factors. Second, the study only measured intention to stay, which may not translate into actual behavior. Changing circumstances may influence an employee's decisions. Therefore, future research should additionally consider alternative sources of data or other objective measures, for instance the actual data of those who remain with the organization might be collected over the different time lags (i.e., performance, turnover). Third, the generalizability of the findings may be limited due to the nature of the sample, which involved only customer-facing staff (e.g., salespeople). This may be considered an overly specific data source, since all organizational members play a role in internal branding activities, either directly or indirectly. A potential avenue for future research is to expand to more diversified samples that involve back-end workers, and undertake a replication of this study using a number of organizations across different industries, thus overcoming such a limitation. This could provide management or practitioners with critical information to develop related strategies to inspire employees to live the brand, and so effectively retain them in the future.

In conclusion, the purpose of this study was to understand the effect of internal branding on brand orientation, which has an influence on brand attitudes and employee retention. The hypotheses were tested on a sample of salespeople. The findings of this study indicate that effective internal branding induces employees' mindset toward the brand. The right mindset promotes brand identification and commitment, and the right attitudes in turn convince employees to stay. The findings contribute to the literature by accentuating the effort of

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internal branding as one of the answers to the challenging question: "*What make people stay?*"
That is, when employees are equipped to be more brand-oriented, those with the right
attitudes and perception will feel proud of the brand, and are more likely to be loyal and
consider remaining with their organization.

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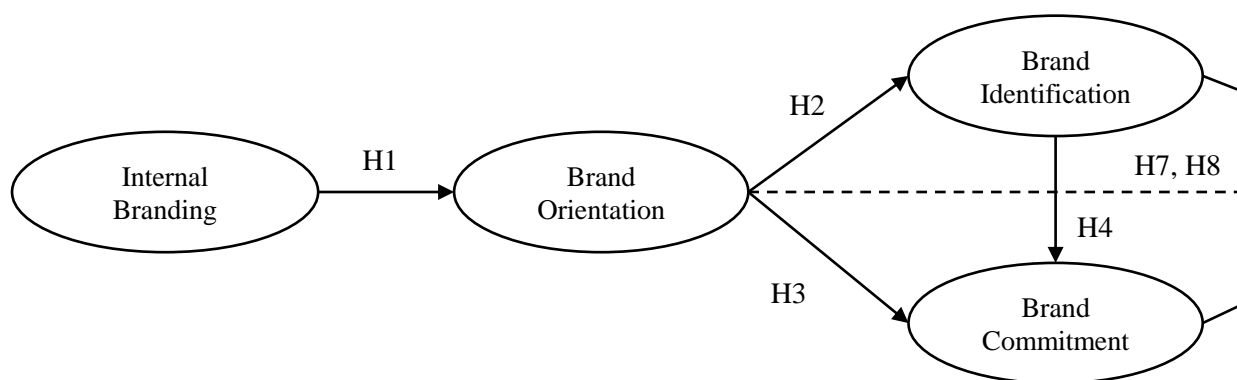**Employee retention: the effects of internal branding and brand attitudes i**

Figure 1. The proposed research fra

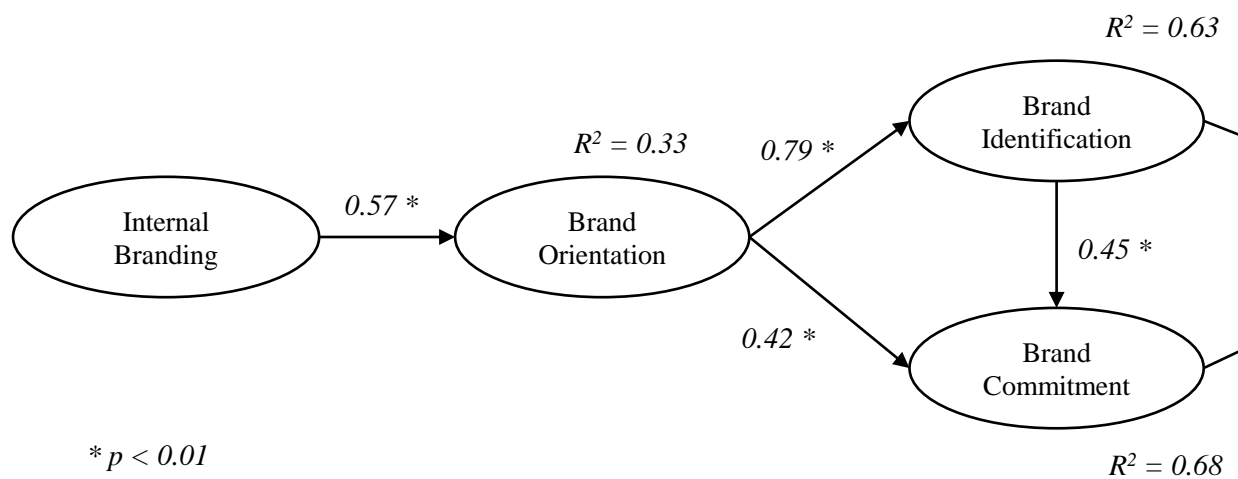**Employee retention: the effects of internal branding and brand attitudes**

$R^2 = 0.63$

$R^2 = 0.33$

Brand
Identification

0.79 *

0.57 *

Internal
Branding

Brand
Orientation

0.45 *

0.42 *

Brand
Commitment

* p < 0.01

$R^2 = 0.68$

Figure 2. The hypothesized model with standa

Employee retention: the effects of internal branding and brand attitudes in sales organizations

Table I. Descriptive statistics and correlations between variables

Constructs	1	2	3	4	5
1. Internal branding	*0.79*				
2. Brand orientation	0.48	*0.77*			
3. Brand identification	0.50	0.68	*0.80*		
4. Brand commitment	0.47	0.67	0.67	*0.73*	
5. Intention to stay	0.38	0.31	0.64	0.67	*0.90*
Mean	4.12	5.00	4.80	4.79	5.14
SD	0.98	0.89	0.94	0.88	0.92

All correlations between constructs were significant ($p < 0.01$, two-tailed test).
Diagonals represent the square root of the average variance extracted (AVE).

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Table II. Validity of the measurement model

Construct	Factor loading range	CR [a]	AVE [b]
Internal branding (α = 0.90)	0.76 – 0.84	0.89	0.62
Brand orientation (α = 0.93)	0.72 – 0.82	0.92	0.59
Brand identification (α =0.92)	0.73 – 0.84	0.92	0.64
Brand commitment (α =0.92)	0.68 – 0.79	0.91	0.54
Intention to stay (α = 0.94)	0.79 – 0.98	0.94	0.81

[a] *Composite reliability*

[b] *Average variance extracted*