

# ***Employee Based Brand Equity: Building Brand Value for Employees through Internal Branding***

## ***Çalışan Temelli Marka Değeri: İçsel Markalama Yoluyla Çalışanlar İçin Marka Değeri Yaratılması***

Ezgi ERKMEN \*

### **ÖZ**

*Bu çalışmanın amacı içsel markalamanın çalışan temelli marka değeri üzerindeki etkisini araştırmaktır. Bu doğrultuda, insan kaynakları, liderlik ve iç iletişim olmak üzere içsel markalama mekanizmalarının çalışan temelli marka değeri üzerindeki etkisinin anlaşılması için kavramsal bir model önerilmiştir. Modelin çalışılmasında yapısal eşitlik modelinin uygulandığı kantitatif bir araştırma yöntemi kullanılmıştır. Çalışma verileri ise otel ve restoran sektörlerinde müşteriler ile bire bir ilişkide olan çalışanlardan toplanmıştır. Araştırmanın sonuçları önerilen içsel markalama – marka farkındalığı – marka imajı ve algılanan kalite – marka bağlılığı sıralı ilişkisini doğrulamaktadır. İçsel markalama mekanizmalarından sadece liderlik ve insan kaynaklarının marka farkındalığını etkilediği bulunsada, söz konusu marka farkındalığının çalışanların algıladıkları marka imajı ve kalitesini üzerinde olumlu bir etkiye sahip olduğu bulunmuştur. Bu algılanan imaj ve kalite ise çalışanların markaya olan bağlılıklarını arttırmaktadır. Sonuç olarak, söz konusu bu araştırma içsel markalama faaliyetlerinin çalışanlar için marka değerini arttırdığını doğrulamıştır. Bununla birlikte, bu çalışma, çalışanlar açısından marka değerinin araştırılması ve içsel markalamanın marka değeri üzerindeki etkisinin anlaşılması bakımından sınırlı sayıda çalışmalardan biri olması sebebiyle önem taşımaktadır.*

### **ANAHTAR KELİMELE**

*İçsel Markalama, Marka Değeri, Hizmet Markalaması*

### **ABSTRACT**

*The purpose of this study is to examine the role of internal branding in explaining employees brand equity in service industry. A conceptual model, which incorporates the internal branding mechanisms, namely the human resources, leadership, and internal communication, is proposed to understand their effect on employee based brand equity. A quantitative research methodology, using structural equation modeling, was adopted to understand the role of internal branding in creating brand equity for employees. Data were collected from the customer contact employees in hotel and restaurant industry. The findings supported the sequential link for: internal branding – brand awareness – brand image and perceived quality – brand commitment. Even only internal communication and leadership were found to significantly affect brand awareness; this brand knowledge was then positively influenced the brand image and perceived brand quality of employees. Moreover, the results found that as employees have a more positive perception of brand image and quality, they are more likely to be committed to the company brand. Therefore, this study confirmed the importance of internal branding to increase employee brand equity, which in turn, translates into a strong brand for customers. In addition, this research is one of the limited studies adopting an employee perspective for brand equity as well as studying the role of internal branding mechanisms in building that brand equity.*

### **KEYWORDS**

*Internal Branding, Brand Equity, Services Branding*

## INTRODUCTION

Building strong brands is especially important for service industry, since brands provide a point of differentiation for an intangible offering (Berry, 2000). Even the rationale for branding goods and services is to build a strong brand equity, the interaction between customers and employees, namely the touch points, requires a different approach for service branding. That is, the interactive nature of services necessitates a combination of internal and external orientation in contrast to customer-centered approach of traditional marketing (Zeithaml and Bitner, 1996).

Within this context, recent studies have started to recognize the importance of customer contact employees to deliver the brand promise during the service encounter (eg. Burmann and Zeplin, 2005; Burmann et al., 2009; Punjaisri and Wilson, 2007; Punjaisri and Wilson, 2011; Xiong et al., 2013). Specifically, these studies emphasize the focus shift from product to service employees, who are in a position to deliver the brand promise as well as to shape the brand experience. As a result, the concept of internal branding (IB) has become a crucial research area in recent years.

Defined as “a nurturing process whereby employees are dialogued and trained with brand knowledge” (Yang et al., 2015: 269), internal branding is about managing brand related behaviors of employees. The idea is to educate employee about the company brand and brand values, so that they could pass these brand values to customers as brand experience. In this sense, internal branding is an inside-out approach starting the branding from employees. Therefore, it is reasonable to assume that building a strong brand equity, which is the ultimate goal of branding activities, could also start from the inside of the organization.

Although internal branding literature has acknowledged the importance of starting brand building from inside, Vallaster and de Chernatony (2006) argued that there is still need of an internal brand measure to understand the internal brand image. That is, brand equity research still focuses on the value of brand from the customer perspective (Ambler, 2003). Therefore, brand equity, as being the result of brand building efforts, needs to be studied from the perspectives of other stakeholders. More specifically, service companies also need to measure how their internal branding activities affect cognitive and behavioral aspects of brand equity for employees. Therefore, the purpose of this study is to understand the effect of internal branding on employee based brand equity (EBBE). In accordance with the purpose, the specific objectives of this study are to:

1. Investigate the effect of internal branding mechanism on employee brand awareness.
2. Understand the effect of brand awareness on brand image and perceived brand quality of employees.
3. Explore the impact of brand image on employees' commitment to the brand.
4. Understand the impact of perceived quality on employees' commitment to the brand.

In doing so, this research employs quantitative empirical causal research design to test the hypothesized relationships between variables. The data is provided by customer contact employees working in five star hotels or fine dining restaurants in Istanbul. Through leveraging on internal branding mechanisms and service brand equity, the study aims to validate the positive influence of human resources, leadership, and internal communication on cultivating brand equity of employees. Thus, the results would have both theoretical and practical implications. Even employee brand equity has been introduced to the literature (King and Grace, 2009), there is limited number of research, most of which approached to the idea conceptually or theoretically (de Chernatony et al., 2006; King and Grace, 2008; King and Grace, 2009; King and Grace, 2010). Moreover, a few studies empirically analyzed how employee brand equity is cultivated and what are the antecedents of the concept (King et al., 2012). Hence, this study is one of the limited ones to understand how employee brand equity is built via adopting frameworks from internal branding and brand equity literature. Specifically, the study contribute to the existing literature for the role of internal branding in building employee brand equity. Therefore, the findings enhance the understanding about how internal branding mechanisms create brand awareness, which, in turn, leads to brand image and brand perception of employees resulting their commitment

to the brand. Further, the framework leveraged on the service brand equity model to provide a perspective about cultivating internal brand equity. That is, the findings help industry practitioners to manage brand related attitudes and behaviors of employees by different internal branding mechanisms.

## **REVIEW OF LITERATURE**

### **Services Branding**

A brand is 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 competition” (Keller, 1993: 3). However, from the perspective of services, brand is usually considered a promise (Berry, 2000). Therefore, it is defined as, “the promise of the bundle of attributes that someone buys the attributes that make up a brand may be real or illusory, rational or emotional, tangible or invisible” (Ambler and Styles, 1996: 10). Similar to the second definition of brand, Bergstrom et al. (2002: 134) have defined the brand as “the sum total of all perceived functional and emotional aspects of a product or service” and the activity of branding as “about adding a higher level of emotional meaning to a product or service, thereby increasing its value to customers and other stakeholders”. Even these definitions interpret brand as a promise for both products and services, literature has argued that delivery of the promise is more challenging for service industry (de Chernatony and Segal-Horn, 2001). That is, the distinguished characteristics of services cause a number of problems for marketers. Since, services provide experience rather than a tangible offering that can be evaluated before the purchase; limited tangible attributes makes it difficult to communicate the brand values to consumers. Moreover, successful delivery of the brand values depends on the interaction between employees and consumers due to simultaneous production and consumption. Therefore, these differences between products and services necessitate a different approach for branding of services.

Even brands are perceived to be a combination of functional and emotional attributes, because of their intangible nature, service brands need to provide clues to communicate their values to the customers. Besides the issue of intangibility, the interaction between employees and customers during the service encounter poses another challenge for the delivery of brand promise (Zeithaml and Bitner, 1996). Therefore, service brand strategy requires concentrating more on employees and their behaviors to develop strong brands. Unlike product based-branding, where the product itself delivers the brand promise, the emotional and functional values cannot be conveyed easily in service based branding. Instead, the delivery of brand values mostly depends on the performance of employees when they interact with customers (Berry and Lampo, 2004). As such, service companies have started to adopt an inside-out branding strategy. In other terms, these companies committed to the fact that service employees turn advertised promises into reality by living the brand and transforming emotional values into reality during their contact with consumers.

From a service industry standpoint, the success of a labor-intensive service brand depends on the performance of employees. Specifically, the interactive nature of services requires involving employees to deliver the brand promise to the customers. For services, due to the interaction between employees and customers, successful brand management necessitates more than the principles of product-based branding.

### **Internal Branding**

With the recognition of employees' role in branding, there has been a tendency to adopt internal branding (IB) strategies especially in service businesses. That is, the interactive and experience based nature of services have shifted the focus from external branding to internal branding. While internal branding is a recent concept in the literature, it is a consequence of increased focus on employee behaviors (Ahmed and Rafiq, 2002). According to Bergstrom et al. (2002: 135), internal branding includes three things: “communicating the brand effectively to the employees; convincing them of its relevance and worth; and successfully linking every job in the organization to the delivery of the brand essence”. In turn, employees could better understand the brand

values, internalize these values, and behave in accordance with the brand promise. Hence, the idea is to align employee behaviors with the brand identity, so that the brand promise can turn into a reality for consumers (Tosti and Stotz, 2001).

In fact, the rise of internal branding in literature is a result of the focus shift from brand image to brand identity (Harris and de Chernatony, 2001). While the brand identity is defined as “a unique set of brand associations that firms aim to create or maintain”, brand image is defined as “consumers’ perception regarding a brand” (Keller, 2003: 66). Even both brand identity and brand image have an influence on brand preference, the main distinction lies in their distinctive roles. In building a brand, organizations start with defining a brand identity as an initial step to create their brand image in the minds of the customers. Later, how consumers interpret this identity turns into their brand image for that particular brand (Keller, 2003). Therefore, brand identity refers how firms aspire to be perceived, whereas brand image refers how they are perceived (Sääksjärvi and Samiee, 2011).

Building upon the role of identity and image, the objective of internal branding is to “ensure that employees transform espoused brand messages into brand reality for consumers and other stakeholders” (Punjaisri and Wilson, 2007: 60). That is, as employees understand and internalize the brand values, they would reflect these values to consumers during their service delivery. In other terms, the espoused identity would turn into brand image of consumers as a result of employees’ attitudes and motivation. In this sense, internal branding activities provide opportunity to align employee behaviors with the intended identity (Burmam and Zeplin, 2005; Papasolomou and Vrontis, 2006; Tosti and Stotz, 2001). Actually, it is an instrumental tool to create a shared brand identity understanding among employees (Drake et al., 2005).

Previously, internal branding is considered the responsibility of marketing departments. However, Machtiger (2004) argued that the concept requires a broader perspective including different departments and functions of an organization. As such, all members of a company need to contribute to the branding efforts to create a shared brand understanding to support brand consistent behaviors of employees. Similarly, Burmann and Zeplin (2005) have also pointed the requirement of a more holistic integrative application of internal branding for businesses. As a result, the authors have come up with a conceptual framework, which identifies internal communication, leadership, and human resources (HR) as the key to influence the brand performance of employees.

In line with the definition of IB, which is “disseminating meaningful and relevant brand information to aid employees in providing higher levels of customer service” (Baker et al., 2014: 652), internal communication is found to be the central focus in IB activities (Zucker, 2002). That is, communication activities, specifically targeted at employees, need to provide information regarding the brand meaning and values (Berry and Lampo, 2004; de Chernatony et al., 2003; de Chernatony and Drury, 2006). The idea is to have every employee to internalize the brand (Burmam and Zeplin, 2005), so that they can deliver the advertised brand promise in external communications (Ahmed and Rafiq, 2003). Thus, communication is central to internal branding. Either implicitly or explicitly, branding requires the continuous and consistent communication of brand values to manage attitudes and behaviors of employees.

In addition to internal communication, recent studies have acknowledged the role of HR in marketing the company brand to the employees (Punjaisri and Wilson, 2007). Specifically, HR activities of recruitment, training, development, performance evaluation, and orientation were found to help employees to internalize the brand as well as to have consistent values with brand (Farnfield, 1999; Papasolomou and Vrontis, 2006; Thomson et al., 1999). Actually, the success of HR lies in their ability to enhance person-brand fit through selection, recruitment, training, and orientation of employees, which in turn, shapes the attitudes of employees in accordance with the brand (Burmam and Zeplin, 2005). In particular, even the communication is at the center of branding, the source of the communication is the HR department. Hence, the successful dissemination

of brand information guiding employee brand behaviors depends on how well HR activities transform brand messages.

Lastly, in addition to communication and HR, the other key mechanism to influence the brand related behaviors and attitudes of employees is the leadership. In one of the earliest studies, Miles and Mangold (2004) regarded internal branding as a process that enables companies to position their brand in the minds of their employees. The foundation of the process is the effective and consistent communication of brand identity consisting of its values and promises. Considering the different sources of brand messages, previous studies have identified leadership as an important source of internal branding (Miles and Mangold, 2004; Morhart et al., 2009; Vallaster and de Chernatony, 2006). Actually, leaders' role goes beyond passing information to employees. That is, leaders also have the opportunity to influence employees' brand related attitudes and behaviors through acting as a role model. In other terms, leaders could also communicate brand values implicitly through their acts and behaviors. Therefore, the type of leadership adopted to promote brand related attitudes and behaviors is especially important for the success of internal brand management. Defined as "a leader's approach to motivating his or her followers to act on behalf of the corporate brand by appealing to their values and personal convictions" (Morhart et al., 2009, p. 123), transformational leadership is identified as the most effective leadership style. Through aligning their behaviors with brand values, leaders develop a shared understanding that being more realistic to employees. As such, unlike transactional leaders, transformational leaders are found to act as a role model in translating brand values into action. Specifically, those leaders do not only use verbal communication, but they also use non-verbal communication via their behaviors supporting the company brand (Vallaster and de Chernatony, 2006).

Drawing on the previous findings above, it is clear that internal branding integrates different functions of the organization to manage the brand related behaviors. Yet the common point for all different functions is the communication. In other terms, the idea for all three mechanisms is to communicate a consistent brand identity targeted at employees. As a result, companies could also create a strong brand equity for their employees.

### **Employee Based Brand Equity**

The concept of brand equity, which has been widely studied from the perspective of customers, is a strong indicator of brand value (Aaker, 1996; Keller, 1993; Kim and Kim 2004; Yoo and Donthu, 2001). Aaker (1991) provided the first definition of brand equity as a concept that extends to both tangible and intangible elements. Based on the author's conceptualization, the dimensions of brand equity are defined as "a set of brand assets including brand loyalty, brand awareness, perceived quality, brand associations, and others linked to a brand name and symbol that add to or subtracting from the value provided to consumers". However, recent studies have started to extend the concept to employees to overcome the limited perspective of just focusing on customers (Ambler 2003; King and Grace, 2009; King et al., 2012). That is, with the focus shift from external branding to a more balanced branding perspective, a different approach for brand equity is needed to understand the value of brand not only externally but also internally. Consequently, recent studies have started to apply the concept to the employee context by suggesting employee based brand equity (EBBE), which reflects the value of brand for employees.

Within the literature, applying the brand equity concept to employees has started with the idea of viewing employees as internal customers (Schneider and Bowen 1993). Similarly, Vallaster and de Chernatony (2006) have argued for the need of assessing brand value internally from the perspective of employees. Even employee based brand equity (EBBE) focuses on employees rather than customers, both concepts have their roots human associative memory theory. In line with this theory, Keller (1993) considers the brand a node with its associations in the memory of people. These brand associations then create the brand knowledge for customers. Therefore, Keller (1993) advocates that brand equity arise from the brand knowledge because of marketing

efforts directed to consumers' cognitive memories. Referring to internal branding studies, brand knowledge regarding the brand meaning and values (Berry and Lampo, 2004; de Chernatony et al., 2003; de Chernatony and Drury, 2006) is also important for employees to deliver the company promise (Ahmed and Rafiq, 2003). As employees are informed about the brand, they would be more likely to internalize the brand and act accordingly to its values (Burmman and Zeplin, 2005; Xiong et al., 2013). Therefore, just as it is important to create customer brand equity, it is also crucial to ensure employee brand equity for the success of branding activities. Actually, the success of external brand depends on the success of internal brand. That is, since employees pass the brand values to customers during service delivery, they are the sources of brand value for consumers. Thus, it is from this perspective that organizations should start branding inside of the organization by creating a strong employee brand equity first.

King and Grace (2009) has defined EBBE as "the differential effect that brand knowledge has on an employee's response to their work environment". That is, employee knowledge forms the motivation for employees to behave in accordance to brand and deliver the brand promise. This knowledge then translates into how employee view their company brand. Thus, as it is the case for consumer brand equity, brand knowledge locates at the center of employee brand equity. Especially for services, where employees locating at the interface between internal and external environment, organizations need to "make the brand meaningful and relevant for the employees to see value, in order to exhibit positive work-related behaviors, which in turn manifest itself in brand equity" (King and Grace, 2009 :130). Similarly, Papasolomou and Vrontis (2006) suggest brand knowledge as the starting point for employee brand equity, which is conceptualized as a combination of higher brand loyalty, brand awareness, perceived quality, and strong brand image. More specifically, brand related information directed at employees increase their brand awareness (brand knowledge), which in turn shapes how employees perceive the brand. Consequently, these perceptions about the image and quality of the brand influence employees' brand behaviors, specifically their loyalty to the brand.

### **Conceptual Framework and Hypotheses Development**

In recognition of employees as being central to service brand management (de Chernatony et al., 2003), the idea of internal branding is to increase brand knowledge of employees. Actually, the underlying assumption is considering employees as internal customers for businesses. While external marketing activities try to create a brand image for customers, internal marketing activities, namely, internal branding, focus on positioning the brand in the minds of employees (Mitchell, 2002). Thus, Papasolomou and Vrontis (2006) have identified internal communication activities as the essential tool to motivate brand related behaviors through increased brand knowledge. However, besides internal communication, the significance of other mechanisms is further magnified in the literature. Specifically, HR and leadership have been proposed to be the major sources of brand knowledge (Burmman and Zeplin, 2005; Burmann et al., 2009; Punjaisri and Wilson, 2007). That is, organizations disseminate brand knowledge not only through internal communication but also through HR and leadership activities.

According to de Chernatony and Segal-Horn (2001), brand knowledge serves as an initial step to develop the emotional responses of employees to the brand. In other terms, the stronger the brand knowledge of employees, the deeper their internalization of brand values (Punjaisri and Wilson, 2007). Therefore, it is reasonable to assume that employees' brand awareness would shape their understanding of the brand in terms of how they view the brand (brand image) and how they perceive the performance of the brand (perceived quality). If employees have a clear understanding and positive perceptions of the brand, they would be more connected to the corporate brand (Mitchell, 2002). Actually, the idea for an enhanced employee brand equity is contributing to brand performance. As employees internalize the brand and its values, they could easily pass that brand values onto customers. Therefore, we cannot consider employee brand equity something separate

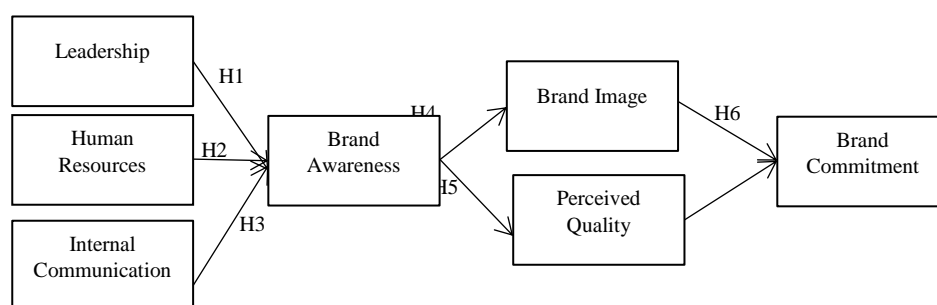
from customer brand equity. Indeed, they both serve to the same purpose of creating a strong brand. The only difference is the targeted groups. While external branding targets customers, internal branding targets employees.

Since employees are considered internal customers (Ambler, 2003) and brand knowledge is the key to deliver a consistent promise, this study conceptualizes employee brand equity in accordance with Keller (1993) and Aaker (1991). According to this conceptualization, the concept includes four dimensions, namely the brand loyalty, brand awareness, perceived quality of brand, and brand image (brand associations). Specifically, people first need to recall and recognize the brand. As they become aware of the brand, they start forming associations related to the brand as well as develop judgements regarding its performance. In turn, these brand image and perceived quality results in a behavioral response of attachment or loyalty to the brand.

Based on above discussions, this study assumes that Keller's (1993) and Aaker's (1991) consumer based brand equity (CBBE) could be applied to employee brand equity case. That is, internal branding mechanisms positively influence brand awareness (brand knowledge) of employees. Moreover, this brand awareness leads to more positive image and perceived quality of company brand among employees. Finally, the model proposes that brand image and perceived quality foster brand behaviors in terms of commitment to the brand. Drawing on these assumptions, this research postulated the following hypotheses and conceptual model (See Figure 1):

- H1: Leadership activities have a positive effect on brand awareness of employees.
- H2: Human resources activities have a positive effect on brand awareness of employees.
- H3: Internal communication has a positive effect on brand awareness of employees.
- H4: Brand awareness has a positive effect on brand image of employees.
- H5: Brand awareness has a positive effect on perceived brand quality of employees.
- H6: Brand image has a positive effect on employee brand commitment.
- H7: Perceived brand quality has a positive effect on employee brand commitment.

**Figure 1. Proposed Conceptual Research Model for the Study**



## METHODS

### Research Design

This study employed a quantitative empirical causal research design to test the proposed conceptual model as well as hypothesized relations between variables. As such, the research used primary data collected through a self-administered structured questionnaire. The unit of analysis for the study was hospitality employees.

### **Instrument**

A self-administered structured questionnaire was used to collect data for the study. All the items, other than demographic factors, were measured by using a five-point Likert-type scale (1 = strongly disagree to 5 =strongly agree).

The scale for HR involvement was adopted from a previous empirical research (Aurand et al., 2005) and used to assess the involvement of HR practices in internal branding. To assess the perceptions of employees regarding brand specific internal communications, questions were taken from a previous study of Punjaisri and Wilson (2011). For evaluation of leadership behaviors, the study used existing measure of brand-specific transformational leadership (Morhart et al., 2009) that adopted the items from the multifactor leadership questionnaire from 5X (Avolio and Bass, 2004).

Brand knowledge scale included five items developed based on Baumgarth and Schmidt (2010). On the other hand, brand image questions are taken from the previous study of Hur and Adler (2011). For measurement of perceived quality, this study used an existing scale to assess the employees' perception of quality (Kim and Kim, 2005). Lastly, brand commitment of employees is measured by a previous scale taken from the study of Kimpakorn and Tocquer (2010).

### **Sampling**

The target population of this study was customer contact employees working at five-star hotels or fine dining restaurants located in Istanbul. A convenience sample of respondents was used to collect data about their perception of internal branding activities and the company brand. Data collection was started at the beginning of March 2016 and ended in the middle of April 2016. The surveys were administered via undergraduate students directly to the employees who were willing to participate in the study. However, some the questionnaires were discarded due to response bias and non-response issues. Thus, at the end, 253 usable surveys were retained for data analysis.

### **Data Analysis**

237 usable surveys were included for further data analysis after list wise deletion (Jackson et al., 2009). Data were processed with the statistical package SPSS 20.0 for the univariate analysis to get the descriptive statistics of observed variables as well as frequency distribution of demographic variables. Moreover, the proposed research model was analyzed through confirmatory factor analysis (CFA) followed by structural equation modeling (SEM) via Mplus7.

## **RESULTS**

### **Descriptive Results**

Table 1 shows the demographic profile of respondents participated in the study. Among 237 valid responses, males accounted for 66.7% and females accounted for 33.3% of the sample. Almost half of the respondents were between the ages of 18 and 25 followed by the age groups of 26-35 (38.3%), 36-45 (12.7%), and 46 or above (5.5%). While 68.4% of the respondents was single, 31.6% of them was married. For the education level, bachelor degree holders represented 65.8% of the sample followed by graduate degree holder (14.8%). Together, high school graduates and pre-college degree holders accounted for 19.4% of the sample. From all the respondents, 59.9% of them were working in the hotel industry and 40.1% of them were working in the restaurant industry.

**Table 1: Demographic Profile of Respondents**

Variable		N	%
Gender	Male	158	66.7
	Female	79	33.3
	Total	237	100
Age	18-25	103	43.5
	26-35	91	38.3
	36-45	30	12.7
	46 or above	13	5.5
	Total	237	100
Marital Status	Single	162	68.4
	Married	75	31.6
	Total	237	100
Education Level	High School	25	10.5
	Pre-College	21	8.9
	Bachelor	156	65.8
	Graduate	35	14.8
	Total	237	100
Industry	Hotel	142	59.9
	Restaurant	95	40.1
	Total	237	100

### Measurement and Structural Model

The structural model was estimated by using Satorra-Bentler procedure in Mplus (Satorra and Bentler, 2001) due to its advantage of being robust against non-normality and multicollinearity. The results of the estimation showed a good fit of the model to the data based on model fit statistics for the measurement model, comparative fit index (CFI) = .907; Tucker-Lewis index (TLI) = .900; standardized root mean residual (SRMR) = .067; and root mean square error of approximation (RMSEA) = .060 (Hooper et al., 2008).

To assess measurement quality, factor loadings, reliabilities, and average variance extracted for each construct were checked for reliability and validity (see Table 2). The composite reliability and average variance extracted were calculated as (Fornell and Larcker, 1981).

All composite reliability values were between .86 and .92 representing internal consistency of indicators for each construct. The data also satisfied convergent validity through all factor loadings being significant at  $p < .01$  as well as the average variance extracted (AVE) by each construct higher than .50 (Fornell and Larcker, 1981). Lastly, AVE estimates for each construct, which were higher than the squared correlations between paired constructs, satisfied the conditions of discriminant validity.

Table 2: Measurement Model Results

Construct	Mean	Cronbach $\alpha$	Standardized Factor Loadings
<b>Human Resources</b>		.866	
The brand values are reinforced through internal communications.	3.8458		.802
Training is provided to employees to use the brand values.	3.7500		.787
The skill set necessary to deliver the brand values is considered in staffing decisions.	3.6917		.731
Annual performance reviews include metrics on delivering the brand values.	3.6625		.751
Departmental plans include employees' role in living the brand values.	3.8500		.698
<b>Internal Communication</b>		.882	
During group meetings, I am clearly informed of the brand mission	3.7708		.857
I clearly understand my role in relation to the brand mission.	3.8833		.824
Briefings contain all essential information for me to provide services according to the brand expectations.	3.7625		.801
The brand mission and its promise are constantly reinforced during the briefings.	3.8417		.749
<b>Leadership</b>		.922	
My supervisor gets me look at my job in terms of a branding task.	3.6958		.873
My supervisor articulates a compelling vision of our corporate brand.	3.8167		.846
My supervisor displays a sense of power and confidence when talking about our corporate brand.	3.8375		.859
My supervisor specifies the importance of having a strong sense of our corporate brand.	3.9000		.831
My supervisor helps me to develop my strengths with regard to becoming a good representative of our corporate brand.	3.9292		.781
<b>Brand Awareness</b>		.902	
I am aware of my organization's goals we try to achieve through the brand.	3.9500		.865
I am familiar with what my organization's brand stands for.			.881
	3.4292		
I have a clear sense of my organization's vision.	4.0042		.769
I know which attributes of our brand differentiate us from our competitors.	4.1040		.818
I know the importance of my organization's goals in delivering the brand promise.	4.0958		.826
<b>Brand Image</b>		.920	
I think that our décor expresses our brand image.	4.0458		.796
I feel that the advertising and promotion gives the proper image.	4.0583		.823
I feel that our brand has a positive reputation to attract customers.	4.1750		.884
I feel that we have a pleasant atmosphere that fits the image we promote.	4.1500		.854
I feel that our brand gives me an overall positive impression fitted to brand image.	4.0833		.794
<b>Perceived Quality</b>		.917	
Our brand provides prompt service as it promises.	4.1292		.795
Our brand handles customer complaints effectively.	4.0583		.864
Our brand gives individual customer attention.	4.2125		.846
Our brand provides timely and high quality service.	4.0833		.851
<b>Brand Commitment</b>		.906	
I usually tell my friends that this is a great company to work for.	4.0458		.725
I am proud to tell others that I am part of this company.	4.1750		.774
For me this is the best of all possible brands to work for.	3.7542		.846
I am extremely glad that I choose to work for over other companies.	3.9375		.892
I really care about our brand.	4.0458		.808
I would accept almost any type of job assignment in order to keep working for this company.	3.8625		.634

The results confirm the hypothesized effects of internal communication and leadership on brand awareness of hospitality employees (H1,  $\gamma_{11} = .330$ ,  $t = 3.827$ ,  $p < .01$ ; H3,  $\gamma_{13} = .456$ ,  $t = 3.207$ ,  $p < .01$ ). The two internal branding mechanisms explained 66% of the variance in brand awareness of employees. However, the effect of HR on brand awareness was not significant (H2,  $\gamma_{12} = .089$ ,  $t = .771$ ,  $p > .05$ ). For the effect of brand awareness on brand image and perceived brand quality, the effects of both variables were all significant supporting H4 and H5 ( $\beta_{21} = .794$ ,  $t = 24.457$ ,  $p < .01$ ;  $\beta_{31} = .850$ ,  $t = 32.366$ ,  $p < .01$ ).

For the proposed hypotheses of brand image and perceived quality affecting employee brand commitment, the results evidenced a positive significant effect of image as well as perceived quality on commitment of employees to the brand ( $\beta_{42} = .450$ ,  $t = 8.408$ ,  $p < .01$ ;  $\beta_{43} = .385$ ,  $t = 6.884$ ,  $p < .01$ ). Together, brand image and perceived quality explained 58% of brand commitment supporting H6 and H7.

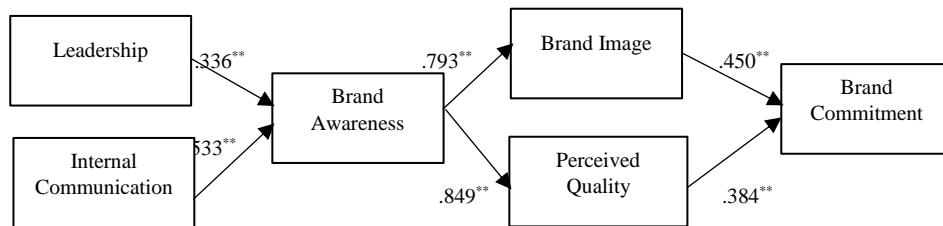
For the role of internal branding mechanisms in building employee brand equity, perception of employees for the three mechanisms are almost same with a slight difference in the mean scores. However, as stated in the results of path analysis, the role of HR in creating brand awareness is insignificant. Regarding importance, the main concern for employees' perception of internal communication is providing role clarity ( $M=3.8833$ ). Meanwhile, the most important leadership attribute is supervisor support for employees to develop their skills to deliver the brand better ( $M=3.9292$ ). Even the role of HR is not supported, based on the mean scores, the main concern of the HR needs to be supporting departments to clearly inform their employees about their roles for the brand ( $M=3.8500$ ). This finding also is line with the most important role of internal communication, which is to enhance role clarity. Therefore, combining with conclusions of path analysis results, the mean scores of employee responses also imply that responsibility of brand building belongs to departments and departmental supervisors that communicate the brand as well as support the brand skills.

**Table 3: Results of Path Analysis**

Path to	Path from	H <sub>0</sub>	Std. Coeff.	t-value
Brand Awareness	Leadership	<b>H1: Supported</b>	.330	3.827**
Brand Awareness	Human Resources	H2: Not Supported	.089	.771
Brand Awareness	Internal Communication	<b>H3: Supported</b>	.456	3.207**
Brand Image	Brand Awareness	<b>H4: Supported</b>	.794	24.457*
Perceived Quality		<b>H5: Supported</b>	.850	* 32.366*
Brand Commitment	Brand Image	<b>H6: Supported</b>	.450	8.408**
Brand Commitment	Perceived Quality	<b>H7: Supported</b>	.385	6.884**

Note.  $p < .05$ ,  $p < .01$

Based on the results of hypotheses testing, the proposed conceptual model is revised and the following model is tested again (see Figure 2). The results of the new estimation also showed a good fit of the model to the data based on model fit statistics for the measurement model, comparative fit index (CFI) = .912; Tucker-Lewis index (TLI) = .903; standardized root mean residual (SRMR) = .070; and root mean square error of approximation (RMSEA) = .065

**Figure 2. New Conceptual Research Model for the Study**

## CONCLUSIONS and IMPLICATIONS

The purpose of this study was to test a proposed conceptual model that examines the relationships between internal branding and employee based brand equity, namely the brand awareness, brand image, perceived quality, and brand commitment of customer contact employees. To sum up, the findings supported the sequential link for restaurant experience attributes – brand relationship and brand preference.

In line with previous studies, this study supports the positive effect of leadership and internal communication on brand awareness of employees (Burman et al., 2009; Mohart et al., 2009; Punjaisri and Wilson, 2007; Vallaster and de Chernatony, 2006). However, HR activities did not show a significant impact on brand knowledge. This contradictory finding could be explained by based on Kelman's (1958) theory of social influence. That is, leaders might be the sources of social influence. Therefore, one possible explanation is that leaders could be passing the brand knowledge to the employees. In other terms, it could be the leaders communicating the brand through both their behaviors in accordance with the brand as a role model and other communication means (Vallaster and de Chernatony, 2006). Similarly, the execution of HR activities might also be gathered in leaders (Cunningham & Hyman, 1999).

Additionally, as expected, brand awareness is found to positively influence brand image and perceived quality, which in turn, increase brand commitment of employees. Specifically, the results suggest that both brand image and perceived quality of brand act as antecedents of employee brand commitment. Therefore, it is meaningful to conclude that knowledge about the brand values makes the company brand different from competing organizations (Bergstrom et al, 2002). In this context, being aware of the brand help employees to have a unique image as well as perceive their brand as having high quality. Moreover, as employees have a meaningful knowledge of the brand, they are more likely to be emotionally connected to the brand (Thomson et al., 1999). Thus, their commitment with the brand increases. Similarly, King et al. (2012) concluded that a positive perception of company brand fosters positive external communication of employees to customers (brand endorsement) as well as their intention to maintain the relation with the brand (brand allegiance).

To sum up, this research evidenced the positive role of internal branding activities to build and maintain employee brand equity. Therefore, in addition to above findings, this study has considerable implications. First of all, responsibility of internal branding activities might be gathered in managers or supervisors of employees. As the findings suggest, leaders could act as a role model in stimulating brand related values. Moreover, they can also disseminate the brand information to the employees. Hence, leaders need to closely coordinate and work with HR as well as marketing departments. Additionally, engaging in internal branding activities might help organization to retain their employees and to decrease their HR related costs. As employees become more committed to the corporate brand, they will be more likely to stay and act accordingly with the brand. In addition, with increased attention on internal branding, employees could become a marketing source for companies. More specifically, they can be a source of differentiation with the consistent delivery of brand

promise during the service encounters. Since they locate at the interface between the internal and external environment, they are the faces of the organizations. Therefore, building long-term relations with customers also depend on employees' success. In conclusion, it is reasonable to argue that building the brand from inside contributes both to the organization and to the customers. While organizations will have the opportunity to increase their brand performance, customers will find the chance of high quality service experience. Further, a strong brand also helps to provide a point of reference for an intangible offering that is difficult to evaluate in advance.

**REFERENCES**

- Aaker, D. (1991). *Managing brand equity. Capitalizing on the value of a brand name*. New York: Free Press.
- Aaker, D. (1996). *Building strong brands*. New York: Free Press.
- Ahmed, P. & Rafiq, M. (2002). *Internal marketing: tools and concepts for customer focused management*. Butterworth-Heinemann: Oxford.
- Ambler, T. (2003). *Marketing and the bottom line: the marketing metrics to pump up cash flow*. Norfolk: Prentice Hall.
- Ambler, T. & Styles, C. (1996). Brand development versus new product development: Towards a process model of extension decisions. *Marketing Intelligence and Planning*, 14(7), 10-19.
- Aurand, T., Gorchels, L., & Bishop, T. (2005). "Human resource management's role in internal branding: an opportunity for cross-functional brand message synergy", *The Journal of Product and Brand Management*, 14(2/3), 63-169.
- Avolio, B. J. & Bass, B. M. (2004). *Multifactor leadership questionnaire: manual and sampler set*. Menlo Park, CA: Mind Garden.
- Baker, T. L., Rapp, A., Meyer, T., & Mullins, R. (2014). The role of brand communications on front line service employee beliefs, behaviors, and performance. *Journal of the Academy of Marketing Science*, 42(6), 642-657.
- Baumgarth, C. & Schmidt, M. (2010). How strong is the business-to-business brand in the workforce? An empirically-tested model of internal brand equity in a business-to-business setting. *Industrial Marketing Management*, 39(8), 1250-1260.
- Bergstrom, A., Blumenthal, D., & Crothers, S. (2002). Why internal branding matters: the case of Saab. *Corporate Reputation Review*, 5(2/3), 133-42.
- Berry, L. (2000). Cultivating service brand equity. *Journal of the Academy of Marketing Science*, 28(1), 128-137.
- Berry, L. L. & Lampo, S. S. (2004). Branding labor-intensive services. *Business Strategy Review*, 15(1), 18-25.
- Burmman, C. & Zeplin, S. (2005). Building brand commitment: a behavioral approach to internal brand management. *Journal of Brand Management*, 12(4), 279-300.
- Burmman, C., Zeplin, S., & Riley, N. (2009). Key determinants of internal brand management success: an exploratory empirical analysis. *Journal of Brand Management*, 16, 264-284.
- Cunningham, I. & Hyman, J. (1999). Devolving human resource responsibilities to the line. *Personnel Review*, 28(1/2), 9-27.
- de Chernatony, L. & Drury, S. (2006). internal factors driving successful financial services brands. *European Journal of Marketing*, 40(5/6), 611-633.
- de Chernatony, L., Drury, S., & Segal-Horn, S. (2003). Building a services brand: stages, people and orientations. *The Services Industries Journal*, 23(3), 1-21.
- de Chernatony, L. & Segal-Horn, S. (2001). Building on services' characteristics to develop successful services brands. *Journal of Marketing Management*, 17, 645-669.
- Drake, S. M., Gulman, M. J., & Roberts, S. M. (2005). *Light their fire*. Chicago, IL: Dearborn.
- Farnfield, I. (1999). Driving for effective positioning and competitive differentiation. *Journal of Brand Management*, 6(4), 250-257.
- Fornell, C. & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18(1), 39-50.
- Harris, F. & de Chernatony, L. (2001). Corporate branding and corporate brand performance. *European Journal of Marketing*, 35, 441-457.
- Hooper, D., Coughlan, J., & Mullen, M. (2008). Structural equation modelling: guidelines for determining model fit. *Articles*, 2.
- Hur, Y. & Adler H. 2011. Employees' perceptions of restaurant brand image. *Journal of Foodservice Business Research*, 14(4), 334-359.
- Jackson, D. L., Gillaspay, J. A., & Purc-Stephenson, R. (2009). Reporting practices in confirmatory factor analysis: an overview and some recommendations. *Psychological Methods*, 14, 6-23.
- Keller, K. L. (1993). Conceptualizing, measuring, and managing consumer-based brand equity. *Journal of Marketing*, 57, 1-22.
- Keller, K. L. (2003). *Strategic brand management: building, measuring and managing brand equity*. New Jersey: Prentice Hall.

- Kelman, H. C. (1958). Compliance, identification, and internalization three processes of attitude change. *Journal of Conflict Resolution*, 2(1), 51-60.
- Kim, W. G. & Kim, H. B. (2004). Measuring customer-based restaurant brand equity. *Cornell Hotel and Restaurant Administration Quarterly*, 45(2), 115-131.
- Kim, H. B. & Kim, W. G. (2005). The relationship between brand equity and firms' performance in luxury hotels and chain restaurants. *Tourism Management*, 26(4), 549-560.
- Kimpakorn, N. & Tocquer, G. (2010). Service brand equity and employee brand commitment. *Journal of Service Marketing*, 24(5), 378-388.
- King, C., & Grace, D. (2008). Internal branding: Exploring the employee's perspective. *Journal of Brand Management*, 15(5), 358-372.
- King, C. & Grace, D. (2009). Employee based brand equity: a third perspective. *Services Marketing Quarterly*, 30(2), 122-147.
- King, C., & Grace, D. (2010). Building and measuring employee-based brand equity. *European Journal of Marketing*, 44(7/8), 938-971.
- King, C., Grace, D., & Funk, D. C. (2012). Employee brand equity: scale development and validation. *Journal of Brand Management*, 19(4), 268-288.
- Machtiger, B. (2004). Beware pitfalls that kill branding efforts. In *Marketing News*, March, 21-23.
- Miles, S. J. & Mangold, W. G. (2005). Positioning Southwest Airlines through employee branding. *Business Horizons*, 48, 535-545.
- Morhart, F. M., Herzog, W., & Tomczak, T. (2009). Brand-specific leadership: turning employees into brand champions. *Journal of Marketing*, 73(5), 122-142.
- Papasolomou, I. & Vrontis, D. (2006). Using internal marketing to ignite the corporate brand: the case of the UK retail bank industry. *Journal of Brand Management*, 14(1/2), 177-195.
- Punjaisri, K. & Wilson, A. (2007). The role of internal branding in the delivery of employee brand promise. *The Journal of Brand Management*, 15(1), 57-70.
- Punjaisri, K. & Wilson, A. (2011). Internal branding process: key mechanisms, outcomes and moderating factors. *European Journal of Marketing*, 45(9/10), 1521-1537.
- Saaksjarvi, M. & Samiee, S. (2011). Relationships among brand identity, brand image and brand preference: differences between cyber and extension retail brands over time. *Journal of Interactive Marketing*, 25(3), 169-177.
- Satorra, A. & Bentler, P. M. (2001). A scaled difference chi-square test statistic for moment structure analysis. *Psychometrika*, 66(4), 507-514.
- Schneider, B. & Bowen, D. E. (1993). The service organization: human resources management is crucial. *Organizational Dynamics*, 21(4), 39-52.
- Thomson, K., de Chernatony, L., Arganbright, L., & Khan, S. (1999). The buy-in benchmark: how staff understanding and commitment impact brand and business performance. *Journal of Marketing Management*, 15, 819-835.
- Tosti, D. & Stotz, R. (2001). Building your brand from the inside out. *Marketing Management*, 19(2), 28-33.
- Vallaster, C. & de Chernatony, L. (2006). Internal brand building and structuration: the role of leadership. *European Journal of Marketing*, 40(7/8), 761-784.
- Xiong, L., King, C., & Piehler, R. (2013). That's not my job": exploring the employee perspective in the development of brand ambassadors. *International Journal of Hospitality Management*, 35, 348-359.
- Yang, Jen-t-Te, Wan, C.-S., & Wu, C.-W. (2015). Effect of internal branding on employee brand commitment and behavior in hospitality. *Tourism and Hospitality Research*, 15(4), 267-280.
- Yoo, B. & Donthu, N. (2001). Developing and validating a multidimensional consumer-based brand equity scale. *Journal of Business Research*, 52(1), 1-14.
- Zeithaml, V. & Bitner, M. J. (1996). *Services marketing*. New York, NY: McGraw-Hill.
- Zucker, R. (2002). More than a name change-internal branding at Pearl. *Strategic Communication Management*, 6(4), 24-27.