Research Article

Unraveling the relationship between internal branding and job outcomes: Front line employees perspective

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Abstract

This study proposes and tested a research model that investigate internal branding and its effect on job outcomes. Data collected from front line employees working in Indian public sector banks. The relationships were examined through AMOS version 23.0 using structural equation modeling. The results indicate that internal branding manifested by training, internal communications and rewards are significantly related to work engagement and job satisfaction. Specifically, front line employees who receive internal branding are highly engaged than satisfaction with their job. Implications and limitations of the study were discussed further.

Keywords: Internal branding, work engagement, job satisfaction, front line employees, banks, India.

Introduction

As the intense competition among the banking firms remain competitive, bank managers are searching for opportunities to retain and engage their customers. However, bank managers need to engage and satisfy their front line employees (FLEs) before concentrating customers (Yavas, Babakus, & Karatepe, 2013). Since, FLEs are the face of the banks and represent the brand image during service encounters with the customers (Yavas & Babakus, 2010). Despite of this factor, much of the banks fail to realize the importance of the FLEs role than depending on advertising agencies to market their services. As a result, FLEs fails to represent the desired brand image towards the stakeholder of the bank. Internal branding is one such tool incorporates the FLEs to demonstrate the desired behavior towards their customers during service encounter.

However, much of the internal branding concept remains conceptual as well as from management perspective than employees' perspective (Buil, Martínez, & Matute, 2016). Furthermore, internal branding concept studied from brand commitment, brand identification than work engagement (Lee, Kim, & Kim, 2014) and job satisfaction (Du Preez & Bendixen, 2015) simultaneously. Besides, the internal branding research is negligible in emerging markets like India where service sector is the major business outcome of the country's economy (Popli, Rizvi, & Aggarwal, 2017) and further recommended to execute more empirical research on internal branding studies.

The Indian public sector banks (PSBs) face critical human resource challenges after globalization. Due to immense pressure from private and foreign banks, PSBs are searching for avenues in order to motivate and retain their employees (Chakrabarty, 2014). Based on the existing gaps, the present study seeks to study the effect of internal branding on FLEs job outcomes like work engagement and job satisfaction.

Objectives of the study

1. To examine the relationship between internal branding and FLEs work engagement
2. To assess the impact of internal branding on FLEs job satisfaction.

Literature review and theoretical framework

Social exchange theory explains the relationship between internal branding and job outcomes from the FLEs perspective. According to SET, FLEs reciprocate to favor the organization in terms of productivity in response to the resources offered by organization management (Karatepe, 2013). According to Karatepe (2011) and Saks (2006), work engagement and job satisfaction are the various outcomes of FLEs in terms of allocation of resources by the management. Similarly, in the present study, the researchers propose social exchange theory enriches the FLEs work engagement and job satisfaction levels through internal branding concept. Figure 1 represents the theoretical model of the study.

Internal branding gained much momentum due to the significant role of the FLEs in service marketing. Unlike in product branding, physical attributes occupies important place to assess the quality of the products. However, due to the intangibility nature of the services, enable the customers difficult to predict in advance. And further Buil et al. (2016) and Berry (1981) argues brand experience is dependent on FLEs interaction with customers. Moreover, delivering the brand promise depends on FLEs attitudinal factors which further augment their behaviors in maintaining or damaging the brand (Punjaisri, Evanschitzky, & Wilson, 2009).
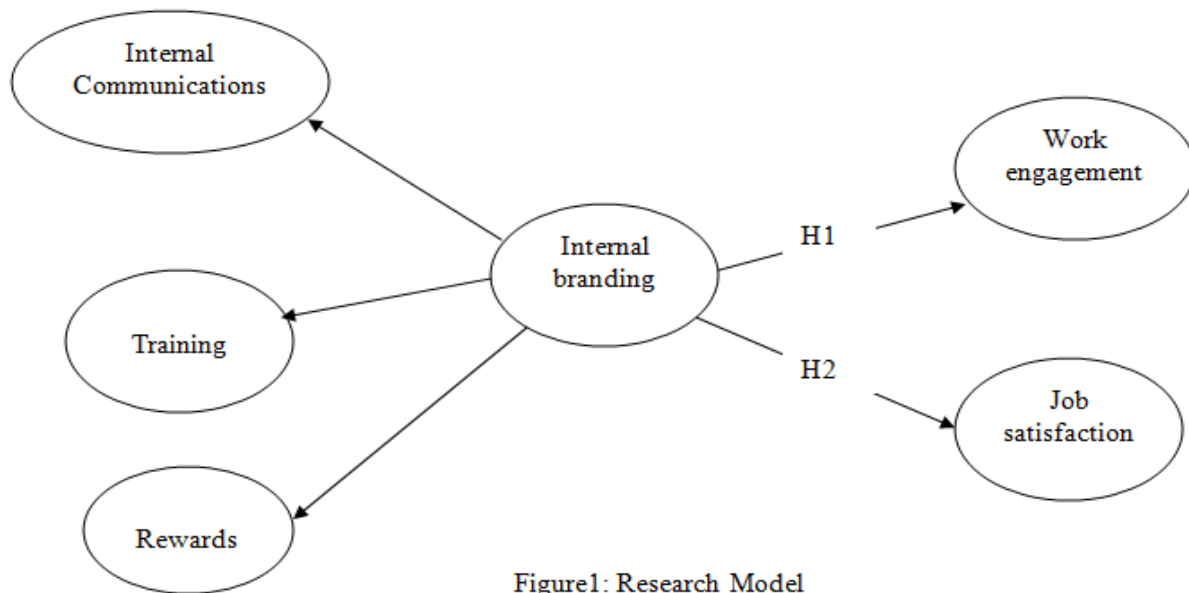

Figure1: Research Model

It is evident from the literature that internal branding invokes from internal marketing concept (Punjaisri et al., 2009). According to Punjaisri, Wilson, and Evanschitzky (2008), internal branding is the combination of marketing (internal communications) and human resources functions (like training and rewards). Based on the extant literature, internal branding is manifestation of internal communications, training and rewards. However, till date internal branding lacks conceptual definition (Foster, Punjaisri, & Cheng, 2010). Drawing from Miles and Mangold (2004, p. 68), internal branding is defined "as the process by which employees internalize the desired brand image and are motivated to project the image to customers and other organizational constituents".

Internal communications encompasses the actions pertaining to personality, values and culture in relevance to brand promise (Buil et al., 2016). In order to influence external customers, it is imperative to communicate the internal communications to the internal customers like FLEs successfully. In fact, well designed communication strategies influences employees' job attitudes and behaviors (Sharma & Kamalanabhan, 2012). Similarly, Training implies

mapping employees' value system with organizations values (Buil et al., 2016). Effective training leverages the FLEs knowledge in addressing various customer needs during service encounters and enhances the brand performance (Saleem & Iglesias, 2016). Rewards are the financial incentives offered by the organization to acknowledge the FLEs work and maintain consistency in brand standards (Miles & Mangold, 2004).

Work engagement

Work engagement has proved its meritocracy in terms of positive outcomes like job performance and employee wellbeing (Karatepe & Aga, 2016; Raj, 2018). The most notified definition of work engagement has given Schaufeli, Salanova, González-romá, and Bakker (2002, p. 74) defined as is defined as a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption. Vigor is characterized by high levels of energy and mental resilience while working, the willingness to invest effort in one's work, and persistence even in the face of difficulties (Schaufeli et al., 2002, p. 74).Dedication is characterized by a sense of significance, enthusiasm, inspiration, pride, and challenge (Schaufeli et al., 2002, p. 74).Absorption, is characterized by being fully concentrated and deeply engrossed in one's work, whereby time passes quickly and one has difficulties with detaching oneself from work (Schaufeli et al., 2002, p. 75).As per internal branding concept, when the FLEs are informed about organization's mission and vision, FLEs are more likely to transform themselves as per organization requirements and further likely to engage in work engagement(King & Grace, 2012; Miles & Mangold, 2004). Training encapsulates the FLEs to change their attitude and behavior compared to traditional training and further motivates them to influence the customers (Raj, 2018). Similarly, Yavas and Babakus (2010) argued training needs to accompany with rewards fairly in order to provide customers service and dealing with discontented customers. Based on the above literature, the study proposes

H1: Internal branding is related to work engagement of FLEs.

Job satisfaction

Job satisfaction is defined as pleasurable or positive state resulting from the appraisal of one's job or job experiences'(Locke, 1976, p. 1300) [Locke, 1976: 1300]. Gounaris (2008) and Sahi, Lonial, Gupta, and Seli (2013) found internal marketing positively influences job satisfaction levels of FLEs operated in Greek hotels and Indian public sector banks. Likewise, Kim, Tavitiyaman, and Kim (2009) contend that internal branding leverages the prosocial behaviors through work satisfaction. As internal branding is a subset of internal marketing, based on the above literature, the proposed hypothesis as follows

H2: Internal branding is related to job satisfaction of FLEs.

Method

The sample consists of front lines employees (like clerks, staff managing credit and customer service employees) operating in various branches of PSBs operated in southern India. Initially the researchers approached various branch managers of PSBs located in southern India—stating the relevance of the study and seeking permission for data collection. However, 15 banks have agreed to participate in the study.

The researchers collected data using convenience sampling from 434 FLEs after distributing 600 questionnaires to them. The response rate was 72 percent. Among the existing questionnaires, 8 were discarded due to missing values and finally 426 questionnaires considered for the final study. The mean age is 36.38 years followed by mean experience is 11.17 years. Further, the study consists of 248 males (58.21 percent) and 178 females (41.78 percent).

Measures

All the questionnaires were measured in seven point scale ranged from 1(strongly disagree) to 7 (strongly agree). As the internal branding scale is a second order construct consists of internal communications (6 items), training (5 items) and rewards (6 items) were adopted from (Lee et al., 2014). Work engagement and job satisfaction scales were measured with 9 item and 3 item scale adopted from (Schaufeli, Bakker, & Salanova, 2006) and (Saks, 2006).

Data analysis

The researchers incorporated SPSS version 23.0 in order to analyze the frequencies, correlations and Cronbach's alpha. Further, the study followed Anderson and Gerbing (1988) two step approach, to analyze measurement and structural model using AMOS version 23.0 with maximum likelihood estimation. Firstly, researchers performed confirmatory factor analysis to examine measurement model to exhibit the convergent and discriminant validity, besides internal consistency. Finally, performed structural equation modeling to test the proposed hypotheses. The

sample size was calculated based on the recommendations of Soper (2019). Furthermore, the model fit of the measurement and structural model was assessed using chi-square(χ^2) degrees of freedom(df), Tucker–Lewis index (TLI), comparative fit index (CFI), standardized root mean square residual (SRMR), and root mean square error of approximation (RMSEA) based on the recommendations of Hair, Black, Babin, and Anderson (2010).

Results

Initially before performing confirmatory factor analysis, normality was measured based on the recommendations of Kline (2011) Skewness and Kurtosis was performed with respect to 29 observed variables. As per Kline (2011), the values of Skewness and kurtosis should range <3(less than 3) and <8(less than 8). As expected the values of Skewness and kurtosis values were within the prescribed limit of Kline (2011). Measurement model performed through confirmatory factor analysis and produced results were not as per recommendations of Hair et al. (2010). And further model demands deletion of items due to poor standardized loadings and correlation measurement errors. The result of the revised measurement model proved fit with χ^2 =617.617, df= 263, χ^2 /df=2.348, CFI=.953, TLI=.946, RMSEA=.056 and SRMR=.055 and results were exhibited in Table1 (listed in appendix). Internal branding construct was measured with internal communications, training and rewards—performed model fit and found the model is acceptable with χ^2 =271.279, df= 87, χ^2 /df=3.118, CFI=.959, TLI=.950, RMSEA=.071 and SRMR=.0487 respectively.

The validity of the measurement model was assessed with AVE (average variance extracted) values. As expected, the AVE values were above .50 based on the recommendations of Fornell and Larcker (1981) delineates the presence of convergent validity. Furthermore, the discriminant validity was measured by analyzing square root values of AVE with correlations of the constructs. To our expectations, this study found evidence of discriminant validity. Table 2(listed in appendix) depicts the results of discriminant validity. Reliability was measured with Cronbach's alpha and values were greater than .70 along with composite reliabilities values above .60—depicts that reliability exists (Fornell & Larcker, 1981). Furthermore, results of the correlations along with statistics were demonstrated in Table3 (listed in appendix).

The results of structural model unveils that hypothesized results are positive and significant. As the internal branding was manifested with internal communications, training and rewards, results depicts that training(estimate value .89) represents highest influencing factor of internal branding construct followed by internal communications(estimate value.88) and rewards (estimate value .69). The results indicate that internal branding positively and significantly influences work engagement (estimate =.7874 with S.E=.0654) and job satisfaction (estimate =.2816 with S.E=.0479) proved hypothesis1and 2 respectively. Further, this study proved internal branding influences more positively and significantly towards work engagement compared to job satisfaction. Results of the structural model are depicted in Figure 3 (listed in appendix).

Discussion

The present study incorporated social exchange theory to test the relationship between internal branding and various job outcomes of FLEs working in PSBs in Southern India. The results indicate internal branding manifested with internal communications, training coupled with rewards positively and significantly influences work engagement. the present hypothesis are in line with Lee et al. (2014)study, where when the FLEs employees consider internal branding from management, excelled their engagement levels and further produced various performance outcomes like customer satisfaction(Park, Johnson Karen, & Chaudhuri, 2019). Similarly, FLEs represents brand images of the banks. When the FLEs are satisfied with the management service, indirectly satisfies their customers. These are in line with Buil et al. (2016) study where constant support from the bank management signals work engagement among the FLEs and further enriches their organization commitment and brand oriented behaviors.

Managerial implications

The present study offers implications to the bank managers in order to motivate and satisfy the FLEs similar to their customers. Training proved as highest influencing factor of internal branding manifestation in the present study. The

present research recommends bank managers to offer various training modules on product orientation as well as customer service also. This enables FLEs more effective on offering various services and remains engaged and satisfied towards their brand image. Likewise, internal communications are crucial for the brand understanding of the FLEs to demonstrate work enthusiasm and work satisfaction towards their role. To excel FLEs brand knowledge, bank managers need to conduct internal communications workshop in order to promote brand experience towards customers. Lastly, rewards plays motivation role to uplift the motivation and satisfaction roles among the FLEs. Hence, bank managers should incorporate reward system to engender positive job outcomes among the FLEs.

Limitations of the study

This study examined to study the relationship between internal branding and job outcomes of FLEs like work engagement and job satisfaction. It is advisable to incorporator future studies with job outcomes as mediators towards employees' performance outcomes. The present study discussed about FLEs perspective and further advices to conduct studies on FLEs and customer perspectives.

Appendix

Table1: Confirmatory factor analysis (N=426)

		SL	CR	AVE	Cronbach alpha
TRG5	TRG	0.8659	0.904	0.654	0.896
TRG4		0.8557			
TRG3		0.8021			
TRG2		0.6661			
TRG1		0.8385			
IC6	IC	0.8391	0.903	0.654	0.901
IC5		0.8683			
IC4		0.8606			
IC3		0.8011			
IC2		0.6548			
IC1		----			
RW6	RW	0.8894	0.892	0.625	0.904
RW5		0.7435			
RW4		0.8441			
RW3		0.6887			
RW2		----			
RW1		0.771			
VIG1	WE	----	0.9	0.573	0.897
VIG2		0.5239			
VIG3		----			
DED1		0.7574			
DED2		0.8428			
DED3		0.8921			
ABS1		0.8793			
ABS2		0.7917			
ABS3		0.5095			
JS3	JS	0.8924	0.883	0.716	0.88
JS2		0.8629			

JS1	0.7793

Note: (----) removed during analysis; TRG= training; IC= internal communications; RW= rewards; WE= work engagement; JS=job satisfaction; CR= composite reliability; AVE= average variance extracted; SL=standardized loadings; χ^2 =617.617, df= 263, χ^2 /df=2.348, CFI=.953, TLI=.946, RMSEA=.056 and SRMR=.055
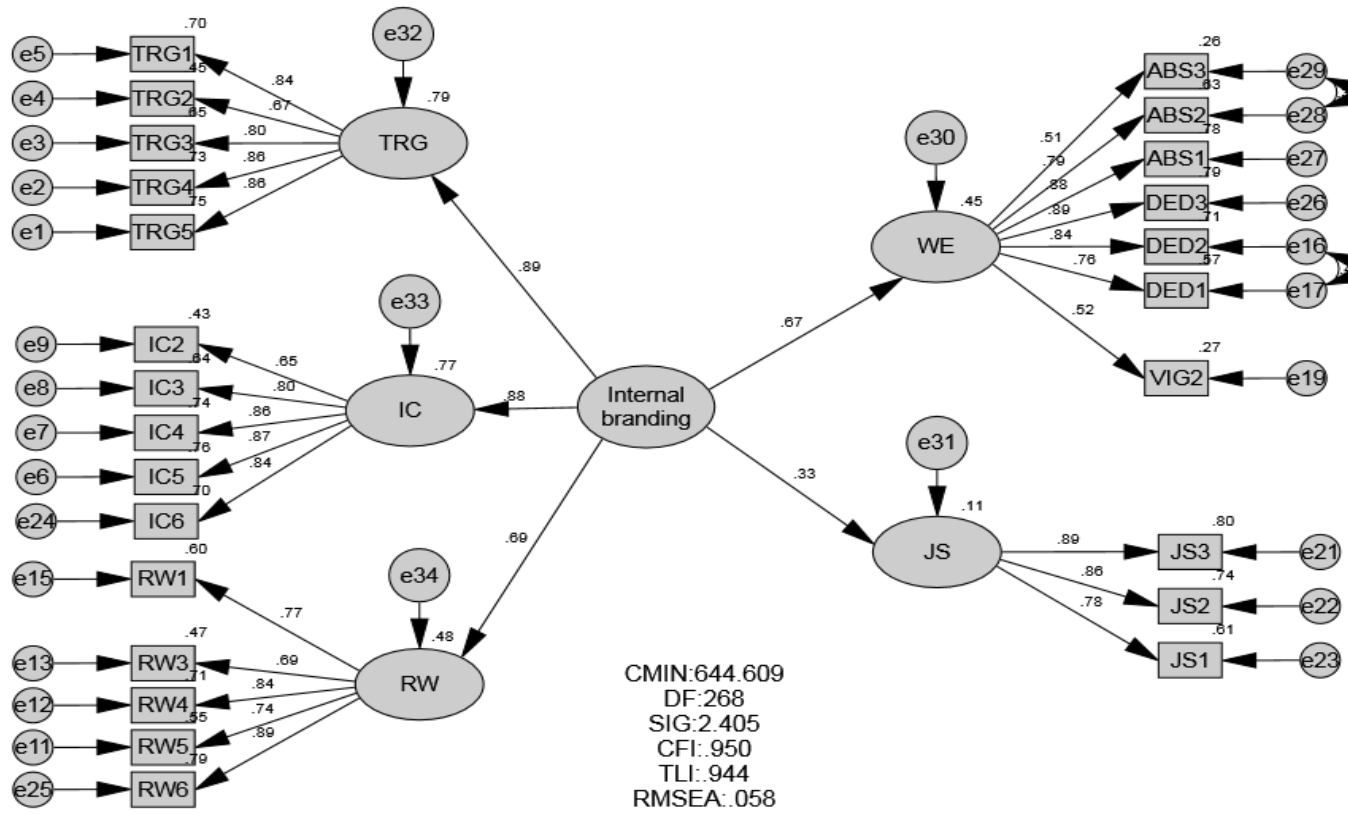
TRG= Training; IC=Internal communications; RW=Rewards; WE=Work engagement; JS= Job satisfaction

Figure 2: Structural Model

Table2: Discriminant validity of the constructs

	TRG	IC	RW	WE	JS
TRG	**0.809**				
IC	0.782	**0.809**			
RW	0.582	0.655	**0.791**		
WE	0.64	0.538	0.443	**0.757**	
JS	0.261	0.289	0.215	0.327	**0.846**

Note: TRG= training; IC= internal communications; RW= rewards; WE= work engagement; JS=job satisfaction; bold letters indicates square root of AVE values; p<.01

Table3: Correlations, Mean and standard deviations of the constructs

	TRG	IC	RW	WE	JS
TRG	1				
IC	.755**	1			
RW	.575**	.658**	1		
WE	.607**	.582**	.482**	1	
JS	.255**	.271**	.221**	.290**	1
Mean	5.41	5.362	4.866	5.503	5.882
Std.Dev	1.148	1.1	1.392	1.054	0.928

**. Correlation is significant at the 0.01 level (2-tailed); TRG= training; IC= internal communications; RW= rewards; WE= work engagement; JS=job satisfaction; Std. Dev= standard deviation.

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