

Employee Based Brand Equity in Services

Joanna Krywalski Santiago*, Cristiana Teixeira

*ADVANCE, ISEG

Lisbon School of Management and Economics

Universidade de Lisboa, Portugal

joannas@iseg.ulisboa.pt

Abstract

As building and sustaining brands is considered to be the key factor that ensures strategic advantage, it persists to receive the interest of both practitioners and academics. Given that a strong brand is directly related with the concept of brand equity, in the current literature of marketing we come across many different approaches into its defying and measuring. Extending the prior literature that has consistently examined brand equity from either a consumer or a financial perspective, this paper focuses on the employee based perspective to examine the perception of the individual employee toward their employer brand. Employee Based Brand Equity (EBBE) occurs when an employee has enough brand knowledge to execute a positive and productive brand-related behavior. Accurately, it focuses on the role of the employee in building the brand equity. EBBE not only provides the insights into how the organizations can successfully manage the internal brand building process, but also, into how to assess the subsequent organizational benefits. EBBE represents a new direction of the brand equity theories and extends the understanding of brand management. This article bases on internal brand management literature to present the internal dimensions that influence brand equity.

Introduction

EBBE results from the knowledge that the employee has about the brand of the organization for which he works, producing positive or negative behaviors, according to the objectives and promise of the brand to be communicated. It is pertinent for employees to deliver the brand promise, which allows the organization to create competitive advantages in the market by delivering the service consistently while maintaining the identity and corporate image desired by the organization [1].

The main objective of this study is to investigate the impact of the internal management of the brand that operates in the services sector, the employees and their consequences. For the purpose of this study, two objectives were developed in particular: (1) to study the relationship between the different dimensions of EBBE according to the conceptual model of EBBE [2]; (2) identify the main variables that explain the EBBE of the services brand. Thus, this paper adapts the Employee-Based Brand Equity model [2, 3, 4] and the previously validated measurement scale.

Discussion and hypothesis

The adapted model of EBBE model focuses on reinforcing the brand, by identifying the behavior of employees in being participative in building the brand success. Accordingly to recent investigation [2], the EBBE dimension is based on three variables: 1) behavior consistent with the brand, 2) brand endorsement (the employee's point of view), and 3) brand loyalty. The other variables in study are the “Role Clarity” and “Brand Commitment”, which additionally influence EBBE.

The model depicted in Figure 1 shows the variables and the relationships under study.

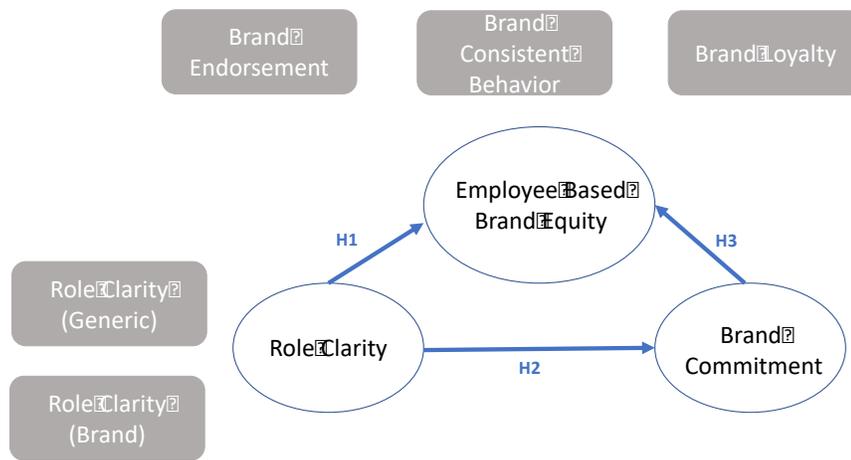


Figure 1. Conceptual Model

Table I presents the hypothesis of investigation.

Table I. Hypothesis of the study.

H1	There is a relation between the “Role Clarity” and “EBBE”.
H2	There is a relation between “Role Clarity” and the employees’ “Brand Commitment”.
H3	There is a relation between “Brand Commitment” and “EBBE”.

The "Brand Endorsement" is defined as "the extent to which the employee is willing to say positive things about the organization" [2, p. 274]. The employees' recommendation is considered to be "a significant creator of the organization's benefits as a result of proper brand knowledge" [2] and knowledge is the key to the EBBE and creating the brand value.

According to Corace [5], the performance of employees within their work environment is a consequence of the commitment to the organization and therefore, they tend to adopt behaviors beyond those expected in the performance of their duties. Several authors [6, 7], indicate that the "Brand Consistent Behavior" allows the construction of a coherent brand image, being one of the key factors of brand management. This dimension explains the intention of the employees to exhibit behaviors outside the function they perform, strengthening the brand they represent [8], as the consumer oriented strategy is affected by the behaviors and attitudes of the employees.

"Brand Loyalty" is explained as the intention of the employees to remain in the company for which they work. The employees' loyalty is measured through brand commitment and the satisfaction of belonging [9]. Managers and decision-makers should recognize that employees humanize a service brand, showing trust, affection and closeness to customers [10] resulting in profitability and growth of the organization [11].

"Role Clarity" enables employees to be given clear guidance by providing appropriate brand awareness [3], which leads to a higher level of satisfaction and commitment. According to King & Grace [12], the role of employees is a source of information for consumers because they are the interface between the brand and the outside world, ultimately influencing the way consumers perceive the brand [13]. Therefore, it is essential that employee behavior should be consistent and reinforce the benefits that are communicated by the brand.

Finally, "Brand Commitment" is defined as "an extension of the employee's psychological link to the brand, which influences the desire to exert extra efforts to achieve the brand's goals" [14, p. 39]. The level of commitment of the employees with the brand is essential in the willingness of the employees to want to deliver the brand promise and is an important variable in the understanding the creation of the value of the brand.

Procedures for collecting data

In order to carry out the empirical investigation of this study, a service organization was evaluated in the postal activity sector - CTT Correios de Portugal, SA (CTT), a leading company in the sector in Portugal, with a longevity of almost 500 years of activity . The selection of this specific service brand was due to its strong presence in the market and almost 13,000 employees. In 2014, the privatization of CTT has risen new challenges for the entire organization and its stakeholders. It was an important issue in terms of employee confidence and the ability to respond satisfactorily to the changes that have taken place. The fact that CTT is a service company contributes positively to its choice, since EBBE is deeply relevant in services. Finally, one of the reasons for selecting this company for the empirical study, is due to the convenience and ease of access to reality and company data. Thus, a quantitative study was carried out based on an internal questionnaire with a sample of 619 individuals, all of them being CTT collaborators.

Methodology

The study was descriptive and quantitative in nature. A positivist perspective was assumed, with no influence or belief on the part of the researcher [15].

The technique used in the present investigation was non-probabilistic convenience sampling [16], and the data collection was structured in a questionnaire published by electronic mail, by the internal communication department to all employees who own computers. It should be noted that the company has characteristics considered relevant to the study: operating in the

services sector, presenting different business areas, it is a brand with a high reputation and endowed with a wide range of employees dispersed nationwide. Therefore, the target population of this study basically consists of CTT employees.

The questionnaire was pre-tested within a group similar to that of the sample: 10 internal contacts to the CTT brand and 2 external contacts. Subsequently, the questionnaire was sent by e-mail to 3000 brand employees with 682 responses being collected. From the total of collected answers only 619 were validated for the research sample while some were rejected because of their incompleteness. The collected data was analyzed using SPSS (Statistical Package for Social Sciences), version 22.

Construction of the questionnaire

The questionnaire was composed of 9 closed-ended questions. The questions were organized by the constructs in analysis, and all the items have undergone a translation into Portuguese and an adaptation of the language, capable of being perceived by all CTT brand collaborators. The remaining questions relate to the profile of the respondent, using nominal and interval scales. After the pre-test was carried out, it was concluded that the questionnaire was working correctly, there were no flaws in its realization, as well as in the understanding of the items. In the questions concerning the research constructs, a scale of attitudes was used, that is, the Likert scale of 7 points.

Sample characterization

Considering the population, 98.2% of the sample belongs to CTT employees and the rest consists on its subsidiaries. Concerning the respondents who participated in the investigation, it was verified that, with regard to working time in the company, the majority (89.5%) worked for more than 5 years and less than 10 years at CTT. As for the professional category to which they belong, 33.4% belong to the senior technician category, corresponding to 207 respondents. 24.1% and 11% are specialists III and II respectively, and only 13 respondents (2.1%) were general service employees and 24 (3.9%) are postal workers / distributors. The majority of the sample (44.7%) had a level of education at the 12th grade level and 82 respondents (13.2%) have a university degree, and there was not a high frequency of respondents with education up to the 9th grade (41 respondents). From the sample of 619 respondents, 53.3% were males and 46.7% were females, with a balanced distribution between men and women. As for age, we are in the presence of a population, where more than 60% of respondents are below 54 years of age.

Results

In order to guarantee the operationalization of the variables, the exploratory factorial analysis (EFA) was performed using the VARIMAX orthogonal rotation (see table II), as a method of extracting and reducing the variables as the objective of "redistributing the variance explained by the factors, changing the weights" [17, p. 30]. After the analysis of the main components, of the 23 initial items, eight items were suppressed because they presented factor loadings lower than 0.70 and were not significant for the analysis of the model. After the submission of all variables to exploratory factor analysis and internal consistency analysis, the "Brand Consistent Behavior" dimension and two items related to the "Brand Loyalty" variable ceased to be part of the conceptual model.

Table II. Factorial Analysis

Code	Item	Factor Loading
RM4	I talk in a positive way about the company I work for.	0,833
RM1	I make positive comments about the company that I work for.	0,811
RM3	I like to talk with other people about the company that I work for.	0,795
RM2	I recommend the company that I work for.	0,756
CM4	For the company's success I am ready to do more than it is expected from me.	0,767
CM5	I feel that I belong to the company that I work for.	0,751
CM2	I carry for the future of the company that I work for.	0,722
CM3	My personal values are similar to the values of the company that I work for.	0,687
CM1	I am proud to be a part of this company.	0,615
CGF1	I am aware of what my behavior should be when I perform my duties.	0,823
CGF2	I am aware of how I should deal with unusual situations and problems in the execution of my tasks.	0,783
CGF3	I am aware what are the expected results of my work.	0,739
CGF4	I know what I hope to achieve in my work.	0,65
CGM2	I understand what is expected of me because I have information about the brand of the company I work for.	0,857
CGM3	I know how to make specific decisions at my work because I have information about the brand.	0,851
CGM1	The information about the brand for which work improves the understanding of the function that I exercise.	0,774
LM2	I intend to stay in the company for another five years.	0,893
LM1	I intend to stay in the company for some more time.	0,885

The KMO test with a value of 0.932 confers an appropriateness of the sample data. The reliability test was also used to evaluate the reliability of the sample, Cronbach's alpha = 0.908, concluding that the values are favorable for the variables under analysis. The Bartlett's test indicated that the correlations between the items are sufficient (sig. = 0.000) and a chi-square value of 9719.80, which demonstrates that the study can be performed. In order to answer the hypothesis of investigation of the study, a multiple linear regression analysis was carried out with the purpose of modeling relations between the variables.

From the analysis carried out, it was concluded that the central dimension of this study (EBBE) is positively influenced by the CTT brand's "Brand Endorsement" and the variable "Brand Loyalty" do not significantly affect the EBBE. In relation to "Role Clarity", it was verified that this dimension is not influenced by the "Role Clarity (Generic)".

Through these results it is possible to verify that the information disseminated by the CTT brand to the collaborators, translates a positive effect on its functions and responsibilities being determinant for the delivery of the brand promise. The relationship between the variables "Role Clarity" and "Brand Commitment" seem to be the two determinant variables in the measurement of brand equity. It was observed that "Role Clarity" has a positive impact on "Brand Commitment", since the employee's relationship with the brand is proportional to the effort to keep it from the information that is transmitted by the brand management. It was also verified that "Brand Commitment" is the element that has the greatest impact on EBBE with a value of = 0.576. In fact, "Brand Commitment", according to the literature review, is an essential

variable in determining employee-centered brand capital [18] and it is crucial to facilitate delivery of brand promise. Regarding the "Role Clarity", it does not present a relationship as effective as the "Brand Commitment" in the EBBE.

Conclusions

The purpose of this study was to identify and study the relationship between the different dimensions of Employee Based Brand Equity in the context of the brand that operates in the services area. The objectives of the research were achieved and the EBBE model that examines individual employee perception in relation to the employer's brand was tested. Considering the importance of employees as providers of customer experience, especially in the specific area of services, the objective of internal brand management is to ensure that employees transform brand messages in a way that consumers and other stakeholders can perceive. Therefore, internal brand management is considered an effective tool for the creation and maintenance of strong brands and is considered as "difficult to copy or replicate" by the competition.

It is highlighted as an academic contribution the fact that the study in question presents a recent and little studied dimension of brand equity. Certainly, employees make an important contribution to the success or failure of the brand and should be considered in future brand management studies.

International and managerial implications

The knowledge gained from empirically validating a model of EBBE brings several practical implications: 1) it further enriches the application of traditional brand management techniques; 2) provides a framework for brand communication training; 3) increases organizational understanding of how to engender positive employee actions and; 4) increases the accountability of such an internal investment by identifying measurable organizational benefits that occur as a result of such efforts.

As a conclusion and considering the importance of employees as providers of customer experience, especially in the specific area of services, the study states that the objective of internal brand management is to ensure that employees transform brand messages in a way that consumers and other stakeholders can perceive.

References

1. Punjaisri, K., Wilson, A., (2007). The role of internal branding in the delivery of employee brand promise, *Journal of Brand Management*, 15(1), 57-70
2. King, C., Grace D., Funk, Daniel., (2012). Employee Brand Equity: Scale Development and validation, *Journal of Brand Management*, 9(4), 268-288
3. King, C., Grace D., (2009). Employee Based Brand Equity: A Third Perspective, *Services Marketing Quarterly*, 30(2), 122-147
4. King, C., Grace D., (2010). Building and Measuring Employee Based Brand Equity, *European Journal of Marketing*, 44, 938-971
5. Corace, C. J. (2007). Engagement. Enrolling the quiet majority. *Organizational Development Journal*, 25(2), 171-5.

6. Kapferer, J.N. (1997). *Strategic Brand Management: Creating and Sustaining Brand Equity Long Term*. 2° Ed., London
7. Vallester, C., de Chernatony, L., (2006). Internal Brand Building and Structuration: The Role of Leadership. *European Journal of Marketing*, 40, 761-784
8. Burmann, C., Zeplin, S., Riley, N., (2009a). Key determinants of internal brand management success: An exploratory empirical analysis, *Journal of Brand Management*, 14(4), 264-284
9. Loveman, G. W., (1998). Employee Satisfaction, Customer Loyalty, and Financial Performance -An Empirical Examination of the Service Profit Chain in Retail Banking. *Journal of Service Research*, 1(1), 18-31
10. Felicitas M. Morhart, F. M., Herzog, W., Tomczak, T. (2009). Brand-Specific Leadership: Turning Employees into Brand Champions. *Journal of Marketing*, 73, 122-142
11. Heskett, J L., Jones, T.O., Loveman, G.W., Sasser E.W Jr., and, Schlesinger, L.A., (1994), Putting the Service-Profit Chain to Work, *Harvard Business Review* 72 (March-April): 164-174
12. King, C., Grace D., (2005). Exploring the role of employees in the delivery of the brand: a case study approach, *Qualitative Market Research: An International Journal*, 8(3), 277-295
13. Schneider, B., & Bowen, D. (1985). Employee and customer perceptions of service in banks: Replication and extension. *Journal of Applied Psychology*, 70, 423-433
14. Asha, C, S., Jyothi, P., (2013). Internal Branding: A Determining Element of Organizational Citizenship Behaviour, *International Strategic Management Conference 2014*
15. Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research Methods for Business Students* (5th ed.). England: Prentice Hall
16. Malhotra, N.K. and Birks, D.F. (2006), *Marketing Research: An Applied Approach*, 2nd ed., Pearson Education, Harlow.
17. Salgueiro, F. (2012). *Modelos com Equações Estruturais*. XX Congresso Sociedade Portuguesa de Estatística. Porto: SPE: Sociedade Portuguesa de Estatística
18. Ambler, T. (2003). *Marketing and the Bottom Line*, 2nd ed. Financial Times, Prentice Hall, London, UK