

# **Internal market orientation determinants of employee brand enactment**

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## 1 Introduction

Service success is largely determined by front-line employees' ability to fulfil the promises that companies make to their customers (Morhart, Herzog, and Tomczak, 2009; Kang, 2016). Ensuring that employees demonstrate brand-congruent behavior is a legitimate goal for managers, and extant literature suggests that this might be achieved through internal branding (Löhndorf and Diamantopoulos, 2014). Internal branding is defined as the process through which service organizations seek to elicit employee behaviors that are congruent with brand promises through cognitive (brand knowledge), affective (brand identification) and conative (brand enactment) stimuli (Punjaisri and Wilson, 2011). The conative element clearly represents the main component of brand-congruent behavior, since brand enactment captures the extent to which front-line employees deliver the service in a manner consistent with the company's promises to the customer (Erkmen and Hancer, 2015). As such, brand enactment is the salient consequence of an internal branding process: front-line personnel who demonstrate brand congruent behaviors when serving customers act per the values of the company's brand (Schlager et al., 2011; Morhart et al., 2009). Brand congruent behavior is an intangible part of the exchange with customers and has a significant effect on customers' brand evaluations (Berry, Wall and Carbone, 2006), as customers' experiences are consistent with the brand promise (Punjaisri *et al.*, 2009).

To date, extant literature predominantly scrutinizes brand-specific drivers of brand-congruent behavior, and largely overlooks the role of the organizational context in which employees receive and respond to brand messages (Löhndorf and Diamantopoulos, 2014; Saleem and Iglesias, 2016). Although recent studies point to the importance of employee's fit with the firm's brand values and promise on their behavior (Terglav et al., 2016), other aspects of the broader organizational context, such as managerial actions and perceptions of supervisors might also affect employees' responses towards the organization and their perceptions of the organization's

brand (Kang, 2016; Helm, Renk and Mishra, 2016). Hence, knowing how employees fit to their organization context is essential to explaining why front line employees demonstrate a brand-consistent behavior.

Thus, the objective of this study is to shed light on the relationship between employees' perceptions of their proximal organizational context (fit) and their brand-congruent behavior. In doing so, we look at the impact of internal market orientation (IMO) on generating brand-congruent behaviors among front line employees. IMO reflects the firm's orientation to deliver value to its internal stakeholders (i.e. employees), based on equity theory (Adams, 1963). It represents a dynamic capability and is manifested in a set of corporate *strategies and actions, that enables the firm to align the behavior of employees with the company's market and service delivery objectives* (Boukis and Gounaris, 2014; Lings and Greenley, 2010). Additionally, evidence is drawn from person-environment fit theory (cf. Nadler and Tushman, 1980; Chatman, 1991) to explain how employees' perceived "fit" with their working environment influences their brand congruent behavior (Farrell and Oczkowski, 2009; Walsh *et al.*, 2012). Three important aspects of employees' fit with their environment are explored; namely, fit with their organization (E-O fit), fit with their supervisor (E-S fit) and fit with their job (E-J fit). Examining the three levels of fit provides a more holistic view of how employees' perceptions of the holistic organizational context shape their behavior, specifically the consistent delivery of the firm's brand promise to customers (Helm et al., 2016).

This study contributes to the extant literature in the following ways. First, it illustrates the value of the dynamic capability framework to explain internal branding success, delineating the role of IMO as a dynamic capability, in enhancing employees' capacity to act as brand ambassadors. This approach is a departure from the stereotypical instrumental, communications and "selling" perspective of IMO, rather, in this research IMO is conceived of as a capability that has the potential to reconfigure the organization's internal stakeholders and align them with its

brand values and promise. In this process, the impact of IMO on employees' fit with different aspects of their working environment is also examined, which affect the internal branding efforts of the service organization. The study contributes to practice in that its findings outline a realistic understanding of how managerial actions facilitate employees' alignment with the firm's brand promise within the realm of the broader organizational context in which service delivery takes place.

To develop this contribution, the paper is organized as follows. First, the key constructs and theories are described and synthesized. Then, the conceptual model and the hypotheses driving the empirical examination are developed. Following this, the empirical research design is explained and justified, the data is explained and analyzed and the results presented. Finally, the implications of the study are discussed, while providing some insights for future research.

## **2 Literature review**

### *2.1 Research scope and underlying theories*

Internal branding contributes to the development of strong corporate brands by allowing companies to align front-line employees' behavior with the brand promise made to customers (Vallaster, 2004). Drawing from Oliver's (1993) *cognition-affect-conation* framework, three components of the internal branding process are proposed: the 'cognitive component', which reflects the front-line employees' knowledge of the values and promises that comprise the company's brand (Burmam and Zeplin 2005); the 'affective component', which reflects the extent to which front-line employees identify with these values and promises (Vallaster and Chernatony 2005); and the "conative" dimension, which captures employees' enactment of brand values in their customer serving behavior. To date, most internal branding research has focused on employees' cognitions, affect and behaviors as the major drivers of a firm's ability to deliver a customer service experience that is congruent to the promise made to the customer (e.g.

Punjaisri and Wilson, 2007; Löhndorf and Diamantopoulos, 2014; Helm et al., 2016). Other, non-internal branding related drivers of brand-congruent employee behavior have rarely been considered (Baker et al., 2014; Saleem and Iglesias, 2016; Terglav et al., 2016), despite general acceptance that the context in which employees' work (i.e. the work environment) is a legitimate driver of their behavior as brand ambassadors (Kuenzel and Halliday, 2008; Xiong and King, 2015). In this work, we address this oversight and develop a more comprehensive understanding of the contextual drivers of employee brand congruent behaviors.

### 2.1.1 Internal Market Orientation

IMO is an important aspect of employees' work environment; it reflects the firm's emphasis on strategies and actions that deliver value to internal stakeholders (Gounaris, 2006). Traditionally, internal marketing has been suggested as a means of generating favorable employee behaviors and encouraging employees to enact the firm's customer objectives (Sasser and Arbeit, 1976) by creating an environment that enhances the value that the firm delivers to employees and so fosters employees' focus on satisfying customer needs (Ruizalba *et al.*, 2014; Tsai and Wu, 2011; Boukis et al., 2015).

IMO adoption reflects the development of three dynamic capabilities which allow the company to integrate, build, and reconfigure internal competences related to managing employees while addressing challenges coming from both the internal and the external environment (Wang and Ahmed, 2007). The underlying dimensions of IMO adoption reflect the firm's capability to reconfigure the existing human resource practices, allowing it to deploy them more effectively in relation to the tasks they have to perform and the strategic objectives that they need to meet (Gounaris, 2006). The first is the capability to generate intelligence that allows management to understand the needs and wants of the employees. This capability allows the company to identify and pursue opportunities to systematically deliver value to employees and remain in touch with evolving employees' expectations (Pavlou and El Sawy, 2011). Second is

the capability to use channels of communication that allow managers to communicate to employees about the company's goals, expectations and policies, while at the same time allowing managers to receive employees' feedback (Lings and Greenley, 2010). This capability embeds knowledge from internal market intelligence into existing operational capabilities through collective sense making. Third, the capability to respond to this knowledge, for example, through developing employment conditions that meet employees' needs. This capability allows the company to reconfigure tasks, resources and activities, which in turn allow the organization to improve front line employee performance in the delivery of the company's customer service (Gounaris et al., 2016).

The logic underlying IMO is derived from equity theory (Adams 1963) which "draws on exchange, dissonance, and social comparison theories to make predictions about how individuals manage their relationships with others" (Huseman, Hatfield, and Miles, 1987, p. 222). The "equity norm" is a social assumption that employees expect a fair return for their contribution to the job. Equity theory explains how employees rationally evaluate their contribution to their work, what they receive in return and how they respond to this evaluation (Adams, 1963). When employees perceive that what they receive exceeds what they contribute, they are more likely to respond through reciprocal behavior such as performing extra-role tasks (Boukis and Gounaris, 2014) and feelings of obligation towards their employer (Suh et al., 2011) and also through alignment, such as the internalization of the firm's policies and values (Baker *et al.*, 2014). Employees' belief that their organization values their individual needs and cares about their well-being (Lings and Greenley, 2010) generates a positive equity imbalance (Wat and Shaffer, 2005; Boukis et al., 2014); and consequently, higher cognitive assimilation in the organization and better alignment with the company's strategic objectives and values.

### 2.1.2 Employees' fit with their environment

Employees' beliefs about how they match with their working environment also influences their brand-related behavior (Helm et al., 2016). The logic of person–environment (P-E) fit theory (Caplan and Harrison, 1993) suggests that employees' attitudes and behaviors towards their work are influenced by how well they feel with various aspects of their work. Following psychological need fulfilment thinking, fit is defined as “a person's cognitive comparison of the desired amount of a resource relative to the amount that is perceived to be supplied by the organization” (Cable and Edwards, 2004; p. 823). The closer the perceived fit, the more the employee will be inclined to behave in a manner that is congruent with the organization's expectations (Kristof, 1996), as the satisfaction of the employee's psychological needs adds to his psychological growth and well-being (Ryan and Deci, 2000), facilitating his alignment with organizational directives. Consequently, the higher employees' perceived fit with various aspects of their work environment, the more they will be inclined to act upon what their employer expects of them and align their job behavior to the brand promise their employer has made to the customer (Yaniv and Farkas, 2005; Helm et al., 2016).

### 2.1.3 The role of IMO and fit for internal branding

In this direction, employees' perceptions of IMO and their consequent enhanced perceptions of value will influence the extent to which they feel a closer fit with the different aspects of their work environment (Helm et al., 2016; Tsai and Wu, 2011; Yaniv and Farkas, 2005). Employees' perceptions of IMO enhance their perceptions of the value input received and so will render employees more inclined to reciprocate with pro-firm behaviors. In particular, through this mechanism, IMO is anticipated to reinforce employees' alignment with the company's brand values (Hurrell and Scholarios, 2014) and provide employees with the brand information that is required to deliver the brand promise, while also making employees aware that their individual performance impacts customers' perceptions of the brand (King and Grace, 2010).

Brand knowledge is expected to be enhanced as IMO-oriented firms adopt a bidirectional communication framework, in which the promise of the brand is disseminated across the firm so that the brand identity becomes relevant to each employee's mindset (Lings and Greenley, 2010). Also, IMO adoption may promote brand identification by nurturing an organizational culture which is more people- and customer-oriented, facilitating employees' integration of the brand identity into their self-concept (Papasolomou and Vrontis, 2006). Therefore, both components of the internal branding process can benefit from the adoption of IMO.

Having outlined the key literature and theories underlying this investigation, Figure 1 frames the interrelationships between the key constructs of interest in this study. The research framework posits that employees' perceptions of the extent to which the firm adopts IMO impacts the cognitive (brand knowledge) and affective (brand identification) aspects of internal branding. Perceived IMO adoption also enhances employees' perceptions of their fit with the organization (E-O), the supervisor (E-S) and the characteristics of the job (E-J). To explicate these relationships the following section presents pertinent literature to derive research hypotheses that describe the research framework presented in Figure 1.

< Insert Figure 1 >

### **3. Research hypotheses**

#### *3.1 IMO adoption and internal branding*

IMO encompasses various managerial actions aiming to generate value for employees and improve their performance (Lings and Greenley, 2010). Although previous studies acknowledge the contribution of IMO to internal branding success (Miles and Mangold, 2004; Papasolomou and Vrontis, 2006; Boukis et al., 2014), little is known about whether IMO affects the cognitive, affective and conative components of the internal branding process (Matanda and Ndubisi, 2013) and whether the delivery of value to employees is associated with their brand-consistent behavior.



Internal branding efforts have first to develop knowledge of the brand, the values that the brand stands for, and the customer promises the company has made (Baker *et al.*, 2014). IMO adoption ensures that the organization establishes a systematic bi-directional channel of communication to allow employees and their managers to exchange feedback on what the management expects and what obstacles and challenges employees face in delivering the brand promise to customers (Gounaris, 2006; Lings and Greenley, 2005). As such, IMO adoption entails the internal communication element necessary to develop brand knowledge among the company's employees (Punjaisri and Wilson, 2007; Vallaster and de Chernatony, 2005). Thus,

*H1: IMO adoption enhances front-line employees' knowledge of the firm's brand*

The affective component of internal branding ("brand identification") reflects how well the brand's identity becomes embedded within the employees' self-concept (Burmans, Jost-Benz and Riley, 2009). Following on from equity theory (Adams, 1963), the value surplus delivered to employees through IMO adoption facilitates the internalization of organizational values and increases the chance that employees reciprocate with some form of brand-supporting behavior (Boukis and Gounaris, 2014). Strengthening employees' perceptions of the input provided by the organization is likely to increase reciprocity, generating higher propensity for extra-role behaviors, such as assuming responsibilities and solving problems, that further enhance customers' experiences vis-à-vis the firm's original brand promise (Chang *et al.*, 2012). For example, IMO adoption enhances internal stakeholders' perceptions of brand reality by establishing a service climate that is more customer-focused (Papasolomou and Vrontis, 2006) which facilitates employees' engagement in discretionary behavior (Walumbwa, Hartnell and Oke, 2010). Moreover, high-quality employee-manager communication, as facilitated by IMO, may stimulate brand identification, as managers who communicate that values of the organization, make the organization's brand more transparent for employees and easier to identify with (Bartels *et al.*, 2010). On these grounds,

*H2: IMO adoption enhances front-line employees' identification with the firm's brand*

### *3.2 IMO adoption and Employee fit*

To establish the IMO-employee fit relationship, the needs-supplies fit perspective is also utilized, which examines how employees' attitudes are influenced by the fit between their desires and the supplies in the job environment available to meet those desires (Cable and Edwards, 2004). Matching an employee's individual characteristics with the various aspects of the work environment is important, as positive employee-level outcomes, such as identification or job performance, derive from high P-E fit (Kristof-Brown *et al.*, 2005; Vilela *et al.* 2008). The underlying logic is that the delivery of increased value to employees through IMO adoption will enhance their feeling that their individual needs and desires are met from their employer. This is likely to result in a better fit with their working environment (Sengupta, Yavas and Babakus, 2015). The benefits of IMO for each of the three fit types are examined, namely employees' fit with their organization (E-O fit), their supervisor (E-S fit) and their job (E-J fit).

Employee-Organization fit addresses the extent to which an individual's perceived needs are fulfilled by the organization (Cable and DeRue, 2002). E-O fit yields significant effects on a variety of work-related attitudes and behaviors such as job performance (e.g. Vilela *et al.*, 2008). Surprisingly, limited evidence exists on how to increase perceived employees' fit with their organization (Hoffman *et al.*, 2011; Tak, 2011). The equity surplus derived from IMO adoption may reduce the gap that employees perceive when they compare their desired resources and the ones provided by the organization. IMO suggests that employees' needs will be better aligned with the resources of the organization, and social exchange theory (Rhoades, Eisenberger and Armeli, 2001) suggests that employees may consequently form a relational obligation to support the organization. Moreover, as employees perceive an increased focus on their needs they are likely to embrace the firm's culture (Löhndorf and Diamantopoulos, 2014) and better understand their role in generating value for the organization (Tak, 2011), further enhancing E-O fit. Hence,

*H3: IMO adoption will enhance front-line employees' fit with the organization*

E-S fit perceptions refer to the perceived employee and supervisor fit (Van Vianen et al., 2011). Achieving fit between the employee and the direct supervisor (E-S) is important, as supervisors are the main channel through which organizational values are communicated to the proximal work environment (Vianen et al., 2011). The similarity-attraction framework (Byrne, 1971) suggests that the more similarity individuals perceive with their supervisor's values, the more favorable evaluations they have of him/her. As IMO adoption encourages a candid and open discussion about the firm's brand reality as well as the individual employee needs and wants during employee-supervisor exchanges (Lings and Greenley, 2010), both parties develop a shared understanding of the firm's values. Second, employees' provision of feedback on work-related issues to their supervisor, is a prerequisite of organizational responsiveness to employees' needs and to the more effective design of their job role (Lings and Greenley, 2010), enhancing this way their perceptions of their supervisor's contribution to their well-being. Employees' responsiveness to managerial actions and supervisor's focus directed at their own welfare can strengthen further the fit between the employee and the supervising manager (Boukis et al., 2014). Hence,

*H4: IMO adoption will enhance front-line employees' fit with their supervisor*

Researchers define E-J fit as individuals' perceived compatibility with a specific job (Kristof, 1996). Such fit is important because it leads to greater employee job satisfaction and facilitates employee fit with the organization (cf. Kristof-Brown *et al.*, 2005). IMO adoption can also have a significant impact on the fit between the employee and his job description. When developing the job description, IMO adoption accommodates the employee's needs so that the tasks and responsibilities the employee will face link to his/her own knowledge, skills and abilities, allowing the organization to augment the value the employee receives (Lings and Greenley, 2010). Through the communication element of IMO, enhanced awareness of the organizational

context and shared understanding of job specifications is achieved, which facilitates employees' fit with their role requirements (Bartels et al., 2010). At the same time, through employee feedback to their supervisor, management becomes aware of the obstacles employees face in their role, which allows the company to respond more effectively in helping employees to meet both the company's objectives as well as their own (Lings and Greenley, 2005). As a result, E-J fit should increase as the organization becomes more internal market oriented. On these grounds,

*H5: IMO adoption will enhance front-line employees' fit with their job*

### *3.3 Employee fit and Brand Enactment*

Brand enactment, captures the extent to which the service employees deliver the service in a fashion reflecting the values and the promise of the brand (Punjaisri et al., 2009). When employees perceive that the supplies provided to them meet their desires and needs, they are more likely to identify themselves with the organization's brand (Yaniv and Farkas, 2005) and in turn perceive the success or failure of the brand as their own, taking pride in their membership (Helm, 2011). This triggers behaviors that can enhance the image of the organization (Löhndorf and Diamantopoulos, 2014) and facilitate their alignment of the mission of their organization much more enthusiastically (Suh et al., 2011). Hence, E-O fit is an important prerequisite so that front-line employees consistently deliver the brand promise (Anisimova and Mavondo, 2010) and contribute to the brand's success (Chang *et al.*, 2012). Thus,

*H6: The higher the E-O fit the higher the front-line employees' brand enactment*

However, individual employees may feel they fit with their organization, in a broader sense, but still feel uncomfortable within their proximal working environment (Van Vianen et al., 2011). In such cases the fit between the employee and the supervisor becomes important (Kim *et al.*, 2013). When the employees perceive their supervisor to act consistently with organizational principles and values, they can be more motivated toward reaching their full potentials. This is

due to the supervisor's perceived moral competence which facilitates employees' engagement in extra-role activity through psychological empowerment (Kim et al., 2013). Moreover, employees' high E-S fit will also enhance their perceptions of alignment with superordinate objectives and brand values, reinforcing them to deliver the brand promise in a more successful way (Helm et al., 2016). This explains why eventually the fit between the employee and the supervisor can make employees' job performance more aligned to the values of the company's brand (Van Vianen et al., 2011). Thus,

*H7: The higher the E-S fit the higher the front-line employees' brand enactment*

Securing a good fit between the employee and the actual requirements of the job (E-J fit) will also directly affect front-line employee brand enactment. When employees' job-related needs are met by the organization they experience greater job satisfaction and are more committed to the organization (Kristof-Brown et al., 2005; Vilela et al., 2008). Employees' fitting well with the requirements of the job are more likely to display some citizenship behavior (Farrell and Oczkowski, 2009) and perform their job consistently to the brand promise (Erdogan and Bauer, 2005). On the contrary, a lack of E-J fit will impair successful role implementation, as employees who do not share the values and goals of their working environment are less likely to find their job role "personally satisfying or materially rewarding" (Vogel and Feldman, 2009; p.70). As a result, they will be less prone to align their brand-supporting behavior with organizational expectations. Hence,

*H8: The higher the E-J fit the higher the front-line employees' brand enactment*

Last, brand knowledge and identification with the brand are considered as prerequisites so that frontline employees deliver the brand successfully (Punjaisri and Wilson, 2007). Unless front-line employees are aware of the values of the company's brand, they will be unable to enact the brand promise through providing specific and appropriate customer experiences (Xiong and King, 2015). Employees need to first internalize and identify with the values of the brand before

they can offer service to customers that will meet, if not exceed, the customer expectations the company has built through their brand promises (Punjaisri *et al.*, 2009). Nevertheless, the balance among different types of fit with their working environment still lacks empirical investigation.

On these grounds,

*H9a: The higher front-line employees' knowledge of the firm's brand values the higher their brand enactment*

*H9b: The higher front-line employees' identification with the firm's brand values the higher their brand enactment*

## **4. Methodology**

### *4.1 Sampling*

To test the research hypotheses, data was obtained from high-contact service industries, namely hotels, restaurant chains, travel agencies, banks and airline companies from a sample of 759 medium and large service firms in these sectors. The key criteria for inclusion included company size (> 100 employees) and annual turnover (over \$2.2 million). These criteria were set as small and micro firms often do not possess adequate resources to focus on front-line staff's brand enactment or apply formal policies and practices on employees' well-being (Cardon and Stevens, 2004).

Top management executives were initially contacted to seek permission to conduct the survey; 103 firms (13.6%) agreed to participate. All companies selected were selected based on a European sample of service organizations within the aforementioned sectors. Each participating company provided the researchers with the contact details of a number of customer contact employees from their organization. Once approval was received, these employees were contacted. An email was sent to all contact employees of the aforementioned firms which explicitly described the objectives of the study, participants' rights and the confidentiality of the

data, reassuring them that their responses would remain confidential. Overall, 683 front-line employees were contacted and 376 (55.7%) responses were received. After deleting all incomplete responses, a usable sample of 305 (44.7%) responses remained. In average, 3.65 employees per company participated in the study.

To assess whether our data potentially violate the requirement for independence of observations, before proceeding with the analysis of the data within-firm interrater agreement was estimated (Lindell and Brandt, 1999). The average within-group interrater reliability values, for IMO adoption was 0.671, which falls below the commonly accepted threshold of 0.7, suggesting insufficient within-group agreement to aggregate the data to the firm level for analysis. The demographic profile of the respondents is provided below in Table 1.

<Insert Table 1 about here>

#### 4.2 Measures

Evidence was drawn from frontline employees and all constructs of interest were measured using established scales with response options anchored at “strongly disagree” (1) and “strongly agree” (7). IMO was measured using 12 items from Lings and Greenley’s (2005) scale. E-O fit was assessed with three items from Netemeyer *et al.*’s (1997) work (e.g. “I feel that my personal values are a good fit with this organization”). E-S fit was measured using Hofmann *et al.*’s (2011) three-item scale (e.g. “My personal values match my supervisor’s values and ideals”) and E-J fit was measured using Cable and DeRue’s (2002) three-item scale. Punjaisri and Wilson’s (2011) four-item scale for brand identification and four-item scale for brand enactment were also employed. Finally, brand knowledge was measured using five items from Baumgarth and Schmidt’s (2010) scale. A full list of items is given in Table 2.

## 5. Findings

### 5.1 Measurement model

All measures were obtained from the same source (employees), using the same method. As such, data can be considered as the artefact of single-source common method bias (Gorrell *et al.*, 2011). To assess for common method bias a single-factor test was conducted on all of the items used to measure E-O fit, E-J fit, E-S fit, IMO, brand knowledge and brand identification (Chang *et al.* 2010). First, the Harman single-factor test revealed that the items of the original measurement model loaded on eight separate factors, with the first factor accounting for 38.6 % of the total variance in the items, which indicates that common source does not explain the majority of the covariance between the measures. Second, the common latent factor method identified insignificant estimates which were also assessed ( $\beta = -0.006$ ,  $p = 0.719$ ), indicating an insignificant common method bias of less than one percent of variance. Hence, both methodologies for estimating common method bias provide congruent results identifying no significant impact of common method bias on the measures (Conway and Lance, 2010). Third, based on the recommendations by Podsakoff *et al.* (2003), the study was designed to reduce the potential for common method bias using lengthy scales (6–12 items e.g. IMO) and concrete and unambiguous scale items. Therefore, common method bias is not a feature of this dataset.

Having confirmed that common method bias is not an issue, and following Hair *et al.* (2006), a confirmatory factor analysis (CFA) using AMOS 23 was conducted on all of the measurement items. IMO was treated as a second-order factor and four items were dropped during CFA. The goodness-of-fit statistics of the measurement model reveal that the model fits the data reasonably well, with a  $\chi^2 = 2337.14$  and 540 degrees of freedom ( $p < 0.001$ ). Other fit indices also suggest that the model fits well to the data: GFI is .937, NFI is .918, CFI is .934, TLI is .915 and RMSEA is .076. Table 2 displays the standardized factor loadings of each item for the measurement model. Table 3 presents the average variance extracted (AVE), Cronbach's  $\alpha$  and composite



reliability for each construct. The CFA indices are acceptable for all constructs included in the analysis; IMO (CFI=.961, TLI= .935, GFI= .945, RMSEA=.076), brand knowledge (CFI= .987, TLI= .979, GFI=.978, RMSEA=.065), brand identification (CFI=.992, TLI=.975, GFI=.992, RMSEA=.066) and brand enactment (CFI=.987, TLI=.962, GFI=.988, RMSEA=.075).

<Insert Tables 2 and 3 about here>

All of the composite reliability values demonstrate a high level of internal consistency for the latent variables. Convergent validity at the item level is evidenced by item loadings that exceeded 0.70 (Hair et al., 2006). Following the recommendation of recent work for additional tests in assessing discriminant validity (Henseler et al. 2015; Voorhees, Brady, Calantone and Ramirez, 2016), the AVE-SV method is also utilized (Fornell and Larcker, 1981) which compares the average variance extracted (AVE) estimate for each construct to the shared variance between the construct and all other constructs in the model (Table 3 reports the squared correlations for all variable combinations above the diagonal). Results show that in all first-order construct's AVE is greater than the shared variance between it and all other constructs, and discriminant validity can be achieved (Henseler et al. 2015). In assessing the validity of the IMO construct, the composite reliabilities of each of the subscales were examined (Anderson and Gerbing, 1988) which are reported in Table 4. The second-order structure of IMO was empirically tested against a first-order structure of IMO and proved as more appropriate. Also, face validity was retained, as independent judges indicated that the remaining items of the IMO construct sufficiently represent its concept, following the suggestions of Hardesty and Bearden (2004).

These all exceed the recommended standards of Bagozzi *et al.* (1991), providing robust evidence of the internal consistency of the construct indicators. In aggregate, these results suggest that the scale items do indeed measure the latent constructs that they purport to and establish discriminant validity, as the AVE for each factor is greater than the shared variance between it and all other factors (see table 4 below).

<Insert Table 4 about here>

## 5.2 Structural model

Having established the reliability and validity of the measures, the next step was to investigate the fit of the hypothesized model. Table 5 displays the model fit statistics, hypotheses tests and standardized estimates for the proposed model. The goodness-of-fit statistics reveal that the model fits the data reasonably well, with a  $\chi^2 = 2023.68$  and 517 degrees of freedom ( $p < 0.001$ ). Other fit indices also suggest that the model fits well to the data: GFI is .922, NFI is .938, CFI is .939, TLI is .941 and RMSEA is .064.

<Insert Table 5 about here>

As displayed in Table 6, results suggest that IMO significantly predicts brand knowledge ( $\gamma = 0.901$ ,  $p < .001$ ) and brand identification ( $\gamma = 0.935$ ,  $p < .001$ ), thus supporting H1 and H2. Also, IMO significantly predicts E-O fit ( $\gamma = 0.735$ ,  $p < .001$ ), supporting H3. Similarly, H4 is supported, as IMO predicts employee E-S fit ( $\gamma = 0.799$ ,  $p < .001$ ). Findings indicate that IMO also significantly predicts E-J fit ( $\gamma = 0.537$ ,  $p < .001$ ), supporting H5. Regarding the drivers of employee brand enactment, E-S fit ( $\gamma = 0.157$ ,  $p < .05$ ) has small but significant impact on brand enactment, offering support for H7. However, E-J fit ( $\gamma = 0.075$ ,  $p > .05$ ) and E-O fit ( $\gamma = 0.114$ ,  $p > .05$ ) were not positively associated with brand enactment and so H6 and H8 were not supported. Last, brand knowledge significantly predicts brand enactment ( $\gamma = 0.693$ ,  $p < .01$ ), confirming H9a, whereas brand identification has no significant effect on brand enactment ( $\gamma = 0.051$ ,  $p > .05$ ), rejecting H9b.

<Insert Table 6 about here>

## 6. Discussion

This study delivers a pragmatic conceptual framework that explores the key determinants of brand enactment within an interpersonal service context. Against previous studies that have focused on brand-related enablers of brand enactment (e.g. Punjaisri et al., 2009), this study is one of the first to illustrate the contribution of the firm's dynamic capabilities, specifically those that align the behavior of employees with the company's market and service delivery objectives, to internal branding success (e.g. Löhndorf and Diamantopoulos, 2014; Helm et al., 2016). The research framework tested in this study, posits that the impact of the dynamic capabilities embodied in IMO on brand enactment is manifested by the cognitive and conative components of employee brand-related behavior. Notably, we find employees' perceptions of IMO do indeed enhance their cognitive (brand knowledge) and affective (brand identification) components of employee brand-related behavior, and also contribute to their better fit with their proximal environment. This suggests that IMO is an integral part of ensuring that employees understand and 'buy into' the promises that the firm makes to its customers, positioning IMO as a key enabler of internal branding programs. It appears that higher organizational support for, and focus on, employees' needs and wants through internal marketing practices will result in increased brand knowledge and brand identification.

With regard to the impact of IMO on employee fit; we find that managerial actions directed at employees' development and well-being (embodied in IMO) enhance employees' perceived congruence with their work environment at the macro-organizational, meso-supervisory and micro-task level. This suggests that satisfying employees' needs and wants helps to drive how well employees perceive the fit between themselves and their working context. It is likely that the reactive nature of IMO drives organizational action to reshape the content of the job (e.g. work environment or management approach), in response to employees identified desires, expectations, or difficulties encountered in performing job-related tasks. Equity theory provides

an intuitive logic to explain contact employees' feelings of congruence with organizational values, the values of supervisors, and with the tasks embedded in their job, as IMO provides an equity surplus to employees through the purposeful reshaping of their work content in response to their needs and wants. Notwithstanding the ongoing academic debate about how to best achieve employee fit with the work context, Internal Market Orientation emerges from this work, as a managerial approach that facilitates employees' value congruence with their macro-, meso-, and micro- work context, enhancing the odds of success of employee-targeted strategies.

With regard to the direct determinants of brand enactment; we find that brand knowledge is the main determinant of employees' brand consistent behaviors. This adds support to the notion that before an employee can fulfil the brand promise they need to know what the promise is. Our result suggest that brand identification does not significantly predict brand-congruent behavior, meaning that, in this sample at least, 'buying into the promise' is not a major determinant of delivering it.

Regarding the consequences of employee fit, our results partly support the predictions of fit theory in that we find that employees' identification with the supervisor's values has a small but significant impact on brand consistent behavior. However, identification with the specific role (E-J fit) or the organization does not. This suggests that encouraging employees to act as brand ambassadors requires a degree of congruence with their proximal work surrounding, but not necessarily with the specifics of the role itself. The finding that employees' fit with the job is not pre-requisite to behaving in a brand consistent manner is somewhat in keeping with the finding that brand knowledge is a necessary pre-requisite to brand congruent behavior but brand identification is not. It appears that employees do not need to see a brand, or their job, as central to their identity, to be able to deliver the brand and fulfil their job by providing a service consistent with the promise that the firm has made to customers – if they understand what this promise is and more generally relate to the values of their direct supervisor. One possible

explanation for this might be that, as long as employees understand the behavior that they are to enact, and align with the values of person directing the task, they are fully capable of fulfilling the brand promise, even if they don't see these behaviors as central to their being.

For marketing theory, this study presents a validated framework describing the IMO determinants of brand enactment. Importantly, the model confirms that IMO has significant, and substantial, impact on the cognitive, affective and conative components of employee brand-related behavior; that is, IMO enhances how well employees understand the brand promise, how much they buy into the brand and how well they fit with the organizational context of their work. This is the first time, to the best of our knowledge, that the consequences of matching the organizational context to the wants and needs of employees has been demonstrated in this way. Given the strength of the relationships in the model, our findings demonstrate that employee/organizational fit can be actively pursued and facilitated, rather than being considered as merely a function of the congruence between values held by two fixed referents (the employee of the organization/supervisor/job). The dynamic nature of generating, disseminating, and responding to information about employees' wants and needs, inherent in IMO, may allow the values of the firm and those of the employee to converge by developing a common understanding of the other's value position and a willingness to accommodate those values where possible. Similarly, the information dissemination component of IMO appears to be driving employees' knowledge of, and identification with the brand promise made to external customers.

The perspective of IMO adopted in this research, the generating, disseminating and responding to information about employees' wants and needs, has been applied within a dynamic capabilities framework to illustrate the mechanism through which IMO influences organizational outcomes, specifically internal branding success. As such, the research also contributes to discussions of how dynamic capabilities can practically contribute to organizational effectiveness (Lin and Wu, 2014; Frassetto, Dawson and Mollá, 2013). This perspective, that

IMO is an inside-out dynamic capability that represents the firms' ability to modify their service delivery activities through the reconfiguration of its internal resources (i.e. employees), contrasts directly with previous work, which has conceived of IMO as a set of normative marketing activities with an internal focus (e.g. Ruizalba et al., 2014; Boukis et al., 2014). By conceiving of IMO as a dynamic capability this research offers an alternative framework through which to understand the impact of IMO, and offers further illustration of dynamic capabilities, and their outcomes, in an applied context.

With regard to the determinants of brand enactment; the finding that brand knowledge is the primary determinant of brand enactment is informative. In our model the only other determinant of brand enactment was employee-supervisor fit, which although significant was small in magnitude. The finding suggests that knowing what is expected in terms of brand congruent behavior is the most important, or may be the only salient factor in determining whether employees enact brand promises. This illustrates a limitation of the view that the internal market can be considered as a facsimile of the external market. The analogy is flawed in that employees do not have the free choices that external customers have; to choose one brand over another. In the internal market employees exchange their time and effort for reward, and it appears that as long as they know how to direct their efforts they do not necessarily need to identify with the brand promise to behave in a manner consistent with it.

In summary, this study is one of a few that empirically confirm the impact of an employee-oriented managerial approach, conceptualized and measured at the individual level, on individual brand-related behavioral outcomes. This extends previous work in the internal branding area which has mostly focuses on how internal marketing practices at the organizational level affect the success of internal branding process (e.g. Papasolomou and Vrontis, 2006).

## **7. Managerial implications**

The findings of this study have some important practical insights. Our findings demonstrate that the most fundamental determinant of employees' brand consistent behavior is their knowledge of the brand promise that has been made. Although rather intuitive this finding is important. Employees are subjects to a variety of messages about the brand promise that their employers make. Messages may be explicit and direct, such as direction for supervisors or direct training about the brand promise, or they might be explicit but tangential; such as advertising directed towards customers, press releases and company reports. Also, employees receive implicit messages about the organization and the brand through their working conditions, treatment from supervisors and co-workers, and feedback from customers. All of these messages communicate different elements of the brand promise which may be inconsistent or contradictory. The barrage of messages about the brand (often directed at different audiences but seen by employees) can cause employees to have an ambiguous understanding of the brand promise, and this will have a major impact on their brand enactment. In effect, if the employees understand the wrong promise, or understand the brand promise incorrectly they are likely enact the wrong behaviors. It is incumbent on managers to identify and understand the various sources of information about the brand that employees come into contact with and to ensure, as much as possible, that these brand messages are consistent across sources, consistent with the desired brand image and consistent over time.

A major implication for managers is related to the importance of IMO as a mechanism to foster employees' fit with their working environment. In a departure from the research stream which argues that managers can avoid misfit and high turnover rates by carefully attracting and selecting individuals (Van Vianen, 2000), this work suggests that internal marketing programs represent a resourceful managerial approach to help employees embrace organizational values and achieve a better fit to their working environment. While fostering employees' fit with their

working environment was not demonstrated in this research to be prerequisite to ensuring contact staff act in a brand-consistent way, fit does have important individual and organizational outcomes such as reduced turnover, increased employee satisfaction and employee health outcomes.

Practically speaking for service organizations, when it comes to communicating the brand internally, it appears that employees' fit with the supervisor is a modest driver of brand consistent behavior, whereas their match with organizational and job description with individual expectations are not key determinants of their brand consistent behavior. Also, emotional connection with the brand can be enhanced through managerial activities which support employees' well-being and often, are not related with the brand itself. The successful delivery of the brand promise to the customers is not dependent only on internal branding efforts but as well on how employees' feel that they are valued and appreciated by their employer.

IMO may have other benefits to the organization, quite outside of the ones that derive from brand consistent behavior. Our findings illustrate that IMO significantly enhances fit, suggesting that IMO may be useful to maintain employees' alignment with organizational values, particularly if organizational change may negatively impact employees' perceptions of their fit with their environment. Practices such as employee-supervisor quality info exchange prove valuable as they generate higher employees' knowledge of the brand promise and strengthen their emotional attachment with the brand, against the traditional one-way formal communication approaches. Equally important, in times of change an IMO can help to maintain employees' fit with their job specifications without the organization needing to commit resources to re-establish a familiar internal environment or undertake job re-design.



## **8. Limitations and further research**

As with all research, our study has limitations that restrict its interpretation and generalizability. First, the dependent variable – brand enactment behavior – was a self-reported measure. Despite scholars suggesting that self-reported measures have their strengths as assessments of employee enactment, there is a concern associated with using a self-reported service performance measure, as employees may tend to over-report their performance due to social desirability bias (Donaldson and Grant-Vallone, 2002). Second, our conceptual framework features only the joint impact of different fit types on employee brand enactment, thus ignoring the importance of other contextual drivers such as job satisfaction. Additional research is necessary to identify whether different individual characteristics and background influence employees' fit with their organization or their supervisor.

Our finding that brand knowledge is the primary determinant of brand enactment raises some important opportunities to understand exactly how brand knowledge is formed. Whilst the information generation and dissemination inherent in IMO is shown here to be an important consideration, a range of other information sources have been highlighted above. Further research should be directed at understanding the impact of different sources of information about the brand promise on employees' understanding of the promise, in particular when brand messages might be inconsistent across sources or over time.

In conclusion, this study provides an important first step in our understanding of the importance of IMO adoption for better fit of employees with their work environment and superior brand enactment. Second, the impact of the different fit types, and the cognitive and affective elements of employee brand behavior on brand enactment is quantified. By integrating evidence from multiple disciplines, this study adds significantly to the extant literature by providing evidence of the role of IMO in enhancing employees' reciprocal responses towards the firm.

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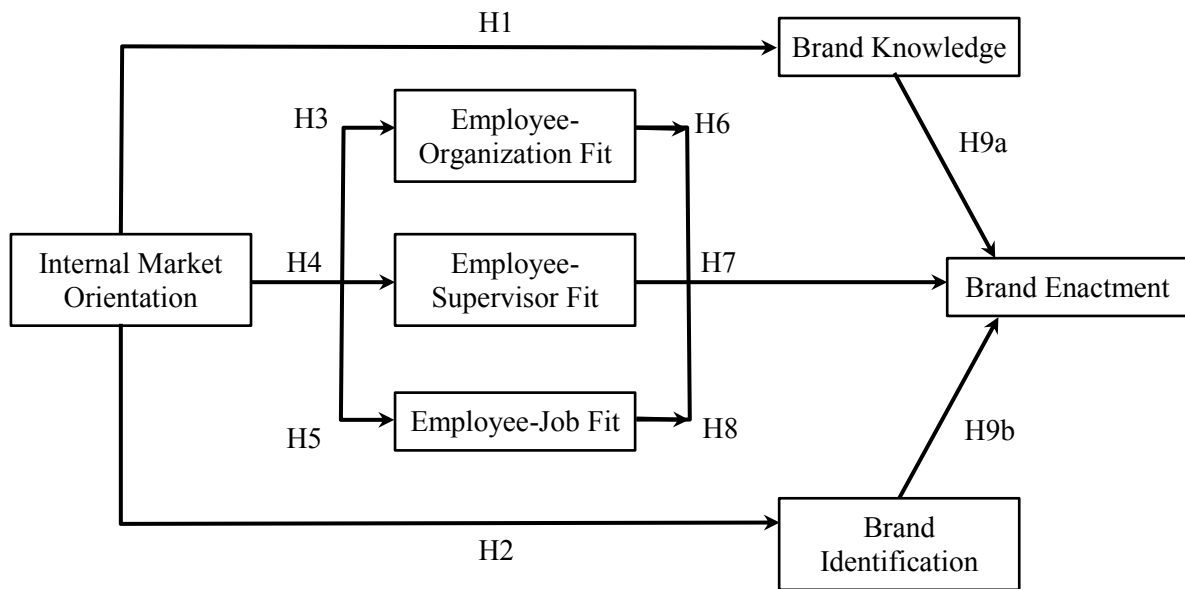
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Figures

Figure 1: Research Framework



## Tables

**Table 1** Respondents' demographic profile

<b>Gender</b>	<b>Male</b>	55.1% (168)
	<b>Female</b>	44.9% (137)
<b>Educational Background</b>	<b>Bachelor's degree</b>	67.5% (206)
	<b>High school diploma</b>	6.2% (19)
	<b>Master's degree</b>	22.0% (67)
	<b>PhD</b>	4.3% (13)
<b>Age Group</b>	<b>22-30</b>	5.2% (16)
	<b>31-40</b>	56.4% (172)
	<b>41-50</b>	34.8% (106)
	<b>51-60</b>	3.6% (11)
<b>Organizational Tenure</b>	<b>less than 1 year</b>	1.6% (5)
	<b>1-3 years</b>	42.6% (130)
	<b>3-5 years</b>	28.5% (87)
	<b>over 5 years</b>	27.2% (83)

**Table 2** The study's measures

Measures	Standardized Factor Loadings
<b>Brand identification</b>	
My sense of pride towards (my company) brand is reinforced by the brand-related messages	.771**
(My company) is like a family to me	.884**
I feel I belong to (my company)	.852**
I view the success of the brand as my own success	.713**
<b>Brand enactment</b>	
The quality level of my services meets the brand standards of (my company)	.701**
I can successfully fulfill responsibilities specified in my job descriptions	.737**
I effectively fulfill the promise that the brand has with customers	.729**
I always handle customers' specific requests within a standard set for the brand	.787**
<b>Brand knowledge</b>	

<b>Measures</b>	<b>Standardized Factor Loadings</b>
I am familiar with our brand communication (e.g. magazines, Internet, etc.)	.768**
I am aware of the goals we try to achieve through the brand	.758**
I am well informed about the values represented by the brand	.864**
I understand how our customers can benefit from our brand	.873**
I am familiar with our brand style guide	.834**
 <b>Internal Market Orientation (*12 items)</b>	
<b>Informal information generation</b>	
When at work, supervisors try to find out what employees want from the company	.787**
When at work, my supervisor tries to find out my real feelings about my job	.827**
When at work, I regularly talk to my supervisor to find out about my work	.822**
<b>Formal face-to-face information generation</b>	
In this company, we have regular staff appraisals in which we discuss what employees want	.780**
In this company, management meets with employees at least once a year to find out what expectations we have of our jobs for the future	.828**
In this company, management interacts directly with employees to find out how to make us more satisfied	.832**
<b>Formal written information generation</b>	
In this company, we do a lot of internal market research	.718**
In this company, we often talk with our survey people to identify influences on our employees' behavior (e.g., unions, sales representatives, customers)	.888**
<b>Information dissemination</b>	
In this company, I regularly meet with my supervisor to report about issues relating to the whole organization	.831**
In this company, we have regular staff meetings with employees at all levels attending	.811**
<b>Responsiveness</b>	
In this company, when we find out that employees are unhappy with our supervision or management, we take corrective action	.806**

Measures	Standardized Factor Loadings
In this company, when we find that employees would like us to modify their conditions of employment, the departments make concerted efforts to do so	.818**

**Table 3** Measure validity tests and construct intercorrelations\*

Construct	Mean(SD)	1.	2.	3.	4.	5.	6.	7.
1. IMO	4.50(.88)	(.66)	.32	.44	.21	.64	.65	.51
2. E-O Fit	4.32(.86)	.571**	(.52)	.26	.10	.27	.24	.29
3. E-S Fit	4.28(1.08)	.670**	.513**	(.60)	.18	.36	.23	.36
4. E-J Fit	3.61(.99)	.463**	.335**	.433**	(.54)	.09	.10	.12
5. Brand Knowledge	4.50(1.00)	.800**	.528**	.604**	.313**	(.67)	0.56	.60
6. Brand identification	4.60(1.01)	.818**	.490**	.487**	.337**	.755**	(.65)	.47
7. Brand enactment	4.30(.94)	.722**	.544**	.604**	.359**	.783**	.694**	(.82)
<b>Composite Reliability</b>		0.95	0.76	0.81	0.78	0.91	0.88	0.95
<b>Cronbach A</b>		0.910	0.723	0.730	0.710	0.878	0.839	0.825

\*Values below the diagonal are correlations, values above the diagonal are squared correlations, values across the diagonal represent AVE / \*\* IMO= Internal Market Orientation; E-O fit=employee-organization fit; E-S fit=employee-supervisor fit; E-J fit=employee-job fit. / \*\*. Correlation is significant at the 0.01 level (2-tailed). \* / Correlation is significant at the 0.05 level (2-tailed).

**Table 4** Reliability and validity of IMO dimensions

Factors	Mean	SD	Cronbach A	AVE	CR	SV
<b>Informal Information Generation</b>	4.22	1.26	0.76	0.68	0.80	0.55
<b>Formal Face-to-Face Information Generation</b>	4.46	1.23	0.85	0.66	0.85	0.40
<b>Formal Written Information Generation</b>	4.87	1.15	-	0.65	0.78	0.62
<b>Information Dissemination</b>	4.85	1.12	-	0.67	0.80	0.63
<b>Responsiveness</b>	4.28	1.00	-	0.65	0.79	0.63

**Table 5** Path analysis – Structural Model

Model	CFI	TLI	RMSEA	GFI	NFI
	.939	.941	.064	.922	.938

Model Fit:  $\chi^2=2023.68$ ; DF =517; Probability level  $p<0.001$

**Table 6** Standardized Estimates of the structural model

Path	Standardized Estimates	S.E.	p (sig.)
IMO→Brand knowledge (H1)	0.901	.089	***
IMO→Brand identification (H2)	0.935	.105	***
IMO→E-O fit (H3)	0.735	.069	***
IMO→E-S fit (H4)	0.799	.097	***
IMO→E-J fit (H5)	0.537	.079	***
E-O fit→ Brand enactment (H6)	0.114	.094	n.s.
E-S fit→ Brand enactment(H7)	0.157	.059	**
E-J fit→ Brand enactment (H8)	0.075	.057	n.s.
Brand knowledge → Brand enactment (H9a)	0.693	.107	***
Brand identification → Brand enactment (H9b)	0.051	.095	n.s.

\*\*\* Significant at the  $p<0.01$  level (2-tailed). \* / \*\*Significant at the 0.05 level (2-tailed).