A STUDY ON THE RELATIONSHIP BETWEEN INTERNAL BRANDING AND AFFECTIVE COMMITMENT OF CUSTOMER CONTACT EMPLOYEES IN MULTI-BRAND RETAIL STORES IN BANGALORE

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1.1 Introduction & Background of the Study
Retailing is one of the pillars of the Indian economy and accounts for 14 to 15% of its GDP. The Indian retail market is estimated to be US$ 450 billion and one of the top five retail markets in the world in terms of economic value. India over the years has developed to one of the fastest growing retail markets in the world. Traditionally, the Indian retail sector has been characterized by the presence of a large number of small unorganized retailers. However, in the past decade there has been development of organized retailing, which has encouraged large private sector players to invest in this sector.

Total retail employment in India, both organized and unorganized, account for about 6% of the Indian labour work force currently - most of which is unorganized. This percentage is a third of levels seen in United States and Europe and other emerging economies. A complete expansion of the retail sector as seen in other emerging and developed economies would create over 50 million jobs in India. Training and development of labour and management for higher retail productivity is expected to be a challenge. Multi-brand retailing is gaining significance; it can be defined as the marketing of two or more similar and competing products, by the same firm, under different and unrelated brands.

Bangalore is a large and demographically diverse city, and is today a major economic and cultural hub and the second fastest growing major metropolis in India. Bangalore is well known as a hub for India's information technology sector. It is among the top 10 preferred entrepreneurial locations in the world (Jayadevan, PK, 2012). With the entry of retail outlets like Big Bazaar, Globus, Lifestyle and Westside, Bangalore has witnessed the explosive growth of another industry apart from the IT industry, the Retail Industry.

For the purpose of attracting customers brands have to look at how to build and manage a strong and reliable brand through external and internal branding activities. Emphasis is put on employees in the service industry who act as a mediating link between the brand and the customer, and are the representation of the brand to customers that will sell the brand to customers. Since employees are responsible for the success of the pivotal moment-of-truth service provision, the behaviour of customer contact employees is important and their interaction with customers is aligned with the external brand communication to the customers. Customers might otherwise perceive inconsistent impressions of the brand, one from external communication, and one from the employees. Therefore it is important that employees are able to depict the brand in line with the brand the firm is trying to portray, and hence the internal branding activities of the firm play a pivotal role in ensuring such consistency is maintained.

1.2 Major Concepts in the Study
1.2.1 Internal Branding
Internal branding is the set of strategic processes that align and empower employees to deliver the appropriate customer experience in a consistent fashion. These processes include, but are not limited to, internal communications, training support, leadership practices, reward & recognition programs, recruitment practices and sustainability factors. It requires the synchronization of a company’s structures, policies and processes, resource allocation, culture and leadership philosophy, as well as employee behaviour and communication activities that together influence an employee’s conduct in relation to the brand promise and brand performance.
Brand commitment is a pre-requisite to having employees’ exhibit on-brand behaviour. It can be seen that when the employees are fully aware of and have a thorough understanding of the brand values they become more committed to the brand.

An analysis of literature shows internal branding as a cross-functional process involving the marketing department and the Human Resources (HR) department, where-in the marketing department takes care of the communication of the brand of the organization and the HR department not only champions it to the employees but also recruits, trains and rewards the employees in line with the delivery of brand value. Purposefully building an internal brand-centric culture as part of a comprehensive strategy is generally directed towards heightened customer-focused actions and stronger bottom-line results. Systems that manage feedback and measure success reinforce this strategy. Therefore internal branding is a powerful tool that will help motivate employees while at the same time strengthen the brand in the eyes of consumers and external stakeholders.

Employee loyalty to an organization is often characterized by respect and trust and these factors can also characterize an organization’s relationship with its customers. A brand can therefore represent a similar image in the minds of both customers and employees. Hence, the connection between employee performance and customer satisfaction can be used as the basis for developing HR programs for employee recognition and rewards.

An important element of Internal Branding is Internal Brand Communication which provides the capability to build an integrated strategy to reinforce the brand at every communication touch-point, and to create advocates who champion the brand. Effective internal communications is one of the most powerful levers to support culture change, build internal alignment with the brand, and create enthusiasm for its delivery. Literature states that in order to make employees committed to the brand the information process from managers to employees have to evolve from giving information on just the technical details of the job (i.e. how to carry out the tasks) to more brand related information.

Leadership is another key ingredient that is important to the success of the internal branding activities as the recognition and credit received by the employees from the managers help make more committed employees and the longer an employee stays, the more crucial the implementation of the internal branding activities becomes to reinforce the brand commitment.

Therefore, from the literature on internal branding it can be noted that it is constituted mainly by four parts, i.e. Internal Communication, Training, Recruitment and Leadership.

**1.2.2 Organizational Commitment**

Organizational Commitment is a psychological state of attachment and identification, a binding force between individual and organization, and can be defined as “the relative strength of an individual’s identification with and involvement in a particular organization” (Mowday, Porter & Steers, 1979). It encompasses positive traits such as loyalty, involvement, superior performance and willingness to stay with the organization. Organizational Commitment can be characterized by three distinct components: an individual identifying with the organization’s goals and values, a willingness to put forth effort for the organization, and a desire to remain in the employment of the organization / maintain organizational membership (Porters, Steers, Mowday & Boulian, 1974).

Research done on organizational commitment by Meyer and Allen (1990, 1991) suggest that organizational commitment is a three dimensional construct comprising of affective, continuance, and normative dimensions. Affective commitment reflects an employee’s emotional attachment to, identification with, and involvement in, the organization. Continuance commitment involves recognition of the costs associated with leaving the organization. Normative commitment reflects employees’ feelings of obligation to remain with the organization. Although all three forms of commitment increase the likelihood that employees will remain with the organization, the motive for remaining differs (desire, need and obligation, respectively) and can have implications for employees’ work-related behaviour (Shore and Wayne, 1993; Meyer, 1989).
1.2.2.1 Affective Commitment
Affective commitment is defined as “the tendency of a worker to stay with a company that is based on an emotional attachment. An employee of a business who displays affective commitment to their company will often identify strongly with the company and its objectives, and might turn down offers to move to a new company, even if they seem more attractive financially.”

2.0 Need and Rationale of the Study
Organisations that lack internal branding fail to appreciate that people possess skills, knowledge and experiences and, therefore, are of significant economic value to the overall processes of building a strong brand. As these skills, knowledge and experiences enhance productivity, they represent capital that is too valuable to be lost. In fact, it’s very crucial to recognise the commitment of individuals to the firm as well as providing an environment in which individuals choose to stay.

Branding is not only an opportunity to shape customers' perceptions with respect to the organisation; it is also an opportunity to shape employee perceptions as well. As the customer contact an employee's vital role in a services company's brand performance and brand communication becomes evident, implications for service firms arise. Since it is no longer enough for customer contact employees just to be nice and helpful in the service encounter, more specific brand-oriented behaviour of employees is needed to create a more consistent and distinguished brand communication in the service industry (Henkel et al. 2007).

Therefore, it is important to understand what constitutes the concept of internal branding, and how it is related to the commitment displayed by customer contact employees in India.

3.0 Purpose of the Study
The purpose of conducting this study is to identify whether internal branding activities that retail stores engage in have a significant impact on the emotional bond the employees feel towards the brand with respect to retail stores in Bangalore, India.

Previous research on internal branding activities has been predominantly in the finance and hospitality industries, and hence this study helps understand how such activities impact the affective commitment dimension of customer contact employees associated with retail stores.

4.0 Review of Literature
This project is based on a study conducted by Almgren, D., Ek, P., & Göransson, O (2012) who used data from 204 sales personnel employed at national retail firms in Sweden to determine the components of internal branding in order to clarify the relationship between internal branding and brand commitment of customer contact employees. The study facilitates the managers in retail stores in Sweden to understand if internal branding activities like brand oriented training, recruitment and leadership are managed successfully, whether this in turn makes it possible for the customer contact employees to adequately display brand-oriented behaviour, a sought after achievement for service firms. The regression analysis of the data collected showed that 30.8% of the affective commitment of customer contact employees within the retail sector of the service industry can be explained by three of the four identified internal branding activities, i.e. brand-orientated training, brand-orientated recruitment and brand-orientated leadership. Brand oriented-leadership showed the highest beta value indicating that it had the most influence on the dependant variable, i.e. affective commitment.

Gull, S. and Sahar, M. A. (2012) conducted a study to understand the impact of internal branding on service employees’ quality commitment. It sought to look at the utilization of various techniques in order to communicate core brand values and promise inside the organizations with an aim to align service employees with the branding process, and how this helped in the identification of service employees with an organization's quality oriented goals. The four basic dimensions of internal branding studied in this paper included training, orientation, briefing and group meeting. Training was also found to be most effective of all tools of internal branding in influencing
affective, behavioural and cognitive quality commitment, followed by Briefing; Orientation showed a relatively fragile relationship with level of quality commitment and Group meeting proved to be the weakest tool among them all.

Al Olayan, N.K. (2011) investigated how employees play a big role in communicating the brand meaning and brand values to customers. Based on the employee-customer interaction, customers develop attitudes about the brand and thus decide to choose the company and remain loyal. Organisations today therefore seek to train employees to interact with customers, but often never specify how they want employees to deliver the brand promise. The study sought to uncover how employees deliver the brand’s values to customers. The findings of the study showed that employees believed they had significant influence on customers when it came to communicating the brand values to customers. The loyalty shown by the customers and the brand retention were seen as being achieved through social connections with the employees. Superior interpersonal skills were also seen as an important way to gain the customers respect and to ensure brand loyalty. Training and support provided by the management were seen as a tool that empowered the employees and the positive working environment helped them to commit to building brand equity.

Kimpakorn, N. and Tocquer, G (2009) look at the growing importance given to employees as crucial to the making of the brand of the organization ‘come alive’. The study explores the relationship between the employer brand dimensions and employees’ commitment to support the brand. The findings are that brand knowledge does not affect employees’ brand commitment; it however, determines that what employees experience with the brand is critical. The role of an employee in building a powerful brand in the services sector is largely recognised.

Punjaisri, K., Evanschitzky, H., and Wilson, A. (2009) looked at understanding the internal branding process from the employees' perspective. They try to empirically assess the relationship between internal branding and employees' delivery of the brand promise, as well as the relationships among their brand identification, brand commitment and brand loyalty. The findings showed that internal branding had a positive impact on attitudinal and behavioural aspects of employees in their delivery of the brand promise. The study also shows that brand identification is a driver of brand commitment, which precedes brand loyalty of employees.

Aurand T. W., Gorchels L. and Bishop T. R. (2005) found that although there is an increasing amount of importance given to the role of HR in an organization, research supporting the significant impact that HR can have on the development and implementation of strategic business initiatives including the brand promise, remains limited. The study explores the degree to which managers perceive that activities typically associated with HR functions are utilized in internal branding initiatives, and the impact that these HR activities have on employees’ personal attitude toward the brand and their incorporation of the brand message into their work activities.

5.0 Research Methodology
5.1 Problem Statement
Elucidate the relationship between internal branding and brand commitment of customer contact employees in multi – brand retail stores in Bangalore.

5.2 Operational Definition of Variables
5.2.1 Internal Branding
Internal branding is the set of strategic processes that align and empower employees to deliver the appropriate customer experience in a consistent fashion. These processes include, but are not limited to, internal communications, training support, leadership practices, reward and recognition programs, recruitment practices and sustainability factors. It follows that the employees know and understand thoroughly the brand values that the firm follows and apply them in their decisions in a customer-oriented way.
5.2.1.1 Internal Communication to Create Employee Brand Commitment
It refers to the information flow from the managers and/or management to employees that provide not just the technical details of the job, but also more brand related information. The brand and its values must also be made clearer to employees for them to be able to understand them so that they can be committed and project the values to customers through on-brand behaviour.

5.2.1.2 Brand-Oriented Training to Create Employee Brand Commitment
Training programmes are seen as the most effective tool for internal branding. Programs that provide details about the work-role, how to treat customers and how to be customer-focused are seen as being helpful to the employees to develop specific and general skills to be able to deliver the brand promise.

5.2.1.3 Brand-Oriented Recruitment to Create Employee Brand Commitment
Recruiting employees who are a perfect match to and who fit the values of the organization is a time consuming and rigorous process. However employees whose personal values are congruent with the company’s brand values are more likely to be committed to the brand. In such cases the requirement for training programs to be conducted is also reduced. To reduce the possibility of recruiting less suitable employees, usage of brand-oriented evaluation systems is vital when assessing new recruitment. Initial training of new employees together with follow-up and informal activities like mentorship and social events further strengthen the fit between employees and the brand.

5.2.1.4 Brand-Oriented Leadership to Create Employee Brand Commitment
Managers who are able to display effective role-model characteristics are able to create brand commitment among the customer contact employees and this is especially vital as if such behaviour and communication by the managers is not brand congruent, it might have a negative impact on customer relations as well. Working side-by-side with the employees and leading the way have a greater impact on employees’ willingness to adopt on-brand behaviour.

5.2.2 Affective Commitment
Affective commitment is defined as “the tendency of a worker to stay with a company that is based on an emotional attachment. An employee of a business who displays affective commitment to their company will often identify strongly with the company and its objectives, and might turn down offers to move to a new company, even if they seem more financially attractive.”

5.2.2.1 Identification
Identification with the brand means that the employee feels belongingness to the brand to such an extent that when the brand performs badly, the employee experiences it as a personal failure. In addition, the brand identity should be seen as a group identity in order for the employee to feel a desire to belong to the group.

5.2.2.2 Involvement
Involvement is defined as: “a person’s perceived relevance of the object based on inherent needs, values, and interests;” it is used here in the context of brand commitment.

5.2.2.3 Emotional Attachment
Emotional attachment is argued to influence the behaviour and extent to which the employee exceeds basic expectations in order to achieve organizational objectives.

5.3 Variables Under Investigation

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5.4 Objectives of the Study
1. To measure and understand the affective commitment among employees in multi-brand retail stores
2. To measure and understand the relationship between internal communication and affective commitment among employees in multi-brand retail stores
3. To measure and understand the relationship between brand-oriented training and affective commitment among employees in multi-brand retail stores
4. To measure and understand the relationship between brand-oriented recruitment and affective commitment among employees in multi-brand retail stores
5. To measure and understand the relationship between brand-oriented leadership and affective commitment among employees in multi-brand retail stores
6. To determine the relationship between internal branding and affective commitment
7. To determine the influence of internal branding and affective commitment

5.5 Hypothesis
- H1: Internal communication has a significant influence on affective commitment.
- H2: Brand-oriented training has a significant relationship with affective commitment.
- H3: Brand-oriented recruitment has a significant influence on affective commitment.
- H4: Brand-oriented leadership has a significant relationship to affective commitment.

5.6 Population and Sample of the Study
The population for the study was taken to be all the employees of life-style multi-brand retail stores (Shoppers Stop, LifeStyle, Max, Reliance Trends, and Westside) in the city of Bangalore. An estimated sample size of 200 employees was considered for the study out of which 172 responses were received. Non-probability sampling was used, where no random selection process is present as this type of sampling is based on choice and availability.

5.7 Tools adopted for the Study
Questionnaires have been used for data collection, which were administered to employees in life-style multi-brand retail stores operating in Bangalore which came under the sampling frame. The questions contained in the questionnaire are close-ended.

An existing ‘Internal Branding Within Retailing’ Questionnaire, compiled by Daniel Almgren, Peter Ek and Oliver Göransson - The Relationship between Internal Branding and Affective Commitment - was used to collect the required data from the employees for the purpose of their study. SPSS was used for analysis of the data. The OCQ, an instrument developed by Mowday et al. (1979) is a 15-item scale that measures what Mowday et al. (1979) called the three factors of organizational commitment - (a) a strong belief in and acceptance of the organization’s goals and values, (b) a willingness to exert considerable effort on behalf of the organization, and (c) a strong desire to maintain membership in the organization (Mowday et al. 1979).

Later research by Allen & Meyer (1990) helped them develop the Affective, Normative and Continuance Commitment Scales (ACS, NCS and CCS) in order to distinguish between the three dimensions of commitment when doing empirical studies. As this study focused on the affective dimension of commitment the Affective commitment scale (ACS) was adopted in order to measure the concept of affective commitment. The ACS is a scale with eight indicators of affective commitment which has been implemented on a seven-point Likert scale.
Since the questionnaire has already been used in a previous research, the reliability and validity has been already proved through the research.

5.8 Limitation of the Study

1. Although the sample size chosen was 200, only 172 responses were received. A larger sample would have been able to reveal more accurate data analysis.
2. The study was narrowed down to include only employees in life-style multi brand retail stores and not all retail outlets in Bangalore due to the limited time frame of the study.
3. A large number of respondents had an educational background of Pre-University or 12th Grade, and hence their thorough understanding of the questions are subjective of their educational background.
4. The scope of the study did not consider customer feedback due to the limited time frame of the study.

5.9 Respondent Profile

The respondents are employees of life-style, multi-brand retail stores in Bangalore.

(a) Time Spent by Employees in the Organization: 27% of the respondent employees have spent less than a year with the current organization, 60% between 1 - 3 years, and 13% have spent more than a year in the current organization.

(b) Age of the Employees: Only 1% of the respondent employees fall in the age bracket of below 20 years of age. However, 65% fall into the age bracket of 20 - 25 years, 12% fall into the age bracket of 26 - 30 years, 20% fall into the age bracket of 31 - 35 years and 3% fall are more than 35 years of age.

(c) Education Completed By The Employees: 66% of the respondent employees have completed their Pre-University level / Class 12th, 31% have completed their Under-Graduate level and only 3% are Post Graduates.

(d) Gender: 48% of the respondent employees are female and 52% are male.

(e) Marital Status: 30% of the respondent employees are married and 70% are unmarried.

5.10 KEY FINDINGS

1. The majority of employees recruited at the retail stores are those who have studied only till the 12th std. / Pre-University level.
2. 65% of the employees at the multi-brand retail stores fell in the age bracket of 20 to 25, indicating a very young workforce.
3. Out of the respondents only 13% of them had stayed on with the organization for more than 3 years, indicating high turnover and attrition.
4. There are an equal number of both men and women employed at multi-brand retail stores.
5. There is a positive relation between Internal Communication and Affective Commitment of employees.
6. There is a positive relation between Brand-Oriented Training provided by the organization and Affective Commitment of employees.
7. Brand-Oriented Leadership exhibited by the managers in the day-to-day working of the store had a positive relation with Affective Commitment towards the brand displayed by the employees.
8. Brand-Oriented Recruitment practices adopted by the organization in choosing employees who fit the values and culture of the brand help to gain more Commitment towards the brand from the employees.
9. The independent variables in the study (Internal Communication, Brand-Oriented Training, Brand-Oriented Leadership, and Brand-Oriented Recruitment) are able to explain 40.3% of the variance in the affective commitment.
10. Employees who have been newly recruited into the organization and who have not yet completed one year with the firm require more activities with respect to Brand-Oriented Training, Brand-Oriented Leadership and Brand-Oriented Recruitment in order to maintain and increase their Affective Commitment.
6.0 Conclusion
Internal Branding is a relevant concept among employees in life-style, multi-brand retail stores in Bangalore. The analysis has proven that there is a significant relationship that exists between Internal Branding Activities by lifestyle, multi-brand retail stores in Bangalore and the Affective Commitment displayed by employees at the stores.

7.0 Suggestions
1. Due to the young and dynamic nature of the workforce in multi-brand retail stores in Bangalore, it becomes all the more important to employ retention strategies that help to create an emotional bond with the employees.
2. Providing communication and training to the employees through booklets, seminars, training, etc. will help to increase the knowledge of the employees regarding the values and brand the organization stands for.
3. Since all the Internal Branding activities have a significant impact on the Affective Commitment, the successful deployment and managing of these activities will help the employees identify with and remain committed to the brand.
4. Since the four internal branding activities show almost the same level of impact on Affective Commitment, focusing on one single activity is not advisable.
5. Ensuring the employees are able to portray the same message that the organization is trying to portray through its external brand can be taken care of through Internal Branding activities.

8.0 Suggestions for Further Research
1. This study was limited to understanding the impact that internal branding activities have on employees. However, to have a complete understanding of their impact, a customer-perspective study could be conducted to understand if they are able to see the impact through the service shown by the employees.
2. The study of the impact of internal branding activities is relatively new in the Indian context and hence an in-depth analysis is warranted to determine other activities that have a strong impact on commitment.
3. The study was limited to employees in life-style, multi-brand retail stores in Bangalore. However, a larger study can be conducted to include all the different types of retailers and a comprehensive comparative analysis can be done.
4. A study on the role of the HR department in championing Internal Branding activities can also be done.

References