



# Internal branding and organizational citizenship behaviours: Evidence from public sector banks

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## Abstract

The purpose of this study is to examine the relationship between internal branding and organizational citizenship behaviours of front line employees (FLEs) engaging in public sector banks of India. 126 FLEs data were collected through convenience sampling, and relationships were examined through structural equation modelling. Results indicate that internal branding manifested by internal communications, training and rewardssignificantly influences organizational citizenship behaviours towards individuals and organization. Further, discussions and implications of the study were discussed.

**Keywords:** Internal branding, organizational citizenship behaviours, banks, front line employees, India.

## 1. Introduction

Due to the intense competition among the service firms, companies are striving hard to maintain differentiation to remain competitive. Front line employees (FLEs) are the differentiators of the service brand. Since, they represent the brand promise through their behaviours. Unfortunately, many of the firms fail to invest in their employees to educate the brand than investing billions in marketing and advertising (Baker et al., 2014). Due to this, much of the FLEs fail to meet the expectations of society. Internal branding plays a vital role in enabling the FLEs by embracing the brand values and execute through their behaviour during service delivery. Companies like Ritz Carlton, Southwest Airlines are exemplars of internal branding, having satisfied employees and customers (Miles & Mangold, 2004). However, literature asserts that the internal branding concept has captured from managerial or consultant than the employees' perspective. Furthermore, the studies on internal branding lack empirical research (Buil et al., 2016; Punjaisri & Wilson, 2017).

Internal branding transforms a brand promise into brand reality through FLEs behaviour during service interaction (Sharma & Kamalanabhan, 2012). Such interactions influence the performance of the organization—like service quality, customer satisfaction, and retention (González & Garazo, 2006; Miles & Mangold, 2004). Specifically, extra-role behaviours beyond prescribed roles can meet the expectations of the customers (Organ, 1988). Such behaviours termed organizational citizenship behaviours (OCB). OCB plays a vital role in organizational effectiveness. It is evident from literature; internal branding influences FLEs attitudes and behaviours towards brand building. For example, in a hospitality study, internal branding leverages the brand performance of FLEs through brand identification, brand commitment coupled with brand loyalty. Similarly, Du Preez and Bendixen (2015) contend that internal branding guides the employee's retention through job attitudes. However, a recent study in the banking sector of Saudi Arabia, Garas et al. (2018) explained internal branding insignificant towards job performance and OCB and further required generalizations. Additionally, much of the studies examined internal branding on OCB through attitudes—lacks a direct relationship between internal branding and OCB, i.e. OCBI, OCBO (Du Preez & Bendixen, 2015; King & Grace, 2010).

Besides, the literature on internal branding concentrated in the hospitality and tourism sector compared to banking relevant to Indian context and studies, are negligible. The Indian banking sector witnessed

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tremendous growth after globalization. Unfortunately, public sector banks witnessed a lack of human capital—especially internal branding initiatives competing with private sector banks (Chakrabarty, 2014), and research warrants empirical research in the Indian context (Popli et al., 2017). Based on the above reasons, the present research investigates the relationship between internal branding and organizational citizenship behaviours relevant to public sector banks.

## 2. Literature review and hypotheses

Social exchange theory (SET) underpins the conceptual framework (Fig 1). When the FLEs receives required resources at the workplace, in return, they tend to repay the returns in the form of productivity and customer retention and satisfaction (Cropanzano & Mitchell, 2005). In the context of banking, internal branding activities—internal communications, training, and rewards—essential for transforming the brand promise against the advertised values. This theory directs the bank managers to facilitate internal branding initiatives at the workplace, providing information about brand values and culture –enhancing skill sets through training and offering rewards—consistency in performance reflects positive outcomes.

### 2.1 Internal branding

Internal branding is a process of promoting the brand inside the organization by aligning the employees' values with the brand values, maintaining equivalence with internal and external brand messages (Hu et al., 2018). FLEs are the foundation of the brand-building (Punjaisri et al., 2009). Internalizing brand values by FLEs engender positive outcomes—brand ambassadors or brand champions. According to Berry (1981), when the FLEs are satisfied with the products, invariably satisfies the customers and stakeholders. However, to date, internal branding lacks a universal definition (Saleem & Iglesias, 2016). According to Miles and Mangold (2004, p. 68), internal branding defined as "the process by which employees internalize the desired brand image and are motivated to project the image to customers and other organizational constituents".

Internal branding evolved from internal marketing is the combination of HR & marketing functions (Punjaisri et al., 2009). Internal branding is the manifestations of internal communications, training, and rewards. Internal communications enhance brand understanding and reflect to maintain consistency in brand values. Internal communications help the employees' to embrace the brand values and further nurtures their attitudes and behaviours in the form of job satisfaction, organizational commitment, engagement, and service performance (Karanges et al., 2015; Malhotra & Ackfeldt, 2016). Training implies an enhancement of employees' knowledge, skills sets, and ensures employees to display expected behaviour during service delivery (Gibbs & Ashill, 2013; Karatepe, 2013). Trained employees reflect command over organizational goals and meet the expectations by handling various types of stakeholders. Consequently, training facilitates competitive advantage among the service firms over differentiation. Eventually, rewards motivate the employees' to remain consistent in their behaviours and maintain standards in brand experience during a service interaction. Rewards drive the service behaviour of the employees (Lee et al., 2006) and also highly related to service quality and customer satisfaction (Tsaur & Lin, 2004).

### 2.2 Organizational citizenship behaviours

OCB has garnered attention in organizational behaviour, service marketing, and other internal disciplinary (Buil et al., 2016; González & Garazo, 2006). OCB plays a vital role in organizational effectiveness and service excellence (Buil et al., 2016). Discretionary behaviours aimed at improving organizations growth and are not part of formal job descriptions and reward system is known as OCB. Literature contends that OCB are differentiated on multiple dimensions like altruism—extending support to the coworkers, compliance—following norms like punctuality and maintaining time breaks effectively. Courtesy includes avoiding problems through polite behaviour at the workplace. Sportsmanship resembles accepting challenges without complaining, whereas civic virtue entails representation in organization functions and developments. Consciousness represents dedication in work—working long hours and accepting additional works. Researchers also highlighted the other dimensions of OCB like OCBI includes behaviour towards individuals and OCBO towards organizations (LePine et al., 2002). Literature asserts that internal branding demonstrated relationship with OCB in the name of brand citizenship behaviour (Piehler, 2018); employee brand equity (King et al., 2012); brand-building behaviours (Löhndorf & Diamantopoulos, 2014); brand performance (Punjaisri et al., 2009). Based on the literature, we propose

**H1:** Internal branding is significantly and positively related to OCBI

**H2:** Internal branding is significantly and positively related to OCBO

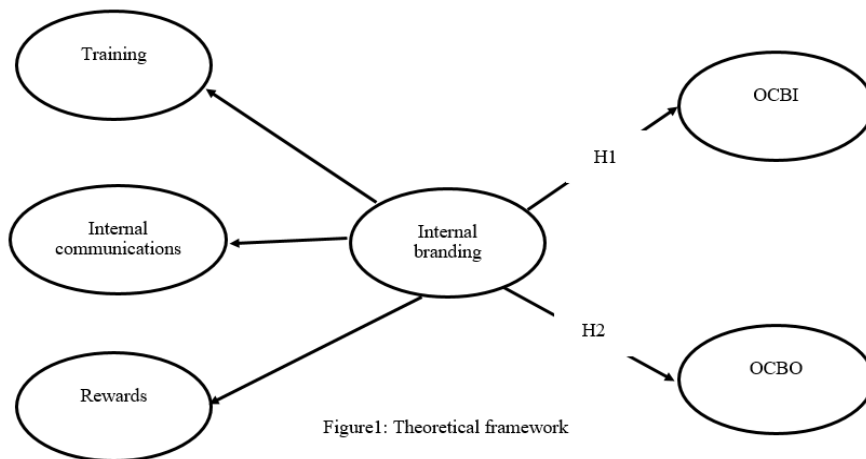


Figure1: Theoretical framework

### 3. Sample

Self-administered questionnaires were designed to collect the information from the FLEs working in public sector banks operating in Dakshina Kannada district of Karnataka. Convenience sampling was incorporated to collect the data from the respondents. The Items were measured with seven-point scale i.e. strongly disagree-1 and strongly agree-7. Further, the internal branding scales adopted from Lee et al. (2014). OCB scales measured from Lee and Allen (2002). Only one hundred and sixty-three bank employees have participated in the study. The sample size for the survey was acceptable (Soper, 2019).

Table2: Confirmatory Factor Analysis

Observed	Unobserved Variables	Factor loadings	C.R	AVE	Cronbach's Alpha
IC1	Internal Communications (IC)	0.6586	0.905	0.616	0.897
IC2		0.6822			
IC3		0.8327			
IC4		0.8584			
IC5		0.8722			
IC6		0.7781			
TRG1	Training (TRG)	0.7885	0.769	0.534	0.842
TRG2		0.5416			
TRG3		c			
TRG4		0.829			
TRG5		c			
RW1	Rewards (RW)	0.6467	0.843	0.526	0.844
RW2		0.643			
RW3		c			
RW4		0.8286			
RW5		0.5545			
RW6		0.8974			
OCBI1	Organizational Citizenship Behavior towards Individuals (OCB-I)	0.662	0.811	0.52	0.806
OCBI2		0.8049			
OCBI3		0.6286			
OCBI4		c			
OCBI5		0.7735			
OCBI6		c			
OCBI7		c			
OCBI8		c			
OCBO1	Organizational Citizenship Behavior towards Organization (OCB-O)	c	0.889	0.537	0.871
OCBO2		0.7607			
OCBO3		0.7604			
OCBO4		0.8644			
OCBO5		0.6617			
OCBO6		0.7159			
OCBO7		0.5829			
OCBO8		0.7524			

Note: c- denotes items deleted during analysis, CR= composite reliability, AVE= average variance extracted

#### 4. Data analysis

Before analysis, the data was scrutinized to verify normality through Skewness and kurtosis values as per Kline (2011). As expected, the results are in accordance with normality criteria of  $\pm 2$ . Researchers followed two-step approaches of Anderson and Gerbing (1988) method to assess the measurement model and structural model through the maximum likelihood estimation method. The measurement model tested using confirmatory factor analysis (CFA) through AMOS version 23.0 to verify the reliability and validity of the constructs. Initially, the model did not meet the goodness of fit measures. During the analysis, indicators with poor factor loadings and cross-loadings removed. Subsequently, followed modification indices to correlated the redundant items eventually, proved the model fit with chi-square ( $\chi^2$ ) = 1.33, Tucker-Lewis Index (TLI) = .937, comparative fit index (CFI) = .944, root mean square error approximation (RMSEA) = .052. Results are consistent with Hair et al. (2010). Composite reliability (CR) values of five variables internal communications, training, rewards, OCBI, and OCBO were 0.905, 0.769, 0.843, 0.811, and 0.889, respectively. Likewise, average variance extracted (AVE) values ranges 0.616, 0.534, 0.526, 0.52, 0.537. CR and AVE values were above 0.70 and 0.50, as per recommendations of Fornell and Larcker (1981), and fulfilled the reliability. Further, Cronbach's values 0.897, 0.842, 0.844, 0.806, 0.871 exhibits the internal consistency. Table 2 represents the confirmatory factor analysis. Further, discriminant validity measured with the square root of AVE and values should be higher than the correlation between the variables. To our expectation, square root values of AVE were higher than correlations between the variables and fulfilled discriminant validity.

The proposed hypothesized model proved fit with ( $\chi^2$ ) = 1.42, TLI = 0.921, CFI = 0.930 and RMSEA = 0.58. The results of hypotheses proved to our expectations i.e., path analysis from IB towards OCBI ( $H1$ ) is significant and positive ( $\beta=0.28$ ,  $t= 2.41$ ). However, the hypotheses from IB to OCBO ( $H2$ ) exhibits significant and positive ( $\beta=0.54$ ,  $t= 4.45$ ). By this, we can predict that internal branding influences OCBO than OCBI. Thus,  $R^2$  values for OCBO explains 29 per cent—acceptable and OCBI with 8 per cent—weak.

#### 5. Discussion & Implications

The present study is conducted to examine the impact of internal branding on the organizational citizenship behaviours of the FLEs towards individuals and organizations working in the public sector banks of India. As predicted, the results indicate that internal branding influences OCBI and OCBO, respectively. Among these internal communications, mechanisms influence more towards internal branding, followed by training and rewards. The results support the findings of hospitality and banking research Du Preez et al. (2017); King and Grace (2012). An interesting finding of the research is that internal branding is more significant towards OCBO than OCBI— FLEs exhibits higher discretionary behaviours towards organization than others. When the FLEs receives internal branding initiatives from the organization, they tend to repay higher towards the organization than helping others. These outcomes are in line with Buil et al. (2016).

The findings suggest that bank managers need to organize internal communication workshops— to disseminate the brand information through newsletters, intranet, and display through dashboards. Besides, conducting training sessions by senior branch or zonal heads will enhance skill sets to improve service performance. To remain consistent in their roles, a proper reward system needs to emphasize in the banking sector—displaying the brand reputation through internal branding.

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