

Examining the Mediation Effect of Employee Engagement on Internal Brand Practices and Outcome Variables in the Organized Retail Sector

Urmila Itam and Sapna Singh
Reva University, Gachibowli, Hyderabad, India

Abstract: Engaging the hearts and minds of service employees plays a vital role in the firm's success. Engaged employees deliver passionate performance and develop strong intellectual and emotional attachment to the job and organization. The purpose of this study is to examine the mediation effect of employee's engagement on internal branding and employee outcome variables such as job satisfaction, employee loyalty and employee performance. The hypothetical model is developed based on the premise of social exchange theory and is tested on front-line service employees of organized retail stores located in South India. The findings of the study reveal that the internal brand practices are critical for engaging the hearts and minds of service employees with the job and organization and employee engagement has full mediation effect on internal branding practices and outcome variables.

Key words: Employee engagement, internal branding, job satisfaction, employee performance, employee loyalty

INTRODUCTION

Employee Engagement (EE) was rooted in the literature late 1800's by Fredrick Taylor and identified "how productivity influenced by employee's attitudes". Later, the thought of EE has been advanced and shaped during 1990's and still many researchers, academicians and consultants are working to reframe the definition to suite accordingly with the current competitive business conditions. However, EE in the current scenario stands no longer an idea of implementation but has advanced as a strategic tool for top managers to shape the sustainable business. In fact, service industry believes that the issue of engaging the hearts and minds of employees well remains as one of the greatest organization challenges and also the biggest business differentiator.

Dynamic global markets and changing economy are forcing organizations to adopt innovative techniques to address the new market realities. In order to execute these new trends in response to the changing context, a highly performing and skilled workforce is required. According to a research study conducted by Conference Board it was found that the corporate brand acts as a vital tool in attracting, retaining and engaging employees. Employees who feel positive about the collaboration among the business model and brand values incline to stay longer with the company and also be more engaged, leading to higher productivity (SHRM, 2010). Recognition of employee related brand practices as a key element in engaging service employees has propelled researchers to

examine the idea of internal branding. Internal branding is built on the premise of service orientation where service employees represent the brand qualities at the time of customer interaction. These qualities may be achieved by helping employees understand and embrace the meaning of the brand and acquire necessary skills and techniques to deliver the consistent and reliable customer experience (Lee *et al.*, 2013; Hijab *et al.*, 2011). Thus, it is identified that adopting internal brand practices are critical for delivering accurate brand promises to external customers and other stakeholders.

The retail industry is different with other service industries because of its discipline. In this environment, differentiation of services from the competitors is necessary because customers typically consider a set of alternatives during a service selection process. Hence, it is identified that frontline service employees are the final moment of truth for the retailer's success. Well performing service employees are difficult to be replicated as well as the main differentiators to the competitors at least in a short period of time (Lee *et al.*, 2013). Some previous studies examined antecedents and outcomes of employee engagement (Markos and Sridevi, 2010; Bhatnagar, 2007; Saks, 2006). However, little known is the mechanism between internal branding and employee engagement leads to desirable employee-related outcomes in a service context. To address this, the current study examines the mediation effect of employee engagement on internal brand practices and employee-related outcomes in the service context.

Literature review

Employee engagement: The term “employee engagement” depicts the connection between an organization and its workforce. It has gained huge attention in services context because engaged employees exhibit positive attitudes and behaviours when compared with unengaged employees. The pioneering work on employee engagement was associated with Kahn (1990) as employees differ in levels of connecting selves physically, emotionally and cognitively with the work roles in response to the resources they received from the organization. Similarly, engagement is referred as “psychological presence” which is a combination of 2 critical components: “attention-amount of time an individual spends in his/her work role which is also known as cognitive availability” and “absorption-being captivated in a given role” (Rothbard, 2001).

The multi-dimensional approach to employee engagement gained huge attention by many researchers and extended the limits of engagement literature with various organization attributes. Saks (2006) suggested 2 types of engagement-job engagement and organization engagement are distinct with each other and are helpful for understanding a relationship between engagement and outcome variables. Further, his study identified that perceived organizational support envisages both job engagement and organization engagement while job characteristics envisage job engagement and procedural justice envisage organization engagement. Considering the prior research works, the current study adopts the 2 engagement types-job engagement and organization engagement. Several other studies that conceptualized and proposed the antecedents or drivers of employee engagement in which very few studies were empirically showed the evidence between antecedents and engagement (Slatten and Mehmetoglu, 2011; Whittington and Galpin, 2010; Chughtai and Buckley, 2009; Burmann and Zeplin, 2005). Considering the prior research works, the current study adopts the 2 engagement types-job engagement and organization engagement.

In addition, employee engagement leads to positive outcomes such as for as job satisfaction (Abraham, 2012; Saks, 2006) organizational citizenship behaviour (Saradha and Patrick, 2011; Saks, 2006; Robinson *et al.*, 2004) organisational commitment (Saks, 2006; Robinson *et al.*, 2004) innovative behaviour, employee loyalty and performance (Rooy *et al.*, 2011; Slatten and Mehmetoglu, 2011; Chughtai and Buckley, 2009). For example, Saks (2006) show that organizational citizenship behaviour is an outcome of organization engagement and job satisfaction is an outcome of job engagement. In

summary, studies suggested that employee related practices such as internal communication, training and development programs and flexible work arrangements should be considered for further research. Also, suggests that employee engagement results in many positive outcomes for the organization. Considering the above suggestions, this study involves communication and training in addition to the effect of leadership on employee engagement.

Internal branding: Brands and branding are inevitable and are seen everywhere from many years while the concept of internal branding has been gaining a lot of attention in recent times because of its unique contribution in linking service employees with the organizations brand promise. Unlike the other industries where products serve as a mediator between internal and external environment whereas in services context employees play a vital role in delivering the brand promise to the customers (Lee *et al.*, 2013; Punjaisri *et al.*, 2009a, b). It is also highlighted in the internal branding literature that service employees are the greatest brand differentiators in the overall organizational process. This is because the brand experience is purely based on the delivery quality of the service employees to the external environment (customers and other stakeholders) (Foster *et al.*, 2010; Punjaisri *et al.*, 2009a, b). Consequently, employee's attitudinal and behavioural aspects were taken as fundamentals in the process of brand promise deliver. Thus, internal branding refers as an enabler of an organization to convert the espoused brand standards to reality by harmonising the employee's attitudes and behaviours with the organization's brand at each service encounter (Burman *et al.*, 2009; Punjaisri *et al.*, 2009a, b; Aurand *et al.*, 2005).

Much of the internal branding literature stresses on the holistic approach where all the organizational aspects such as “communication, identity and image, human resource management and functions and organizational culture” should be integrated into the process (Gotsi and Wilson, 2001; Aurand *et al.*, 2005; Vallaster and Chernatony, 2005; Chernatony *et al.*, 2006; Punjaisri and Wilson, 2007; Punjaisri *et al.*, 2008; 2009a, b). Further, studies also highlighted the importance of IB as a cross-functional activity integrating marketing and human resources departments (Punjaisri *et al.*, 2009a, b; Burmann *et al.*, 2009). Internal communication can be viewed as a tool to address the required changes at the cognitive levels. The systematic and planned communication system improves the employee's brand knowledge and also helps in building strong “on-brand

attitudes” (Harris and de Chernatony, 2001; Pujaisri and Wilson, 2007). Internal communication aims to secure the employee’s commitment and commonly shared vision increases the level of satisfaction and brand loyalty, these are considered as expected outcomes of internal branding process (Chernatony, 2001; Burman and Zeplin, 2005).

Brand oriented recruitment and training plays a vital role in the internal branding process, this impacts the employee performance and productivity (Lee *et al.*, 2013). Recruiting employees with high state of common agreement between personal and brand values are not very easy; it involves more risk when a less suitable potential hire enters into the system (Burman and Zeplin, 2005; Punjaisri *et al.*, 2009a, b). Therefore, orientation and training programs should be provided early after recruitment to employees which helps employees to handle their job roles perfectly (King and Grace, 2008, 2006) because of which they can address the customer requirements and issues with confidence (Chernatony and Cottam, 2006) and be more customer focused (Lings *et al.*, 2008; Punjaisri *et al.*, 2009) stated that brand oriented training programs can enhance employee’s skills and knowledge in order to improve the individual’s ability to deliver the brand promise clearly. Another important factor of internal branding is brand oriented leadership which is considered to be vital for consistent brand promise delivery. According to Wallace *et al.* (2011) great leadership helps service organizations to achieve competitive advantage in the business environment and also strong employee commitment and on-brand behaviour. Later studies argued that direct communication from the top management has a greater impact on employee willingness to acquire brand oriented behaviour (Lings *et al.*, 2008). Similarly, when top-management exhibit high brand commitment and work side-by-side with the employees also fosters their satisfaction and loyalty towards the brand.

Outcome variables: Employee job satisfaction literature highlighted the link between satisfied employee’s and organizational success factors in the services context (Cranny *et al.*, 1992; Antoncic and Antoncic, 2011). It refers to employee’s general attitudes and feelings towards the job and its characteristics (Gunlu *et al.*, 2010; Kim *et al.*, 2005; Lee *et al.*, 2006). According to Brown and Peterson (1993) job satisfaction in service orientation has been referred as the service provider’s emotional evaluations about the situations and experience of the jobs they provided.

Over decades changing relationships between employee and employer has been evolved from static to

more dynamic unexpected ones. The education levels and opportunities have made job contracts more flexible and commitment with the employer is no longer a guarantee with increasing pay benefits, promotions and recognitions. Therefore, several studies has made an attempt to test employee loyalty in various conditions and concluded that employee loyalty is an individual psychological attachment towards an employer/organization that caused as an outcome of increased job satisfaction (Ineson *et al.*, 2013; Kazlauskaitė *et al.*, 2012; Chen and Wallace, 2011).

Several studies highlighted the outcome of employee attitudes is associated with the organizational performances such as customer satisfaction and loyalty, profitability and growth, particularly in the services sector (Ineson *et al.*, 2013; Lee *et al.*, 2006). Further, employee loyalty is an individual attitude and willingness to work beyond expectations to achieve organization goals (Becker *et al.*, 1995). However, attitudes are termed as general relationships and may terminate at any time therefore, it is important to convert the favourable employee attitudes to specific behaviours leading to extra-role performances (Lee *et al.*, 2013; Ahn *et al.*, 2011).

Hypotheses and conceptual framework: To begin with the relationship between internal branding and employee engagement was developed. Various studies from both the practitioners and academicians confirmed the inter-relationships among the constructs. To make it clearer, the current study borrowed the concept of Social Exchange Theory (SET) developed by Blau (1964) in order to explain the synergy that exists between the constructs. The fundamental premise of SET explains that human beings are social and have the tendency to compare their benefits with the costs associated with the social relationships they involved. When these associations exceed their expectations in exchange they tend to extend their stay in the relationships for some more time and this process will continue (Blau, 1964). Several other studies supported this exchange theory and concluded that the employees build social relationships with the working organizations in a broader sense; employees reciprocate themselves with the organization in response to the receipt of a favour they receive by the employer (Aryee *et al.*, 2002; Colquitt and Rodell, 2011; Lee *et al.*, 2013).

Studies on internal branding suggested that employee related brand practices within the organization help them to understand the firm’s mission and direction (Punjaisri and Wilson, 2007) and also feel that they are kept informed about the organization’s past, present and

future achievements and aspirations (Slatten and Mehmetoglu, 2011). In addition, employee's level of understanding and clarity about the corporate brand would reduce their misperception about the job and position in the organization. In turn, employees would more likely to feel obliged to respond themselves by engaging with the job and organization and also enhances their brand supporting behaviour (Punjaisri and Wilson, 2007; Slatten and Mehmetoglu, 2011). Moreover, when employer treated their employees as critical internal assets in return employees tend to exhibit their support by engaging themselves with the job and organization leading to higher employee job satisfaction (Lee *et al.*, 2013). Thus, this study proposes the following hypotheses based on the discussion above:

- H_{1a}: Internal branding has a significant positive relationship with employee engagement
- H_{1b}: Internal branding has a significant positive relationship with job satisfaction

Employee engagement is considered to be critical for any employer to construct superior work culture as well as the consequences desirable to the organization in terms of job satisfaction and intention to stay (Saks, 2006) innovative work behaviour and employee retention (Slatten and Mehmetoglu, 2011; Christensen and Rog, 2008) as well as in-role and extra-role performance (Robertson and Markwick, 2009). According to a study, employee engagement is repeatedly linked with the concept of employee loyalty and performance and further concluded that employees who connected emotionally with the firm's business are claimed as "top performers" and they feel appreciated, validated and intention to stay within the system (Allegiance, 2007; SESR, 2007). Employees who exhibit high levels of engagement seem to have strong attention and focus on their work-roles (Saks, 2006; Kahn, 1990). Therefore, the study proposes that the level of employee engagement will influence on the employees feel about the job that is job satisfaction and the organization that is employee loyalty and performance:

- H_{2a}: Employee engagement has a significant positive effect on job satisfaction
- H_{2b}: Employee engagement has a significant positive effect on employee loyalty
- H_{2c}: Employee engagement has a significant positive effect on employee performance

Job satisfaction is listed with many positive organizational outcomes especially linked with the

customer related outcomes such as customer buying intention and customer loyalty (Gu and Chi, 2009; Lee *et al.*, 1999). This has shifted the focus of job satisfaction towards service employees attitude and behaviour that is highly satisfied service employees will exhibit the brand supported attitude and behaviour (employee loyalty and performance) (Punjaisri *et al.*, 2008; Lee *et al.*, 2006). The study concludes that when employees are characterized as highly satisfied then their perceptions of the work and the workplace will change positively. Basing on the above discussion the following hypotheses are formed:

- H_{3a}: Job satisfaction has a significant positive effect on employee loyalty
- H_{3b}: Job satisfaction has a significant positive effect on employee performance

Several studies attempted to use employee engagement as a mediator between many organizational conditions includes work conditions like job characteristics, perceived organizational and supervisor support, procedural and distributive justice (Saks, 2006) and communication (Welch, 2011) as well as organizations outcomes such as job satisfaction, organizational commitment and citizenship behaviour, intention to quit or withdrawal (Saks, 2006; Maslach *et al.*, 2001). Organizations who invest their time and money on implementing internal branding practices would experience signs of support from the employees and over a period these signs will force them to respond with the positive actions to the organization (Blau, 1964). Whereas, these positive actions are be conceptualised for the study as the work-related attitudes and behaviour (job engagement) and work outcomes (organization engagement):

- H₄: Employee engagement mediates the relationship between internal branding and job satisfaction

MATERIALS AND METHODS

The nature of the study is descriptive and explanation. Data was collected from the front-line employees of five organized retailers located in India. The rationale for considering organized retailers was that these retailers employ better and advanced people management practices like internal branding, employer branding and much more. Using the list of organized retailers in India that were registered in the Retail Association of India (RAI) the researcher contacted 9 retailers in South India,

Table 1: Demographic profile of the respondents

| Characteristics/category | Frequency | % |
|---|-----------|------|
| Gender | | |
| Male | 474 | 56.2 |
| Female | 370 | 43.8 |
| Age (years) | | |
| 18-25 | 273 | 32.3 |
| 26-35 | 444 | 52.6 |
| 36-45 | 112 | 13.3 |
| 46-55 | 15 | 1.8 |
| Marital status | | |
| Single | 143 | 16.9 |
| Married | 701 | 83.1 |
| Education | | |
| SSC | 5 | 0.6 |
| Under graduation | 196 | 23.2 |
| Graduation | 590 | 69.9 |
| Post-graduation | 53 | 6.3 |
| Experience in current organization | | |
| 6 months to 1 year | 57 | 6.8 |
| 1-2 year | 403 | 47.7 |
| 2-3 year | 339 | 40.2 |
| 3-5 year | 45 | 5.3 |
| Total experience in the retail sector (year) | | |
| <5 | 484 | 57.3 |
| 5-10 | 325 | 38.5 |
| 10-15 | 35 | 4.1 |
| Nature of job | | |
| Sales | 199 | 23.6 |
| Customer relations | 510 | 60.4 |
| Supervisor | 69 | 8.2 |
| Administration | 66 | 7.8 |
| Position in the company | | |
| Lower management | 57 | 6.8 |
| Administrative | 76 | 9.0 |
| Customer touch points | 711 | 84.2 |
| Plan in next 3 year | | |
| Work with same company | 582 | 69.0 |
| Change company | 259 | 30.7 |
| Early retirement | 3 | 0.4 |

in which 5 retailers agreed to participate in the study. Copies of questionnaires were distributed to the front-line employees of 108 stores owned by the 5 retailers in the Southern-India. Total of 1714 questionnaires were distributed in which 1129 were received and a total of 844 valid questionnaires were considered for the study. Table 1 shows the demographic profile of the respondents.

Based on the prior research, the measure for the key constructs was developed and measured using Likert 5 point scale ranging from “strongly disagree” to “strongly agree”. Table 2 shows a summary of the scale items. To begin with the latent variable internal branding consisting of 12 items that included internal communication, training and leadership elements (Punjaisri and Wilson, 2007; Punjaisri *et al.*, 2009a; King and Grace, 2008; 2006). Further, employee engagement scale was developed to measure employee’s perceptions towards job engagement with 9 items and organization engagement with 7 items

(Lee *et al.*, 2013; Slatten and Mehmetoglu, 2011; Robertson and Cooper, 2009; Saks, 2006). Lastly, the employee outcome variables-job satisfaction was measured with 9 items (Lee *et al.*, 2013; Saks, 2006) employee loyalty with 7 items (Punjaisri and Wilson, 2011; Chang *et al.*, 2010; Zeithaml *et al.*, 1996; Colarelli, 1984) and employee performance with 6 items (Punjaisri and Wilson, 2007; Chang *et al.*, 2010).

The test of reliability refers to measure the consistency of a measurement scale and it is denoted with Cronbach’s alpha. The internal consistency of the measurement scales was more than the acceptable level (>0.9) which indicates that the study constructs having good internal reliability. KMO and Bartlett’s test of sphericity was adopted to confirm the sample considered for the study was adequate and appropriate to conduct factor analysis. The results estimated were in the range of the acceptable criteria (>0.8) which indicates that the sample considered for the study was adequate (Hutcheson and Sofroniou, 1999; Kaiser, 1974). Stevens (2002) recommends that factors with >0.4 factor loadings will explain acceptable variance in the variables. Therefore, the study considered variables with factor loadings >0.4 for further analysis and loadings <0.4 were removed from the study as shown in Table 2. Confirmatory Factor Analysis (CFA) is similar to other multivariate techniques and this helps the researcher to either confirm or reject the developed measurement theory. The overall management statistics supported the overall measurement quality given a large sample and the number of indicators (Lee *et al.*, 2013).

RESULTS AND DISCUSSION

According to Malhotra (2007) to test a causal model, establishing adequate validity and reliability to the measure scales is very important. Therefore, convergent, discriminant and nomological validity as well as construct reliability were tested. All CFA standardized factor loadings were ranging from 0.8-0.9 and were >0.7 thresholds (Hair *et al.*, 2010). Average variance extracted were >0.5 thresholds which indicating that the measurement scales having convergent validity (Hair *et al.*, 2010). According to Fornell and Larcker (1981) for establishing discriminant validity the observed average variance extracted must be greater than the squared correlation of the factor and the measurement scales has sacrificed the condition. Moreover, each observed items in the measurement scales were significantly correlated with the corresponding latent

Table 2: Analysis of the measures

| Items | Path coefficients | t-values | CR | AVE |
|--|-------------------|----------|------|------|
| Internal communication and training | | | 0.94 | 0.76 |
| The organization I work in is communicating formal brand related material to me and my colleagues (brochures, booklets, e-mail, etc.) ^(a) | | | | |
| The organization I work in informs me what our organizations brand stands for | 0.89 | # | | |
| The organization I work in informs me of my role in the organization | 0.85 | 22.42 | | |
| I have received training/instructions about how I should carry out my work role | 0.9 | 21.86 | | |
| I have received training/instructions about how I should treat customers | 0.88 | 21.74 | | |
| I have received training/instructions about how to be customer focused | 0.82 | 20.83 | | |
| Leadership | | | 0.9 | 0.72 |
| I am allowed a high degree of own initiative when taking care of customers ^(a) | -- | -- | | |
| My manager (s) regularly work side by side with me and my colleagues in the daily work | 0.87 | # | | |
| My manager (s) act as a role model in my daily work | 0.82 | 30.975 | | |
| When I first started working here the company's values matched my own values well ^(a) | -- | -- | | |
| I am encouraged by my managers to make own decisions regarding the daily work | 0.8 | 29.927 | | |
| What my organization's brand stands for is reflected in my daily work | 0.89 | 34.289 | | |
| Job engagement | | | 0.97 | 0.86 |
| I really "throw" myself into my job | 0.97 | # | | |
| Sometimes, I am so into my job that I lose track of time | 0.963 | 75.83 | | |
| This job is all consuming, I am totally into it | 0.858 | 45.01 | | |
| My mind never wanders and I do not think of other things when doing my job ^(a) | -- | -- | | |
| I am enthusiastic about the job I do | 0.907 | 54.01 | | |
| I view my job as being meaningful and purposeful | 0.909 | 54.5 | | |
| When I wake up in the morning, I really want to go to work ^(a) | -- | -- | | |
| I feel unhappy when I need to continue working for longer hours ^(a) | -- | -- | | |
| I am highly engaged in this job | 0.925 | 59.94 | | |
| Organization engagement | | | 0.94 | 0.83 |
| Being a member of this organization is very captivating ^(a) | -- | -- | | |
| I am really into the "goings-on" in this organization | 0.914 | # | | |
| Being a member of this organization makes me come "alive" | 0.889 | 41.832 | | |
| Being a member of this organization is exhilarating for me ^(a) | -- | -- | | |
| One of the most exciting things for me is getting involved with things happening in the organization ^(a) | -- | -- | | |
| I am highly engaged in this organization | 0.951 | 50.271 | | |
| I am committed to this organization | 0.914 | 45.068 | | |
| Job satisfaction | | | 0.97 | 0.82 |
| In general, I like my job very much | 0.961 | # | | |
| In general, I like working here | 0.944 | 62.979 | | |
| I am sure that my current job is suitable for my capability and aptitude | 0.921 | 55.72 | | |
| In general, I feel very comfortable working here | 0.837 | 35.355 | | |
| I am usually passionate about my job | 0.872 | 45.16 | | |
| My job is like a hobby to me | 0.89 | 48.52 | | |
| I find real pleasure from my job | 0.932 | 58.989 | | |
| I am disappointed with my job that I am doing ^(a) | -- | -- | | |
| All in all, I am satisfied with my job | 0.885 | 47.464 | | |
| Employee loyalty | | | 0.95 | 0.8 |
| I will be happy to spend the rest of career in this organization | 0.898 | # | | |
| I am planning to search for a new job during the next 12 months | 0.854 | 36.138 | | |
| My intention to stay is driven by the fact that I am competent in delivering the brand promise | 0.879 | 52.958 | | |
| I say positive things about my organization to other people | 0.869 | 37.312 | | |
| I recommend our organization to someone who seeks my advice | 0.962 | 49.262 | | |
| I often transmit brand positive value to my friends and family | 0.896 | 40.498 | | |
| I have trust and loyalty towards the organization brand | 0.87 | 37.918 | | |
| Employee Performance | | | 0.95 | 0.77 |
| The quality level of my services meets the brand standards of the organization | 0.92 | # | | |
| I can successfully fulfil the responsibilities specified in my job | 0.92 | 55.853 | | |
| I effectively fulfil the promise that the brand has with customers | 0.912 | 44.086 | | |
| I always handle customers specific requests within a standard set for the brand | 0.866 | 33.405 | | |
| I strengthen my professional knowledge to foster brand value and performance | 0.792 | 31.1 | | |
| I am willing to endlessly enhance my brand-related skills to meet the desire brand performance | 0.818 | 33.758 | | |

$\chi^2 = 3.420$, $df = 714$, $p = 0.000$, $NFI = 0.945$, $CFI = 0.960$, $GFI = 0.878$, $AGFI = 0.860$, $RMR = 0.047$; AVE-Average Variance Extracted; CR: Construct Reliability; # t-value is fixed at one and hence not estimated; ^aitems were deleted for further analysis based on the results of confirmatory factor analysis

factors. It is indicating that the nomological validity was established. The thumb rule of construct reliability is value must be >0.7 and the results ranging from 0.8-0.9 indicating that the items exhibiting strong internal

consistency. Thus, the measurement scales having both validity and reliability for establishing relationships for further analysis which is clearly shown in Table 2 and 3.

Table 3: Means, SD and correlation values

| Variables | Mean | SD | 1 | 2 | 3 | 4 | 5 |
|----------------------|------|------|---------|---------|---------|-------|---|
| Internal branding | 3.66 | 0.94 | 1 | | | | |
| Employee engagement | 3.64 | 1.05 | 0.47** | 1 | | | |
| Job satisfaction | 3.67 | 1.11 | 0.323** | 0.701** | 1 | | |
| Employee loyalty | 3.56 | 0.95 | 0.422** | 0.812** | 0.723** | 1 | |
| Employee performance | 3.56 | 1.05 | 0.35** | 0.693** | 0.68** | 0.7** | 1 |

**Correlation is significant at the 0.01level (2 tailed)

Table 4: Results of hypotheses testing

| Hypothesis | Path | Standardized coefficients | t-values | Results |
|-----------------|--|---------------------------|----------|---------------|
| H _{1a} | Internal Branding-Employee engagement | 0.470 | 15.495 | Supported |
| H _{1b} | Internal Branding-Job satisfaction | -0.008 | -0.281 | Not-supported |
| H _{2a} | Employee engagement-Job satisfaction | 0.704 | 25.300 | Supported |
| H _{2b} | Employee engagement-Employee loyalty | 0.602 | 22.876 | Supported |
| H _{2c} | Employee engagement-Employee performance | 0.382 | 13.214 | Supported |
| H _{3a} | Job satisfaction-Employee loyalty | 0.287 | 11.592 | Supported |
| H _{3b} | Job satisfaction-Employee performance | 0.322 | 11.850 | Supported |
| H ₄ | Mediation effect of employee engagement | - | - | Supported |

AMOS bootstrap results (2000 samples): Path; internal branding-Job satisfaction; Indirect effect: 0.43; LB: 0.36; UB: 0.51; Sig.: **, Mediated by: Employee engagement (full mediation); R² (SMC); Employee engagement: 0.47 (47%); Job satisfaction: 0.49 (49%); Employee loyalty: 0.71 (71%); Employee performance: 0.55 (55%); $\chi^2 = 3.575$; df = 2; p = 0.028; NFI = 0.997; CFI = 0.998; GFI = 0.997; AGFI = 0.975; RMR = 0.012; ***p<0.001; **p<0.01

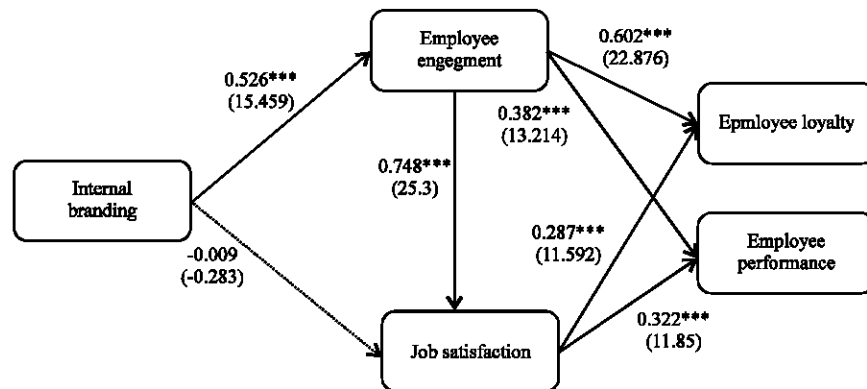


Fig. 1: Results of conceptual framework: non-significant relationship is represented by a dotted line. Path coefficients are reported with their associated t-values in parentheses; ***p<0.001; $\chi^2 = 3.575$; df = 2; p = 0.028; NFI = 0.997; CFI 0.998; GFI = 0.997; AGFI = 0.975; RMR = 0.012

The hypothesized model was tested using AMOS version 21 and the results are reported in Fig. 1. The goodness fit statistics suggest that the proposed model fits well with the data. H_{1a-1b} addressed that internal branding would have a significant positive relationship with employee engagement and job satisfaction. The analysis suggests that internal branding has a significant positive relationship with employee engagement (0.47, p<0.001) but no positive relationship between job satisfaction (-0.008, ns). H_{2a-2c} expected that employee engagement would have a significant positive relationship with job satisfaction, employee loyalty and employee performance. Similarly, H_{3a-3b} expected that job satisfaction would have a significant positive relationship with employee loyalty and employee performance. The findings of the study support the respective hypotheses. Therefore, the study shows that job satisfaction is a significant predictor of employee loyalty and performance.

Lastly, H₄ predicted that employee engagement would mediate the relationship between internal branding and employee job satisfaction. In order to test the mediation effect of employee engagement the medthis of bootstrapping (Bollen and Stine, 1990; Shrout and Bolger, 2002) was conducted with 2000 samples which were randomly generated by the AMOS software based on the actual sample size.

The results of bootstrapping revealed that the mediation effect of employee engagement was significant (LB = 0.36, UB = 0.51 at p<0.01) on the relationship between internal branding and employee job satisfaction. However, the direct effect of internal branding on job satisfaction is not significant and this indicates that employee engagement plays a full mediating role in the relationship between internal branding and job satisfaction as shown in Table 4.

This research has examined the structural relationships of internal branding employee engagement

outcome variables (job satisfaction, employee loyalty and employee performance). This study assumed to be unique in terms of drawing relationships between employee centric internal branding practices, employee engagement and employee outcome variables in the Indian context especially in services context (front-line organized retail employees). The study provides empirical evidence that internal brand practices have a significant positive direct effect on employee engagement. One of the critical success factors for service organizations today is service employee's positive attitude and behaviour through engagement.

CONCLUSION

The current study examines that in order to achieve employee engagement, it is important that service organizations must focus on implementing internal brand practices so that service employees are prepared with necessary skills sets for high job performance. Further, the findings of the study support that engaged employees exhibits positive attitudes and behaviour in terms of job satisfaction, employee loyalty and employee performance. Moreover, employee engagement fully mediates the relationships between internal branding and job satisfaction. These findings are consistent with the social exchange theory and coordinated with the 2 findings of conducted studies (Lee *et al.*, 2013; Lee *et al.*, 2006; Wu and Norman, 2006).

LIMITATIONS

This study adopted purposive sampling method which is a non-random sampling technique and may have a chance of sampling bias. Therefore, future studies can adopt random sampling techniques to avoid sampling bias for further validation. The current study tested the relationships in Indian organized retail context (front-line employees). In order to understand better about the synergies exists among the study constructs researchers can re-test this model in other services context also. Finally, the study examined the relationships based on the existing employee's perceptions. Knowing the perceptions of internal resources help to understand the type of relationships whereas involving all the organization stakeholder groups would give full and clear understanding of the two-way relationships for example, effective delivery of corporate brand promise leads to customer satisfaction (perceptions of customers) attracts potential hires (perceptions of prospective employees) shareholders return on invest (perceptions of shareholders) and total return on investment (top-management perceptions). This is one of the most important and critical direction for further research.

RECOMMENDATIONS

Some recommendations are proposed in accordance with the findings of the study. Retailers should consider that successful implementation of internal brand practices increases the employee engagement scores which in turn leads to positive attitude and behaviour. Therefore, service organizations should concentrate more on effective implementation of internal communication, training and leadership practices to achieve high levels of employee engagement. Internal support is vital for nurturing and fostering a work environment that avails employees of high job satisfaction, employee loyalty and performance. This is very important and critical in service context because employee turnover is the greatest challenge in this sector. Therefore, retailers should realize that retaining the best talents is critical for organizations growth and profitability and also saves the costs associated with recruitment and training the new staff.

REFERENCES

- Abraham, S., 2012. Development of employee engagement programme on the basis of employee satisfaction survey. *J. Econ. Dev. Manage. IT. Finance Marketing*, 4: 27-37.
- Ahn, S.S., Y.O. Park and B.H. Kang, 2011. A study on the effect of service quality on attitudinal and behavioral loyalty by different types of restaurants. *Korean J. Culinary Res.*, 17: 26-43.
- Allegiance, 2007. The top 11 ways to increase your employee loyalty. Allegiance, San Diego, California.
- Antonicic, J.A. and B. Antonicic, 2011. Employee satisfaction, intrapreneurship and firm growth: A model. *Ind. Manage. Data Syst.*, 111: 589-607.
- Aryee, S., P.S. Budhwar and Z.X. Chen, 2002. Trust as a mediator of the relationship between organizational justice and work outcomes: Test of a social exchange model. *J. Org. Behav.*, 23: 267-285.
- Aurand, T.W., L. Gorchels and T.R. Bishop, 2005. Human resource management's role in internal branding: An opportunity for cross-functional brand message synergy. *J. Product Brand Manage.*, 14: 163-169.
- Becker, T.E., D.M. Randall and C.D. Riegel, 1995. The multidimensional view of commitment and the theory of reasoned action: A comparative evaluation. *J. Manage.*, 21: 617-638.
- Bhatnagar, J., 2007. Talent management strategy of employee engagement in Indian ITES employees: Key to retention. *Employee Relat.*, 29: 640-663.
- Blau, P.M., 1964. *Exchange and Power in Social Life*. 1st Edn., John Wiley and Sons, New York, USA., ISBN-13: 9780887386282, Pages: 352.

- Bollen, K.A. and R. Stine, 1990. Direct and indirect effects: Classical and bootstrap estimates of variability. *Sociological Method.*, 20: 115-140.
- Brown, S.P. and R.A. Peterson, 1993. Antecedents and consequences of salesperson job satisfaction: Meta-analysis and assessment of causal effects. *J. Market. Res.*, 30: 63-77.
- Burmann, C. and S. Zeplin, 2005. Building brand commitment: A behavioural approach to internal brand management. *J. Brand Manage.*, 12: 279-300.
- Burmann, C., S. Zeplin and N. Riley, 2009. Key determinants of internal brand management success: An exploratory empirical analysis. *J. Brand Manage.*, 16: 264-284.
- Chang, C.C., C.M. Chiu and C.A. Chen, 2010. The effect of TQM practices on employee satisfaction and loyalty in government. *Total Qual. Manage.*, 21: 1299-1314.
- Chen, L. and M. Wallace, 2011. Multiskilling of frontline managers in the five star hotel industry in Taiwan. *Res. Pract. Hum. Resour. Manage.*, 19: 25-37.
- Chernatony, D.L. and S. Cottam, 2006. Internal brand factors driving successful financial services brands. *Eur. J. Marketing*, 40: 611-633.
- Chernatony, D.L., S. Cottam and H.S. Segal, 2006. Communicating services brands values internally and externally. *Serv. Ind. J.*, 26: 819-836.
- Chernatony, L.D., 2001. A model for strategically building brands. *J. Brand Manage.*, 9: 32-44.
- Christensen, H.J. and E. Rog, 2008. Talent management: A strategy for improving employee recruitment, retention and engagement within hospitality organizations. *Int. J. Contemp. Hospitality Manage.*, 20: 743-757.
- Chughtai, A.A. and F. Buckley, 2009. Linking trust in the principal to school outcomes: The mediating role of organizational identification and work engagement. *Int. J. Educ. Manag.*, 23: 574-589.
- Colarelli, S.M., 1984. Methods of communication and mediating processes in realistic job previews. *J. Applied Psychol.*, 69: 633-642.
- Colquitt, J.A. and J.B. Rodell, 2011. Justice, trust and trustworthiness: A longitudinal analysis integrating three theoretical perspectives. *Acade. Manage. J.*, 54: 1183-1206.
- Cranney, C.J., P.C. Smith and E.F. Stone, 1992. *Job Satisfaction: How People Feel about their Jobs and How it Affects their Performance*. Lexington Books, New York, USA., ISBN-13: 9780669212891, Pages: 296.
- Fornell, C. and D.F. Larcker, 1981. Evaluating structural equation models with unobservable variables and measurement error. *J. Market. Res.*, 18: 39-50.
- Foster, C., K. Punjaisri and R. Cheng, 2010. Exploring the relationship between corporate, internal and employer branding. *J. Prod. Brand Manage.*, 19: 401-409.
- Gotsi, M. and A. Wilson, 2001. Corporate reputation management: Living the brand. *Manage. Decis.*, 39: 99-104.
- Gu, Z. and S.S.R. Chi, 2009. Drivers of job satisfaction as related to work performance in Macao casino hotels: An investigation based on employee survey. *Int. J. Contemp. Hospitality Manage.*, 21: 561-578.
- Gunlu, E., M. Aksarayli and N.S. Percin, 2010. Job satisfaction and organizational commitment of hotel managers in Turkey. *Int. J. Contemporary Hospitality Manag.*, 22: 693-717.
- Hair, J.F., W.C. Black, J.B. Babin and E.R. Anderson, 2010. *Multivariate Data Analysis*. 7th Edn., Pearson Prentice Hall, Upper Saddle River, New Jersey.
- Harris, F. and L. de Chernatony, 2001. Corporate branding and corporate brand performance. *Eur. J. Market.*, 35: 441-456.
- Hijab, A.M.K., S. Maqsood, M. Kashif, Z. Ahmad and I. Akber, 2011. Internal branding in telecommunication sector of Pakistan: Employee's perspective. *Asian J. Bus. Manage.*, 3: 161-165.
- Hutcheson, G.D. and N. Sofroniou, 1999. *The Multivariate Social Scientist: Introductory Statistic Using Generalized Linear Models*. Sage Publication, London, ISBN: 9780761952015, Pages: 276.
- Ineson, E.M., E. Benke and J. Laszlo, 2013. Employee loyalty in Hungarian hotels. *Int. J. Hospitality Manage.*, 32: 31-39.
- Kahn, W.A., 1990. Psychological conditions of personal engagement and disengagement at work. *Acad. Manage. J.*, 33: 692-724.
- Kaiser, H.F., 1974. An index of factorial simplicity. *Psychometrika*, 39: 31-36.
- Kazlauskaitė, R., I. Buciuniene and L. Turauskas, 2012. Organisational and psychological empowerment in the HRM-performance linkage. *Employee Relat.*, 34: 138-158.
- Kim, W.G., J.K. Leong and Y.K. Lee, 2005. Effect of service orientation on job satisfaction, organizational commitment and intention of leaving in a casual dining chain restaurant. *Int. J. Hosp. Manage.*, 24: 171-193.
- King, C. and D. Grace, 2006. Exploring managers perspectives of the impact of brand management strategies on employee roles within a service firm. *J. Serv. Marketing*, 20: 369-380.
- King, C. and D. Grace, 2008. Internal branding: Exploring the employee's perspective. *J. Brand Manage.*, 15: 358-372.

- Lee, Y.K., D.H. Park and D.K. Yoo, 1999. The structural relationships between service orientation, mediators and business performance in Korean hotel firms. *Asia Pac. J. Tourism Res.*, 4: 59-70.
- Lee, Y.K., J.H. Nam, D.H. Park and K.A. Lee, 2006. What factors influence customer-oriented prosocial behavior of customer-contact employees?. *J. Serv. Market.*, 20: 251-264.
- Lee, Y.K., S. Kim and S.Y. Kim, 2013. The impact of internal branding on employee engagement and outcome variables in the hotel industry. *Asian Pac. J. Tourism Res.*, 19: 1359-1380.
- Lings, I., A. Beatson and S. Gudergan, 2008. The impact of implicit and explicit communications on frontline service delivery staff. *Serv. Ind. J.*, 28: 1431-1443.
- Mallhotra, N., 2007. *Marketing Research-An Applied Orientation*. Pearson Education Inc, New Delhi, India.
- Markos, S. and M.S. Sridevi, 2010. Employee engagement: The key to improving performance. *Int. J. Bus. Manage.*, 5: 89-96.
- Punjaisri, K. and A. Wilson, 2007. The role of internal branding in the delivery of employee brand promise. *J. Brand Manage.*, 15: 57-70.
- Punjaisri, K., A. Wilson and H. Evanschitzky, 2008. Exploring the influences of internal branding on employees' brand promise delivery: Implications for strengthening customer-brand relationships. *J. Relat. Marketing*, 7: 407-424.
- Punjaisri, K., H. Evanschitzky and A. Wilson, 2009a. Internal branding: An enabler of employees' brand-supporting behaviours. *J. Serv. Manage.*, 20: 209-226.
- Punjaisri, K., A. Wilson and H. Evanschitzky, 2009b. Internal branding to influence employees' brand promise delivery: A case study in Thailand. *J. Ser. Manage.*, 20: 561-579.
- Robertson, G.S. and C. Markwick, 2009. *Employee engagement: A review of current thinking*. Institute for Employment Studies, Brighton, UK.
- Robertson, I. and C. Cooper, 2009. Full engagement: The integration of employee engagement and psychological well-being. *Leadership Organ. Dev. J.*, 31: 324-336.
- Robinson, D., S. Perryman and S. Hayday, 2004. *The drivers of employee engagement*. IES Report No. 408, Institute for Employment Studies, Brighton, UK., April 2004.
- Rooy, D.L.V., D.S. Whitman, D. Hart and S. Caleo, 2011. Measuring employee engagement during a financial downturn: Business imperative or nuisance?. *J. Bus. Psychol.*, 26: 147-152.
- Rothbard, N.P., 2001. Enriching or depleting? The dynamics of engagement in work and family roles. *Admin. Sci. Q.*, 46: 655-684.
- SESR., 2007. *Employee engagement in the public sector: A literature review*. Scottish Executive Social Research, <http://www.scotland.gov.uk/Resource/Doc/176883/0049990.pdf>
- SHRM., 2010. *Employer brand in India: A strategic HR tool*. The Society for Human Resource Management, USA.
- Saks, A.M., 2006. Antecedents and consequences of employee engagement. *J. Manage. Psychol.*, 21: 600-619.
- Saradha, H. and H.A. Patrick, 2011. Employee engagement in relation to organizational citizenship behavior in information technology organizations. *J. Marketing Manage.*, 2: 74-90.
- Shrout, P.E. and N. Bolger, 2002. Mediation in experimental and nonexperimental studies: New procedures and recommendations. *Psychol. Methods*, 7: 422-445.
- Slatten, T. and M. Mehmetoglu, 2011. Antecedents and effects of engaged frontline employees: A study from the hospitality industry. *Managing Serv. Qual.*, 21: 88-107.
- Stevens, J.P., 2002. *Applied Multivariate Statistics for the Social Sciences*. 4th Edn., Lawrence Erlbaum Associates, Inc., Publishers, Hillsdale, New Jersey, pp: 699.
- Vallaster, C. and D.L. Chernatony, 2005. Internationalisation of services brands: The role of leadership during the internal brand building process. *J. Marketing Manage.*, 21: 181-203.
- Wallace, E., D.L. Chernatony and I. Buil, 2011. How leadership and commitment influence bank employees adoption of their banks values. *J. Bus. Ethics*, 101: 397-414.
- Welch, M., 2011. The evolution of the employee engagement concept: Communication implications. *Corporate Commun. Int. J.*, 16: 328-346.
- Whittington, J.L. and T.J. Galpin, 2010. The engagement factor: Building a high-commitment organization in a low-commitment world. *J. Bus. Strategy*, 31: 14-24.
- Wu, L. and I. Norman, 2006. An investigation of job satisfaction, organizational commitment and role conflict and ambiguity in a sample of Chinese undergraduate nursing students. *Nurse Educ. Today*, 26: 304-314.
- Zeithaml, V.A., L.L. Berry and A. Parasuraman, 1996. The behavioral consequences of service quality. *J. Market.*, 60: 31-46.