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DETERMINANTS OF THE VALUE OF THE INTERNAL BRAND AND CRITERIA FOR PROVING THEIR INFLUENCE ON IT¹⁷

Irena Kenarova-Pencheva, MSc

Department of Management and Social Activities

University of Ruse "Angel Kanchev "

E-mail: ikenarova@uni-ruse.bg

Asst. prof. Petar Penchev, PhD

Department of Economics and International Relations,

University of Ruse "Angel Kanchev "

Phone: 082 888 557

Email: ppenchev@uni-ruse.bg

Internal brand value is the status of fame and recognition that a company or product has among customers and consumers. It illustrates and measures the incentives provoked by respect for the trade name among its own personnel in the direction of supportive behavior. The idea of the report is that present criteria that be used as indicators for the formation of brand value, and the goal is that determine the readiness of personnel that express brand values in their working relationships with all stakeholders. Four determinants of the value of the internal brand are defined - brand orientation, obligation, knowledge and commitment that the internal brand. Through them, the possibility of a positive relationship between the name and logo of the company, product or service that distinguishes them from competitors and the value of the internal brand is explored.

Keywords: internal brand value, value determinants, research hypothesis, brand orientation

JEL Codes: M 12, M 14, M 31

INTRODUCTION

Internal brand value is the state of recognition that a company or product has among customers and consumers. It illustrates and measures the incentives provoked by respect for the brand name among its own personnel towards supportive behavior. The purpose of the report is to present criteria that can be used as indicators for the formation of brand equity, and the goal is to determine the readiness of personnel to express the values of the brand in their working relationships with all stakeholders. Determining the impact of each determinant on internal brand equity should demonstrate the possibility of a positive relationship between the name or logo of the company, product or service, which distinguishes it from its competitors and brand orientation, obligations, knowledge and commitment to the value of the internal brand.

EXPOSITION

Vital to building an adaptive enterprise (Penchev, 2024), regardless of its size, are the consistency and coherence of the brand efforts of its employees in every activity carried out in it. Every contact with target customers must confirm and reinforce the brand position of the organization. This is possible only when the staff clearly understands the brand strategy in order to be able to support it with their actions. Therefore, brand management is most successful when each employee does what is necessary for the quality maintenance of the brand.

Internal branding is perceived as an approach that offers mechanisms for absorbing the possibly available and insufficiently used potential power for staff motivation. It helps to synchronize the work values and behavior of employees with those of the brand. Internal branding,

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in relation to the brand, acts in two directions on the attitudes of staff. On the one hand, it motivates them by providing them with job satisfaction and creating an inspiring working environment. On the other hand, through internal communications, employees become familiar with the company's brand message, as well as their role and responsibilities in implementing brand strategies (Kenarova-Pencheva, 2019).

According to its definition, employee brand is the image presented to an organization's customers and other stakeholders through its employees. This is critically important to the well-being of most organizations, given the potential for employees to create either an overwhelmingly positive or overwhelmingly negative image of the organization they work for. The goal is to ensure that employees who have direct contact with customers, distribution partners, or other stakeholders share a common understanding of the brand, are equally enthusiastic about it, and project it in a unified way (Baumgarth C. S., 2010).

Employee engagement is an indicator of employee motivation. It reflects the behavior of employees in performing their duties. Employee brand engagement can be represented as the degree to which employees identify themselves with it, feel committed and involved in its core values, and are therefore willing to make additional efforts to implement brand strategies. In the scientific literature, employee behavior in brand positioning is defined as key, as they are the main communicator or "ambassador" of the brand (Boyd, 2006). Engaged employees build the brand in two main ways (King, 2008):

- Directly impacting consumer experiences related to the organization's brand through their behavior during customer encounters;
- Indirectly by maintaining appropriate relationships with their colleagues (Kenarova-Pencheva, 2018). Good relationships between colleagues within a department and across departments help build a work environment that encourages brand-supportive behavior.

The broader concept of **branding** is well established in the marketing literature (de Chernatony, 1998) (Keller, 2008) (Reizebos, 2003) and is usually defined as the additional value added to a product or product portfolio that is attributable to a brand name, brand logo or other brand attributes (Aaker, 1991) (Farquhar, 1989) (Keller, 1993) (Yoo, 2001). By analogy, **internal brand equity** (Kenarova-Pencheva, 2021) is conceptualized as the incremental effect of branding on employee behavior. It describes and measures the incentives provoked by respect for the brand among the brand owner's own personnel towards brand-supportive behavior in their organizational roles (Baumgarth, 2010).

This report aims to present criteria which can be used as indicators for the formation of brand value and for estimation of the readiness of personnel to express brand values in their working relationships with all stakeholders.

The setting of **the determinants of internal brand value** includes four attributes of organizational and individual behavior which should be considered: brand orientation, internal brand commitment, internal brand knowledge and internal brand commitment.

Brand orientation is usually described in scientific literature as a specific type of strategic orientation or corporate culture characterized with a high importance of the brand as the basis of the business model. The founder of this concept describes it as a special way of thinking within the company (Urde, 1994) (Urde, 1999). Brand orientation is characterized by: dominance of the brand in corporate strategic thinking and a branding strategy that is relatively constant, consistent, relevant to the customer/consumer and clearly distinguishable from the competition (Hankinson, 2001) (Baumgarth, 2009).

While brand orientation is a collective attribute of employees, the other three determinants are conceptualized as functions of individual behavior in the organizational environment. Berman and Zeppelin (Burmman, 2005) (Burmman, 2009), who adapt the concept of "organizational commitment" (Mowday R. T., 1979) (O'Reilly, 1986), have defined **internal brand commitment** as an employee's psychological attachment to the brand. The degree of this attachment results in

corporate behaviour consistent with the brand and in investment of significant effort in achieving the goals set by the branding strategy.

Learning processes are of primary importance in the context of **internal brand knowledge**. One of the most familiar models of brand value (Keller, 1993) reflects the knowledge of the brand in a way that generates significant value. Customer behavior significantly depends on the extent to which they are aware of the brand. In this study of the value of the internal brand, the degree of knowledge of the employees related to the brand is of crucial importance because it enables them to behave in the way that their company brand identity requires from them. This, in turn, will depend on internal and external brand communication, brand values and brand benefits.

Internal brand commitment is defined as an activating state resulting from a personal connection with the brand (Celsi, 1988) (Zaichkowsky, 1985). Activation theory actually states that the effect of branding can be expressed in a way that the individual will perceive stimuli as well as information from the brand. In short, he or she will be more open to information related to the brand. This will be especially likely when the brand has special meaning for employees and when they are convinced that it significantly contributes to the overall success of the company (Hoeffler, 2003).

In order to determine **the influence of each of these determinants on the value of the internal brand**, one should prove the possibility of a positive relation between the name or logo of the company, product or service, which distinguish these from the ones of the competitors, and brand orientation. One should also prove if there is a positive relation with the duties, knowledge and commitment to internal brand value.

Let us examine the impact of collectively determined brand orientation on internal brand value. This culturally oriented perspective was adopted for this research because corporate culture is perceived as one of the most important drivers of employee attitudes and behaviors (Williams, 1996) and therefore needs to be strategically aligned with brand values. (Hatch, 2001) (Piercy, 1988) (Scholz, 1987). It is an open question whether the method of forming the salaries of the employees of an enterprise reflects the marginal product created by a given employee and to what extent this affects his commitment to the internal brand (Kosuliev, 2019). When it comes to consumer audiences, it is argued that corporate culture can be even more influential in shaping brand perceptions than related marketing communications (Wilson, 2001). It is therefore hypothesized that brand orientation will play a key role in the context of determining the degree of brand-congruent behavior among individual employees and therefore of determining the level of intrinsic brand equity. Therefore:

Brand orientation at the firm level has a positive effect on internal brand value.

Several studies have shown that organizational commitment is a strong driver of employee attitudes and behavior (Allen, 1996) (Jaramillo, 2005) (Mathieu, 1990) (Mowday R. T., 1979) (Riketta, 2002). The obligation to the internal brand (Antonova, 2009) is considered an equally strong factor in employees' brand-oriented attitudes and behavior (Burmman, 2005), (Thomson, 1999). Thus, it is assumed that:

Internal brand commitment at the individual level has a positive effect on internal brand value.

Internal brand knowledge describes the cognitive representation of the brand in the minds of employees, which can be interpreted as a "schema" (Fiske, 1980). These are structures of pre-organized knowledge that develop through the abstraction of experiences. They exert a strong behavioral influence (Marcus, 1985). Therefore, we expect a positive relationship between internal brand knowledge, as a brand-oriented schema, and the internal brand value. A pioneering study by Keller (Keller, 1993) identified brand knowledge as a primary driver of brand value. Other studies have found that employees working at companies with strong brands tend to display clearer and more consistent brand knowledge (Webster, 2004) (de Chernatony, 2006). The bottom line is that they need to know about the identity and values expressed by the brand in order to behave in a

manner consistent with the brand. Such knowledge about the internal brand can be taken as a prerequisite for a strong internal brand, which in turn contributes to the overall brand performance and therefore to the brand value. Therefore:

Internal brand knowledge at the individual level has a positive effect on internal brand value.

Cognitive processes usually require some initial psychological impulse, the strength of which determines how alert the individual is, how ready he is to react, and how capable he is of acting. The "Lambda" hypothesis put forward by Malmo (Malmo, 1959), postulates that the stronger the activation, the higher the cognitive performance until a certain level is reached, at which point the effect begins to wane. One form of psychological impulse is attention, defined in this context as a temporary intensification of activity leading to sensibilization of certain stimuli. Attention can be expected to be high when the brand has a certain meaning for the employee and when there is a high level of commitment to the brand (Celsi, 1988). Therefore, it can be assumed that:

Internal brand commitment at the individual level has a positive impact on internal brand value.

To understand the relationship between intrinsic and extrinsic brand value, we use balance theory and emotional contagion theory:

Balance theory (Heider, 1958) proposes that each individual in an organization strives for internal balance and that any triadic system involving two individuals and an object is balanced when both individuals (employees and customers) have the same relationship to the object (brand).

The theory of "emotional contagion" (Hatfield, 1993), which explains how feelings and emotions are manifested, supports the presumption of a direct relationship between intrinsic and extrinsic brand value. Barsade (Barsade, 2002) argues that a person will compare his mood with that of others and adopt that "emotional level" when it seems appropriate to do so. In the context of our study, this suggests that customers will adapt their brand-specific emotions to those implied in the behavior of the brand owner's employees with whom they interact. If an employee presents a strong sense of brand value, the customer is likely to internalize attitudes that represent high brand value. Therefore, we can conclude that:

The value of the internal brand through the behavior of potential and actual customers has a positive effect on the value of the external brand of the company.

CONCLUSION

We found out that the internal brand value is the state of fame and recognition that a company or product has among customers and consumers. It illustrates and measures the incentives provoked by respect for the trade name among its own personnel in the direction of supportive behavior. We presented the four determinants of the value of the internal brand and namely - brand orientation, obligation, knowledge and commitment that the internal brand. The paper proved that brand orientation at the firm level has a positive effect on internal brand value. Further we found out on one hand that internal brand commitment and knowledge at the individual level have a positive effect on internal brand value. On the other hand, the value of the internal brand through the behavior of potential and actual customers has a positive effect on the value of the external brand of the company.

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