

## **Effect of employee branding on market share based on individual and organizational values (Studied in: Mellat Bank)**

**Ali Hamidizadeh<sup>1</sup>, Rasoul Sanavi Fard<sup>2\*</sup>**

*1. College of Farabi, University of Tehran, Qom, Iran*

*2. Faculty of Humanities, Qom Branch, Islamic Azad University, Qom, Iran*

(Received: 28 September, 2015; Revised: 5 April, 2016; Accepted: 7 April, 2016)

### **Abstract**

In service industries, companies increasingly need to rely on the performance of their service employees to become and stay truly competitive. Despite this viewpoint, most administrators do not believe that they can make competitive advantage in their organizations through employees. Therefore, the present paper aims to study the effect of employee branding on market share based on individual and organizational values. In the present study, employee branding model was applied to banking industry. The statistical population of this paper includes the employees of Mellat Bank in Tehran. Clustering was used as a sampling method for selecting employees. The instrument for data collection was questionnaire. Totally, 410 filled questionnaires were returned. To analyze the data, Partial Least Square (PLS) was applied. The outcomes of Partial Least Square verified the fitness of the model in the studied population. In addition, the results of method analysis indicated that employee branding has a significant influence on market share.

### **Keywords**

Employee branding, Individual values, Market share, Organizational values.

---

\* Corresponding Author, Email: Dr.Sanavifard@gmail.com

## **Introduction**

In today's competitive world, organizations have recognized the critical role of human resources in brand creation. Kay (2006) believes that the core values of an organization must always be in relation with helping and keeping the brand's personality. King and Grace (2005) declared that effective brand management relies on employees' identifying the right behavior to serve when communicating with customers, and these operations are relevant to the brand's core values. Therefore, organizations need to have motivational forces for creating a good internal brand. Company employees should be aware of the brand identity and willing to plan it for internal and external identity. If employees do not internalize the brand identity, customer expectations created by external marketing will easily be destroyed. Employees have external contact with customers. They provide the greatest impact on brand image and the present brand of company by their function. Thus, managers should create ambition concerning the desired brand among employees. This process can be achieved through employee branding. Mile and Mangold (2005) stated that Employee branding focuses on the employees' role in making and keeping the brand attributes related to the organization's products. Employee branding, as a dynamic competitive advantage, has been a basis for discussion in recent years. Managers can show company capabilities through their personnel. Therefore, there are two main tendencies that make us consider employee branding: first, employees are ambassadors of the company brand. Second, human resources are live tools that can identify organization services with the best way to others, especially in the service sector. Today, banks are competing with each other, but distinct and new tools are required for success. This tool can be provided by their employees, especially in Mellat Bank. Nevertheless, Mellat Bank managers are not aware of the role of employees as brand ambassadors, and they do not know how it can be used as a tool to increase their market share. Hence, the purpose of this research is studying the effect of employee branding on market

share based on individual and organizational values in banking insecurity. This purpose will be achieved in two stages: first, recognizing the theory of employee branding based on individual and organizational values, and second, studying how employee branding can affect market share in banking industry, especially in Mellat bank.

### **Theoretical Background and Hypotheses**

Yaniv and Farkas (2005) have shown that the theory of Person-Organization Fit is regarded as an aid for treating the contrast between the employees' individual values and the values of the corporation from an employee's viewpoint. They express that personal and organizational values interact and impress each other, allowing person-organization fit to recognize how employee values may amend when becoming a part of the workforce, and also, evaluating the degree to which the staff will accustom themselves to organizational norms and values (Roast & Silva-Rojas, 2007). Human resources have a vital role in brand building in firms, and it has been mentioned in internal marketing, internal branding, and employee branding. Employee branding is a self-brand communication created by employees to their organization's brand (Harquail, 2007). Individuals encounter brands everywhere such as workplace, city, stores, etc. Employees realize the core message of the brand promise. Employees play an important role in building brand for organizations. Their behaviors, viewpoints, and values affect the customers' realization of brand. All individual characteristics of staff can be identified as a value that can help human resource of the organization for making employee brand, because employee brand is the image of an organization offered to customers and other relevant stakeholders by its people. Employees' level of recognition of brand will be higher if the brand values are associated with those of themselves (Punjaisri & Wilson, 2011). Therefore, we propose the following hypothesis:

**H<sub>1</sub>:** Individual values positively influence employee branding.

Organizational values describe the mission and strategic goals of

the firm. Organizational values are intended to induct employees with creative force which pushes the organization forward to desired goals. Employees who recognize the organization and its main values are more likely to transfer the brand promise and to be obligated and loyal to the brand (Punjaisri, Wilson & Evanschitzky, 2008). To persuade the personnel to make ties with the brand and its attributes as closely as possible, employee branding advocates recommend leading the organization's culture toward the brand so that every presentation of the organization such as internal space, equipment, banners, and clothing of personnel show organizational values in brand (Harquail, 2006). Therefore, we propose the following hypothesis:

**H<sub>2</sub>:** Organizational values positively influence employee branding.

Miles and Mangold (2004) defined employee branding as “the process by which employees internalize the desired brand image and are motivated to project the image to customers and other organizational constituents” (Miles & Mangold, 2005). It is a key issue to remember that the behavior of the staff in their relationship with the customers affects customers' connections to the brand (Ekinci & Dawes, 2009). The employees adapt the desired brand image and as a result of the employee branding process, they stay motivated to project the image to the customers (Miles & Mangold, 2005). In the service sector, the relationship between customers and employees can create customer satisfaction. Therefore, we propose the following hypothesis:

**H<sub>3</sub>:** Employee branding positively influences customer satisfaction.

Jackson (2004) declared that Reputation is created by a large group of shareholders, staff, customers, etc. Employees can play a vital role by creating synergies in the reputation of the organization, and managers can achieve strategic objectives and create sustainable competitive advantage. Employees are the main part of the message that the company develops and communicates regarding reputation (Cravens & Oliver, 2006). Customer satisfaction and a favorable reputation of organizations that apply employee branding process are

high, because the desired brand image is continuously reflected by their employee (Miles & Mangold, 2005). Therefore, we propose the following hypothesis:

**H<sub>4</sub>:** Employee branding positively influences favorable reputation.

Your employees are your business! They can make or break your marketing plans. Companies must provide a value suggestion not only for their customers but also for their personnel. The aim of internal marketing is to treat employees as a customer group. A company's personnel can be the great source of competitive advantage. Companies need to suggest their brand values into their employees (Kotler, 2003). The brand is created by your employees who transfer a positive experience to the customers. Your employees must live with brand at the corporate level and at the job-specific level (Kotler, 2003). Miles and Mangold (2005) indicated that employee branding process will increase employee satisfaction and reduce staff turnover. Companies that execute employee branding successfully, since the desired brand image is being constantly reflected by staff, can achieve a good reputation. With employee branding, employees will emotionally connect to the brand and will feel proud that they belong to the bank. Therefore, we propose the following hypothesis:

**H<sub>5</sub>:** Employee branding positively influences employee satisfaction.

The market share includes the ability of a company for operating or applying a brand image that can enjoy a significant importance in every category of products or services. The consumer's image of a brand can both help the goods sale and block it. It is essential to know what level our competitors hold in a given industry. All marketing managers and consultants already know that achieving market share is not easy both for their company and for the competitors; it has never been measured exactly, and sometimes it is achieved with a high error percentage. Most of today's international companies and reliable brands, instead of measuring market share, search measuring a couple of indexes named the customers' mind share and customers' heart share (Asadollahi, 2011). The mind share of a customer is, in fact, a

brand in which a particular industry strikes a customer's mind. Customers' mind share are developing consumers' knowledge or generalizing a brand which today includes one of the leading purposes in propaganda. We can engage a customer's higher mental space. While the market share keeps the width of a company's stage in market, the mind share measures its depth. The heart share of the customer determines how the consumers, emotionally, are able to response to a brand. In fact, the heart share of a customer makes an emotional relation between consumers and a special brand, the retailers, wholesalers, groups, shareholders, and service providers. The heart share of the customer remains one step ahead of mind share, and it includes a brand which the consumers prefer to other ones and they are willing to purchase it. These two concepts are more feasible in branding (Asadollahi, 2011). Companies that make steady gains in mind share and heart share will inevitably make gains in market share and profitability. Customer-oriented companies make steady gains in mind share and heart share, leading to higher market shares and in turn to higher profit shares (Kotler, 2003). Market share is a backward-looking metric, while customer satisfaction is a forward-looking metric. If customer satisfaction starts dropping, then market share erosion will soon follow. Companies must view the customer as a financial property that needs to be managed and maximized like any other asset (Liu & Yen, 2010). Therefore, we propose the following hypothesis:

**H<sub>6</sub>:** Customer satisfaction positively influences market Share.

A company must have a good reputation when it wants to achieve a good position in the market, establish a good image of the brand, provide high performance and ethical working culture, and communicate with different shareholders (Deephouse, 2000; Fombrun & Van Riel, 2004). Cravens and Oliver (2006) stated that positive financial performance and competitive advantage can be created by organization's and employees' reputation. Organization reputation is necessary in society, and employees have a key role in managing it. With a favorable reputation, the brand of bank will remain in

customers' mind, and they can advertise in society by word of mouth. Therefore, we propose the following hypothesis:

**H<sub>7</sub>:** Favorable reputation positively influences market share.

There are two critical factors with regard to employee branding that requires to be accomplished. The employees should first realize the desired brand image. Then the employees must be motivated to engage in the behaviors necessary to transfer the desired brand image to others (Miles *et al.*, 2011). Therefore, we propose the following hypothesis:

**H<sub>8</sub>:** Employee satisfaction positively influences market share.

Miles *et al.* (2011) showed in their research that employee branding enables organizations to achieve competitive advantage. The competitive advantage could be generated in terms of high service quality, enhanced employee satisfaction and performance, increased customer satisfaction, and increased positive word of mouth communication (Miles & Mangold, 2004; Miles & Mangold, 2005). As Miles and Mangold (2005) noted, employee branding process results in customer satisfaction and reputation of the organization, which leads to an increase in the mind share and heart share. Therefore, we propose the following hypothesis:

**H<sub>9</sub>:** Employee branding positively influences market share.

Services are not like products and they are not easily copied by other companies. In service industry, brand is communicated by advertising, marketing, and interactions between the employees and customers. These employees are allocated in contact point, and they are the staffs who, by their behavior, give the service of organization to customers. Thus, the success of service brands depends on the frontline staff and their relationship with customers.

### **Research model**

The main contribution of this research is studying the effects of the employee branding on market share based on individual and organizational values for the banking sector. Figure 1 shows the research theoretical model to provide the research contribution.

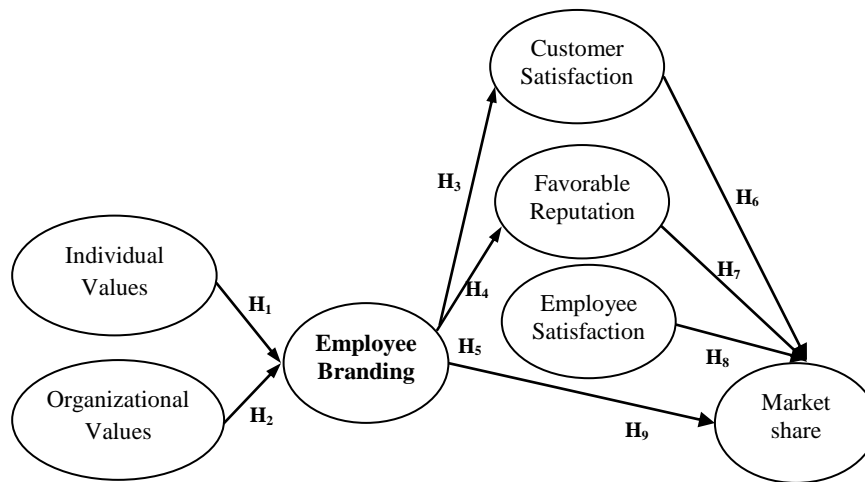


Fig.1. The proposed research model

### Research methodol

The method of this research is applied research in aim, and from the viewpoint of data gathering, it is descriptive, performed with the case study format. In this study, by using a questionnaire, the relationship between identified variables of research will be examined. To achieve this purpose, nine hypotheses have been formed.

### Sampling method and characteristics

At present, Mellat Bank has, respectively, 262 branches in the city of Tehran. The sampling methods of Mellat Bank are geographical cluster and simple random sampling method. First, the branches in the mentioned city are divided in terms of five regions (according to Mellat bank divisions) and within each region, branches are sampled randomly. Then, the employees were selected using simple random sampling. Thus, research statistical population consisted of employees of Mellat Bank in Tehran who had more than 5 years of experience in the bank. The number of sample respondents ( $n=435$ ) was considered for the current study. Totally, 410 filled questionnaires were returned.

### Data collection and measurement

The study was conducted on 6 days over a 12-week period. The data were collected from 55 branches from Mellat Bank. From each branch, at least 7 employees participated in this study. Totally, for collecting employees' information, 435 questionnaires were



distributed, and when the incomplete questionnaires were deleted, 410 customers became the sample size of this study (rate of 94%). As shown in Table 1 (designation of the respondents), the majority of respondents (53.2%) were cashier, 28.3% of the respondents were customer care executives, 9.8% of the respondents were branch assistants and 8.7% of the respondents were head of branch.

Table 1. Sample demographics

Measure	Item	Frequency	Percentage (%)
Designation	Cashier	218	53.2
	Customer care executives	116	28.3
	Branch assistant	40	9.8
	Head of branch	36	8.7
Experience	Between 5-10 years	107	26.1
	Between 11-15 years	98	23.9
	Between 16-20 years	114	27.7
	Between 21-25 years	71	17.4
	More than 25 years	20	4.9
Education level	Diploma	127	31
	Associate's degree	52	12.7
	Bachelor	189	46.1
	Master & PhD	42	10.2

As shown in Table 1, 26.1% of the respondents had between 5-10 years of experience, 23.9% had between 11-15 years of experience, 27.7% had between 16-20 years of experience, 17.4% had between 21-25 years of experience, and 4.9% had more than 25 years of experience. Finally, the education levels of respondents were 31% Diploma, 12.7% Associate's degree, 46.1% Bachelor, and 10.2% Master & PhD.

This study included 14 dimensions and 54 items. For individual values, employee commitment, moral intelligence, and emotional intelligence respectively were adapted from the measurements defined by Allen and Meyer (1991), Lennick and Keil (2005), and Goleman (1995), containing 11 items. Organizational values including organizational culture, corporate social responsibility, and internal marketing were respectively adapted from the measurements defined by Denison (2000), Carroll (1979), and Money and Foreman (1996), containing 12 items. Employee branding was adapted from basic scales defined Miles and Mangold (2005) and Memon and Kolachi (2012). The psychological contract, employee empowerment, and brand internalization were adapted from the measurements defined by Sims (1994), Spreitzer (1995), Aaker (1997), and Punjaisri, Alan & Heiner (2009), containing 11 items. For employee satisfaction,

authority, achievement, working conditions, and security were adapted from the measurements defined by Minnesota Satisfaction Questionnaire (MSQ) that were stated by Weiss et al. (1967). Sub-dimensions of favorable reputation defined by Fombrun, Gardberg & Sever (2000) and sub-dimensions of customer satisfaction were adapted from SERVQUAL instrument developed by Parasuraman, Zeithaml & Berry (1985) to measure quality in the service sector like banking industry, containing 12 items, and market share, mind share, and heart share were adapted from Kotler (2003) and researchers according to literature. Finally, with the consideration of the Panel of Judges, the questionnaire was modified to employee branding in bank. Before conducting the main survey, a pilot test involved 30 respondents performed for the reliability of the instrument. Cronbach's alpha scores is higher than 0.7 (Table 2), indicating good consistency among the items variables since for a measure to be acceptable, the coefficient of Alpha should be above 0.7 (Nunnally, 1978).

**Table 2. Cronbach's Alpha Reliability Statistics for pilot test**

<b>Construct/indicator</b>	<b>Cronbach's alpha</b>
Individual Values	0.791
Organizational Values	0.814
Employee Branding	0.831
Customer Satisfaction	0.841
Favorable Reputation	0.831
Employee Satisfaction	0.839
Market Share	0.811

52 expert opinions were sought for the content validity of the questionnaire. To investigate the appropriateness of factor analysis, Kaiser-Meyer-Olkin (KMO) and Bartlett's test statistics were used which are shown in Table 3 respectively. If the KMO value is higher than 0.6, it is considered as adequate (Kaiser & Rice, 1974). A value of greater than 0.5 is desirable. Bartlett's test measures the correlation of variables. A probability of less than 0.5 is acceptable.

**Table 3. Kaiser-Meyer-Olkin and Bartlett's test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.819
Bartlett's Test of Sphericity	Approx. Chi-Square
Df	91
Sig.	0.000

According to our analysis, the value of KMO Measure of Sampling Adequacy is .819 that is higher than 0.06 which indicates the value of

Kaiser-Meyer is acceptable, and the value of Bartlett's Test of Sphericity is also statistically significant. Therefore, the instrument has confirmed reliability and validity.

## Empirical results

### Analysis of the measurement model

This paper followed the two-step procedure suggested by Kock (2012): (1) the measurement model was tested; (2) the structural model was analyzed. Hence, in order to analyze the collected data, SPSS16 and PLS software were used. The sub-dimensions of each indicator has been shown in Table 4.

Table 4. Construct reliability and convergent validity of the constructs of the model

Construct/ Indicator	Item	Factor loading	Composite reliability	AVE	Cronbach's alpha
Individual Values	Employee Commitment	0.799	0.874	0.689	0.791
	Moral Intelligence	0.877			
	Emotional Intelligence	0.812			
Organizational Values	Organizational Culture	0.897	0.907	0.795	0.814
	Corporate Social Responsibility	0.887			
	Internal Marketing	0.877			
Employee Branding	Psychological contract	0.842	0.874	0.698	0.831
	Employee Empowerment	0.831			
	Brand Internalization	0.854			
Customer Satisfaction	Reliability	0.841	0.915	0.730	0.841
	Assurance	0.865			
	Responsiveness	0.875			
Favorable Reputation	Empathy	0.839	0.828	0.547	0.831
	Products & Services	0.797			
	Emotional Appeal	0.756			
	Financial Performance	0.731			
Employee Satisfaction	Workplace & Environment	0.741	0.893	0.676	0.839
	Authority	0.895			
	Achievement	0.741			
Market Share	Working Conditions	0.832	0.945	0.895	0.811
	Security	0.844			
	Mind share	0.944			
	Heart Share	0.944			

In this stage, we specify whether the theoretical concepts are measured correctly by the variables observed; for this, their validity and reliability are studied. In a PLS model the individual reliability of the item, the internal consistency, and the convergent and discriminant validity are analyzed (Chin, 1998).

The results of the reliability (Table 4) showed all 7 indicators of Cronbach's have satisfactory values, ranging from 0.791 to 0.841, indicating acceptable levels of internal consistency. Similarly, the coefficients of composite reliability have satisfactory values. The lowest score of composite reliability in the current study was 0.828. According to Fornell and Larcker (1981), these scores indicated evidence of reliability. Therefore, construct reliability was met.

The convergent validity is analyzed by the average variance extracted (AVE), which gives the amount of variance that a construct obtains from its indicators in relation to the amount of variance due to the measurement error. For this, Fornell and Lacker (1981) recommend values higher than 0.5 since this level guarantees that at least 50% of the variance of the construct is due to its indicators. Table 3 demonstrates that all of the Average Variance Extracted (AVE) values are greater than 0.5. As can be observed, all the constructs of the proposed research model meet the condition recommended by Fornell and Lacker (1981); therefore, it is accepted that the constructs possess convergent validity.

Discriminant validity was tested by comparing the square root of the AVE for each latent variable with the correlations involving that latent variable (Kline, 2005). As proposed by Fornell and Larcker (1981), the square root of AVE must be higher than any of the correlations involving the latent variable. The values in the main diagonal represent the square root of AVE and other values in Table 6, and they also show the correlation between the structures.

Table 5. Discriminant validity of structures

Construct	Individual Values	Organizational Values	Employee Branding	Customer Satisfaction	Favorable Reputation	Employee Satisfaction	Market Share
Individual Values	0.824						
Organizational Values	0.624	0.834					
Employee Branding	0.558	0.828	0.843				
Customer satisfaction	0.428	0.342	0.374	0.861			
Favorable Reputation	0.529	0.633	0.635	0.474	0.744		
Employee Satisfaction	0.481	0.677	0.701	0.352	0.577	0.831	
Market Share	0.465	0.642	0.644	0.481	0.734	0.541	0.945

As can be observed, the values on the main diagonal values are higher than the other values, satisfying criteria for discriminant validity. Thus, construct validity was met.

### Path analysis and hypotheses testing

Table 6 reflects the path coefficients between the different constructs, which tell us in each case the strength of the relationship established between two constructs: as can be observed in this table, all the path coefficients meet the condition proposed by Chin (1998), being above 0.2, except the path coefficients between employee satisfaction and market share.

Table 6. Path coefficients and P-Values

Path	Hypothesis	The pathcoefficient	P- values
Individual Values→ Employee Branding	1	0.341	<0.004
Organizational Values → Employee Branding	2	0.800	<0.001
Employee Branding → Customer satisfaction	3	0.381	<0.001
Employee Branding→ Favorable Reputation	4	0.710	<0.001
Employee Branding→ Employee Satisfaction	5	0.733	<0.001
Customer satisfaction → Market Share	6	0.201	0.004
Favorable Reputation → Market Share	7	0.441	<0.001
Employee Satisfaction → Market Share	8	0.025	0.361
Employee Branding → Market Share	9	0.311	<0.001

Figure 2 shows the  $\beta$  coefficients of all the relationships between the constructs of our model. If we take as reference the levels of acceptance commonly argued in the scientific literature for this type of PLS technique, we can state that all of the hypotheses would be accepted and their testing would be positive except hypothesis H<sub>8</sub>. Figure 2 presents the results of the structure. Individual values had a significant effect on employee branding (Path Coefficients = 0.341, P<0.004), and the P-value is less than 0.05. As a result, Hypothesis 1 was supported. Organizational value had a significant effect on employee branding (Path Coefficients= 0.800, P<0.001), and the

P-value is less than 0.05. As a result, Hypothesis 2 was supported. Employee branding had a significant effect on customer satisfaction (Path Coefficients= 0.381,  $P < 0.001$ ), and the P-value is less than 0.05. As a result, Hypothesis 3 was supported. Employee branding had a significant effect on Favorable reputation (Path Coefficients=0.710,  $P < 0.001$ ), and the P-values is less than 0.05. Therefore, Hypothesis 4 was supported. Employee branding had a significant effect on Employee satisfaction (Path Coefficients= 0.733,  $P < 0.001$ ), and the P-value is less than 0.05. As a result, Hypothesis 5 was supported. Customer satisfaction had a significant effect on market share (Path Coefficients=0.201,  $P = 0.004$ ), and the P-value is less than 0.05. As a result, Hypothesis 6 was supported. Favorable reputation had a significant effect on market share (Path Coefficients= 0.441,  $P < 0.001$ ), and the P-value is less than 0.05. As a result, Hypothesis 7 was supported. Employee satisfaction did not have a significant effect on market share (Path Coefficients= 0.025,  $P < 0.364$ ), because the path coefficients between employee satisfaction and market share is less than 0.2 and the P-values is more than 0.05. As a result, Hypothesis 8 was rejected. Finally, Employee branding had a significant effect on market share (Path Coefficients= 0.311,  $P < 0.001$ ), and the P-values is less than 0.05. As a result, Hypothesis  $H_9$  was supported.

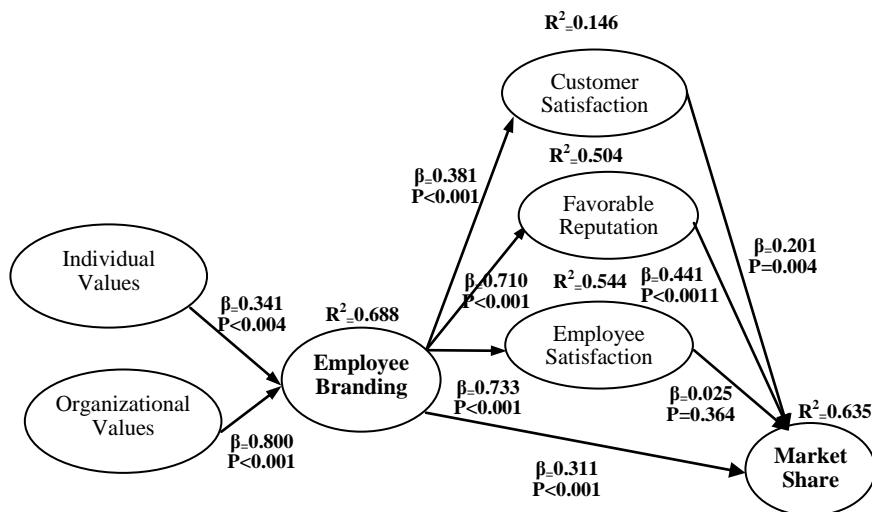


Fig. 2. Model with the results of testing the hypotheses

### Analysis of the structural model

The predictive power of the model that we have put forward can be analyzed utilizing the value of the variance explained ( $R^2$ ) for the dependent latent variables (Chin, 1998; Falk & Miller, 1992). Falk and Miller (1992) stipulate values that are equal to or larger than 0.1 as sufficient for the variance described. In our case, as is reflected in Table 7, we can conclude that the model shows sufficient predictive power.

Table 7. Variance explained of the variables

Constructs	$R^2$	$Q^2$
Employee Branding	0.688	0.689
Customer satisfaction	0.146	0.149
Favorable Reputation	0.504	0.495
Employee Satisfaction	0.544	0.542
Market Share	0.635	0.632

According to the suggestion of Barclay, Higgins and Thompson (1995), Tenenhaus *et al.* (2005), and Henseler, Ringle and Sinkovics (2009), we consider it appropriate to complement the analysis of the structural model estimated with the PLS technique, by means of the cross-validated redundancy index ( $Q^2$ ) or the Stone-Geisser test (Stone, 1974; Geisser, 1975). In our case the values of  $Q^2$  are slightly higher than zero, as shown in Table 7; we can conclude that the model presents an adequate predictive power.

In any case, the values presented by  $Q^2$  in our work are not negative, which would have indicated that the model lacked any predictive power (Henseler Ringle and Sinkovics, 2009). We agree, however, with what Barclay, Higgins and Thompson (1995) state. They argue that the objective of the PLS analysis is to explain the variance in a sense of regression and thus  $R^2$  and the level of the path coefficients are measures sufficient and indicative of how well the model performs. In our case acceptable levels in both measures are obtained, so we can conclude that the model does have predictive capacity.

### Conclusions

The results of PLS confirm the fitness of the research model presented in Figure 1. Therefore, the model is capable of explaining that individual and organizational values influence employee branding and

employee branding influences market share. Several results could be drawn from this research, and they are presented below:

- The effect of individual values on employee branding is ( $\beta=0.341$ ), and individual values explained 23.2% of the variance of employee branding. Therefore, individual values appear to be important predictors of employee branding in banking industry. Second, the effect of organizational values on employee branding is ( $\beta=0.800$ ), and organizational values explained 50.4% of the variance of employee branding. This implies that the perceived organizational values appear to be the more important predictors of employee branding in banking industry.
- The effect of employee branding on customer satisfaction is ( $\beta=0.383$ ), and employee branding explained 14.6% of the variance of customer satisfaction. Therefore, bank can increase the external satisfaction by internal satisfaction. The effect of employee branding on favorable reputation is ( $\beta=0.710$ ), and employee branding explained 50.4% of the variance of favorable reputation. Employees can increase the reputation of the bank through behaving well with customers, and telling stories about their organization everywhere. Employee branding affects employee satisfaction ( $\beta=0.738$ ), and employee branding explained 54.4 percent of the variance of employee satisfaction.
- The effect of customer satisfaction on market share is ( $\beta=0.201$ ) and favorable reputation's effect on market share is ( $\beta=0.441$ ). When our customers are satisfied, they are willing to use the bank services more than before.
- Employee satisfaction does not affect market share ( $\beta=0.025$ ), as we discussed earlier, and the path of coefficients is less than 0.2. Bank managers can increase customer satisfaction by satisfying employees. Hence, employee satisfaction does not directly affect market share. According to the analysis results, employees cannot affect market share directly.



- Finally, employee branding affects market share ( $\beta=0.311$ ), and employee branding explained 63.5% of the variance of market share. Consequently, we can increase bank market share by competitive advantage. We can achieve it by utilizing employee branding.

Summing up, our research reviewed literature related to effect of employee branding on market share based on individual and organizational values. All of the hypotheses have been accepted with the exception of the H<sub>8</sub> Hypothesis.

The results of structural equations modeling confirm that the model possesses good fitness in predicting its outcome. The data from this paper showed the positive effect of employee branding on market share based on individual and organizational values in Mellat bank in Tehran. The proposed model showed the individual and organizational values affect employee branding process and employee branding and its outcomes affect market share. The results of structural equations modeling confirm that the model possesses good fitness in predicting its outcome.

### **Managerial implications**

The outcomes of this paper disclose some issues associated with employee branding in Mellat Bank that have not been addressed by former studies. Especially, these findings are notable for banks' managers as they decide how they are able to increase their market share by customers' satisfaction, favorable reputation, and employees' satisfaction through utilizing employee branding in their organization based on individual and organizational values. Since the role of human resources in brand building is important, administrators need to promote it in the bank. This study indicates that they should investigate employee branding theory in the bank via employees based on individual and organizational values. As we discussed earlier, employee branding is a way of helping your brand by employees.

Therefore, Mellat Bank should help employees realize and embody the spirit of the organization by culture. The bank administrator knows

that formation and reinforcement of appropriate employee manners is affected by the culture of organization. The culture is influenced by the interactions that happen among coworkers. Hence, the bank should promote company values such as synergy among employees, profitability and hard work through culture. Mellat Bank should share and communicate the value of corporate social responsibility to employees and apply corporate social responsibility as a substitute tool which can introduce them in society. It will accrue when employees internalize it, so they can play a key role in corporate social responsibility policy. The bank should create new products and services that motivate the customers to participate to corporate social responsibility behavior, and they should make an internal structure and working group to exchange viewpoints among employees and also design systems to improve corporate social responsibility activities among employees.

Banks should form psychological contracts as a conceptual method; they can do it through senior managers, human resource department, and direct supervisors. They must work together with the employees to perform both parties' contractual obligations. Mellat Bank should arrange the behavior of employees with the brand values via internalization of brand. With this way, they will find out the values of brand and they will try a positive attitude towards the values. With enough empowerment, employees can present a better image of the bank to customers, particularly frontline staff who have direct contact with customers. Empowered employees can improve their performance including responsibility, accountability, Job control, etc. By practicing these implications and desired results, such as employee transfer of brand promise and increasing the satisfaction of employees and customers, favorable reputation will be achievable.

The employees are the aims of employee branding; thus, banks should persuade employees to form attitudes and behaviors which transfer the brand values and express how these means are realized by employees and then pursued into recognition, commitment and applying it in their environmental work. By these ways, employees can deliver bank message to customers, and this opens the opportunity

for organizations to reach the advantages of customer satisfaction, because the desired brand image is constantly reflected by the staff. Increasing customer satisfaction will make them prefer our brand over other brands; however, we can improve their heart share. When employee branding means benefitting employees personally, they are more probably motivated to engage in the means. As a result, bank managers are encouraged to create employee branding means. It has dual advantages for the organization and employees. It can improve staff satisfaction as well.

Desired corporate reputation is attained by desired image (appeals to external shareholders). Mellat Bank managers can create favorite image by staff contact, direct marketing, word of mouth by employees, promotion, etc. Through creating brand image in customer mind, Mellat Bank can improve the mind share of customers and ultimately market share.

### **Limitations and future research**

This paper, like any other research, has some limitations. Therefore, it should be considered that the extension of the findings is restricted to similar conditions. First, the respondents in this research were limited to staff of Iranian banks, and the branches of banks were from branches of one Bank in Tehran although similar studies could be conducted including all banks (and branches). Second, it is recommended that the current model be tested in another statistical sample such as service companies or insurance companies, in order to clarify the generalizability power.

## References

- Aaker, J.L. (1997). "Dimensions of brand personality". *Journal of Marketing Research*, 34(3), 347-356.
- Allen, N.J. & Meyer, J.P. (1991). "A three component conceptualization of organizational commitment". *Human Resource Management Review*, 1(1), 61-88.
- Asadollahi, A. (2011). "Mind share and Heart share". *Journal of Market Development Engineering*, 5(18), 34-35. (In Persian)
- Barclay, D.; Higgins, C. & Thompson, R. (1995). "The partial least square (PLS). Approach to causal modeling: Personal computer adoption and use as an illustration". *Technology Studies*, 2(2), 285-309.
- Carroll, A.B. (1979). "A three dimensional conceptual model of corporate social performance". *Academy of Management Review*, 4(4), 497-505.
- Chin, W. (1998). *The partial least square approach to structural equation modeling*. In G. A. Marcoulides, (Ed.). *Modern methods for business research*. Mahwah: Lawrence Erlbaum Associates, Inc. Publishers, 295-336.
- Cravens, K.S. & Oliver, E.G. (2006). "Employees: The Key Link to Corporate Reputation Management". *Journal of Business Horizons*, 49(4), 293-302.
- Deephouse, D.L. (2000). "Media reputation as a strategic resource". *Journal of Management*, 26(6), 1091-112.
- Denison, D.R. (2000). *Organizational culture: Can it be a key lever for driving organizational change*. In S. Cartwright & C. Cooper (Eds.). *The handbook of organizational culture*. London: John Wiley & Sons.
- Ekinci, Y. & Dawes, P.L. (2009). "Consumers perceptions of frontline service employee personality traits, interaction quality, and customer satisfaction". *The Service Industries Journal*, 29(4), 503-521.
- Falk, R. & Miller, N. (1992). *A primer on soft modeling*. (Ed). Akron: The University of Akron Press.
- Fombrun, C.; Gardberg, N. & Sever, J. (2000). "The Reputation Quotient SM: a Multi-Stakeholder Measure Of Corporate Reputation". *The Journal of Brand Management*, 7(4), 241-55.
- Fombrun, C.J. & Van Riel, C.B.M. (2004). *Fame and fortune: How successful companies build winning reputations*. Englewood Cliffs, NJ: Prentice-Hall.
- Fornell, C. & Larcker, D. (1981). "Evaluating structural equation models with unobservable variables and measurement error". *Journal of Marketing Research*, 18(1), 39-50.

- Geisser, S. (1975). "The predictive sample reuse method with applications". *Journal of the American Statistical Association*, 70(1), 320–328.
- Goleman, D. (1995). *Emotional intelligence*. New York: Bantam Books.
- Harquail, C.V. (2006). *Employees as Animate Artifacts: Employee branding by "wearing the brand"*, in A. Rafaeli and M. Pratt (eds) *Artifacts and organizations: Beyond mere symbolism*, Lawrence Erlbaum: NJ.
- Harquail, C.V. (2007). *Employee branding: Enterprising selves in services of the brand*. Available from: <http://authenticorganizations.com/articles/employee-branding/enterprising-selves-in-service-of-the-brand> [Accessed March 29, 2012].
- Henseler, J.; Ringle, C. & Sinkovics, R. (2009). *The use of partial least square path modeling in international marketing*. In I. Rudolf, R. Sinkovics, & N. Pervez (Eds.). *Advance in international marketing*. Bingley: Emerald JAI Press, 277–319.
- Jackson, K. (2004). *Building reputational capital*. New York: Oxford University Press.
- Kaiser, H.F. & Rice, J. (1974). "Little jiffy mark iv". *Educational and Psychological Measurement*, 34(1), 111-117.
- Kay, M.J. (2006). "Strong brands and corporate brands". *European Journal of Marketing*, 40(7/8), 742-760.
- King, C. & Grace, D. (2005). "Exploring the role of employees in the delivery of the brand: a case study approach". *Qualitative Market Research. An International Journal*, 8(3), 277-295.
- Kline, R.B. (2005). *Principles and practice of structural equation modeling*. 2nd Edn., New York: Guilford Press.
- Kock, N. (2012). "Using WarpPLS in e-collaboration studies: An overview of five main analysis steps". *International Journal of e-Collaboration*, 6(4), 1-11.
- Kotler, P. (2003). *Marketing Insights from A to Z*. Published by John Wiley & Sons, Inc., Hoboken, New Jersey.
- Kotler, P. (2006). *Marketing management*. 12th Ed., NY: Prentice Hall.
- Lennick, D. & Keil, F.K. (2005). *Moral intelligence*. Pearson Education, Inc. Prentice Hall. Upper Saddle River, 1-7.
- Liu, CH. & Yen, LC. (2010). "The effects of service quality, tourism impact, and tourist satisfaction on tourist choice of leisure farming types". *African Journal of Business Management*, 4(8), 1529-1545.
- Memon, A.M. & Kolachi, A.N. (2012). "Towards employee branding: A nexus of HR & marketing". *Interdisciplinary Journal of Contemporary Research in Business*, 4(2), 51-52.

- Miles, S.J. & Mangold, G. (2004). "A conceptualization of the employee branding process". *Journal of Relationship Marketing*, 3(2/3),65–87.
- Miles, S.J. & Mangold, W.G. (2005). "Positioning Southwest airlines through employee branding". *Journal of Business Horizons*, 48(6), 535-545.
- Miles, S.J.; Mangold, G.; Asree, S. & Revell, J. (2011). "Assessing the employee brand: a census of one company". *Journal of Managerial Issues*, 23(4), 491-507.
- Money, A.H. & Foreman, S. (1996). "The measurement of internal marketing: A confirmatory case study". *Journal of Marketing Management*, 11(8), 755-766.
- Nunnally, J.C. (1978). *Psychometric theory*. New York: McGraw-Hill.
- Parasuraman, A.; Zeithaml, V. & Berry, L. (1985). "A Conceptual model of service quality and its implications for future research". *Journal of marketing*, 49(4), 41-50.
- Punjaisri, K.; Alan, W. & Heiner, E. (2009). "Internal branding to influence employees' brand promise delivery: A case study in Thailand". *Journal of Service Management*, 20(5), 561-579.
- Punjaisri K.; Wilson A. & Evanschitzky, H. (2008). "Exploring the Influences of Internal Branding on Employees' Brand Promise Delivery: Implications for Strengthening Customer-Brand Relationships". *Journal of Relationship Marketing*, 7(4), 407-424.
- Punjaisri, K. & Wilson, A. (2011). "Internal Branding Process: Key Mechanisms, Outcomes and Moderating Factors". *European Journal of Marketing*, 45(9/10), 1521-1537.
- Roast, S. & Silva-Rojas, N. (2007). *Internal branding: development of Brand Values and organizational commitment*. (D master thesis), Lulea university of technology. ISSN: 1402-1552-ISRN: LTU-DUPP—07/016—SE.
- Sims, R. (1994). "Human resource management's role in clarifying the new psychological contract". *Human Resource Management*, 33(3), 373-382.
- Spreitzer, G. (1995). "Psychological empowerment in the workplace: Dimentious, measurement and validation". *Academy of Management Journal*, 38(5), 1442-1465.
- Stone, M. (1974). "Cross-valedictory choice and assessment of statistical predictions". *Journal of Royal Statistical Society*, 2(36), 111–147.
- Tenenhaus, M.; Vinzi, V.; Chatelin, J. & Lauro, C. (2005). "PLS path modeling". *Computational Statistics & Data Analysis*, 48(1), 159-205.

- Weiss, D.J.; Dawis, R.V.; England, G.W. & Lofquist, L.H. (1967). Manual for the Minnesota Satisfaction Questionnaire. Minnesota studies for vocational rehabilitation (No. XXII). Minneapolis: Industrial Relations Center, University of Minnesota.
- Yaniv, E.; & Farkas, F. (2005). "The impact of person-organization fit on the corporate brand perception of employees and of customers". *Journal of Change Management*, 5(4), 447-461.