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Investigating the dual-route effects of corporate branding on brand equity

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ABSTRACT

This research investigated the multilevel relationships among corporate branding, brand citizenship behavior, and brand equity using a hierarchical linear modeling method. The corporate branding construct represents practices that could improve the brand cognition and brand attitude of multiple stakeholders. Brand citizenship behavior indicates that employees are altruistic toward and identify themselves with brands. Brand equity was assessed using customer data to measure their awareness, association, quality perception, attitude, and loyalty toward a corporate brand. This study obtained data from 283 employees, 250 supervisors, and 577 customers of 31 franchise organizations to demonstrate the results at different levels. The results of our analysis indicate that corporate branding exerts a positive effect on brand citizenship behavior and customer-based brand equity. Furthermore, when aggregated, the brand citizenship behavior of firms positively affects their corporate brand equity. In addition, brand citizenship behavior mediates the relationship between corporate branding and brand equity. Brand managers should consider adopting corporate branding practices to encourage employees to engage in brand citizenship behavior, which contributes to brand equity.

1. Introduction

Over the past two decades, corporate branding has been advocated by scholars as an effective approach for companies to build competitive advantage (Balmer, 2012; Melewar, Gotsi, & Andriopoulos, 2012). Originating from product branding, which involves creating market preferences and differentiation, corporate branding seeks to build a favorable image for all stakeholders (Ind, 1997). Over time, products and services typically become more similar because competitors can imitate new products quickly, making it difficult for consumers to differentiate between the offerings of firms. Consequently, promoting entire companies as brands has become an efficient approach for creating differentiation. Moreover, for companies with multiple product lines, corporate branding reduces communication costs and creates synergies among brands under a corporate brand umbrella (Harris & de Chernatony, 2001; Hulberg, 2006).

Corporate branding differs from product branding, which relies more on the efforts of marketing and advertising personnel. Corporate branding draws its value from an entire organization, including its funders, owners, managers, and personnel (Balmer & Gray, 2003). Although brand images may represent what external constituents think about a corporation, corporate branding involves managing the consistency between what stakeholders actually think about an organization and what the organization believes (wants) them to think (Dacin & Brown, 2006). An emerging consensus exists among scholars that corporate brands should be closely aligned with corporate identity (Balmer, 1995, 2012; Harris & de Chernatony, 2001; Hulberg, 2006). Thus, an identity-based perspective could provide a valid paradigm for investigating corporate branding practices. In a literature review, Hulberg (2006) contended that two types of corporate identity exist; one based on marketing theory, and the other based on organizational theory. Although the marketing-based perspective of corporate identity emphasizes the role of external stakeholders, the organizational-identity-based perspective focuses more on the importance of internal stakeholders. Van Rekom (2002) defined organizational identity as the sum of employees' perceptions of an organization's

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identity. Hatch and Schultz (1997) contended that organizational identity is communicated (intentionally or unintentionally) to external environments through employees. Therefore, both marketing- and organizational identity-based perspectives of corporate brand identity are highly related, and the effectiveness of corporate branding should be measured by assessing both perspectives (Burmann, Zeplin, & Reily, 2009). Furthermore, the effect of corporate branding on external brand identity can be engendered through two routes: directly from corporate branding to external stakeholder, and through the mediation of internal stakeholders. However, few studies have investigated these two routes of corporate branding effects simultaneously; rather, most of them have applied only one route. For example, the direct effect route of corporate branding can be manifested on fostering customer corporate brand association, which has been shown to influence consumer product evaluations (Brown & Dacin, 1997; Goldberg & Hartwick, 1990), purchase intentions (Fomburn, 1996; Goldsmith, Lafferty, & Newell, 2000), loyalty (Andreassen & Lindestad, 1998), as well as how consumers evaluate brand extensions (Keller & Aaker, 1998). Regarding the other route of corporate branding effect, most studies have focused on internal branding. Burmann and Zeplin (2005) measured internal brand strength using two inter-related constructs, namely, brand commitment (attitude aspects) and brand citizenship behavior. Several subsequent studies (Burmann et al., 2009; Nyadzayo, Matanda, & Ewing, 2011; Xie, Peng, & Huan, 2014) have adopted these two constructs to investigate the determinants of internal branding. In general, this stream of research indicates that internal brand identity can lead to external brand equity, such as customer satisfaction (Chang, Chiang, & Han, 2012) or brand–customer relationship quality (Burmann et al., 2009). Although Chiang, Chang, Han, and McConville (2013) showed that internal branding can enhance various types of external corporate equity, they did not investigate the dual effects. In summary, extant research on corporate branding has not adequately addressed the entire spectrum of effects and influence routes associated with corporate branding. Therefore, the first objective of this study is to fill this knowledge gap.

The reasons why only a few studies have investigated both routes of corporate branding effects can be explained by examining the concept of corporate branding. Corporate branding has been investigated from various perspectives, including corporate communications, corporate reputation, corporate characteristics, corporate identity, and strategic management (Fetscherin & Usunier, 2012). Researchers from numerous disciplines have proposed various drivers of corporate brand equity, such as managing organizational culture (Harris & de Chernatony, 2001), creating highly motivated employees who incorporate brand messages into their lifestyle (Mitchell, 2002), applying brand-centered human resource management (HRM) practices (Chang et al., 2012), communicating brand values, as well as managing brand image and reputation (Dowling, 2001). However, few studies have adopted a comprehensive perspective of corporate branding to investigate the drivers of corporate brand identity. Consequently, investigations on the performance of corporate branding could be limited by omitting critical aspects of corporate branding endeavors. Hence, the second objective of this research is to investigate the constituents of corporate branding, which encompasses a comprehensive set of brand equity drivers. The results could contribute to managerial practices by establishing causal links of corporate branding.

Melewar et al. (2012) recommended that future studies on corporate branding should address three central tensions, one of which is related to measuring corporate branding through multi-level analysis. In other words, appropriate analysis methodologies should be applied to elucidate how organizational practices influence individual employees (Raudenbush & Bryk, 2002). Research on the cross-level effects of corporate branding is scant; therefore, this study addresses this issue by adopting a multilevel analysis approach.

2. Literature review and hypothesis development

2.1. Dual-effect routes of corporate branding

Corporate branding is defined as a systematical process implemented by an organization to create favorable brand image and maintain brand reputation through interaction with internal and external stakeholders (Einwiller & Will, 2002; Muzellec & Lambkin, 2006). Compared with product branding, which is typically handled by marketing personnel (Melewar et al., 2012), corporate branding practices involve organization-wide practices that contribute to corporate identity (Melewar & Karaosmanoglu, 2006), visual identity (Van den Bosch, Elving, & de Jong, 2006), and corporate personality (Abratt & Mofokeng, 2001), all of which can encourage multiple stakeholders to identify themselves with the corporate brand, thereby enhancing brand equity.

Two types of corporate identity, which are related to internal and external stakeholders, contribute to the effect of corporate branding (Hulberg, 2006). Organizational theory perspectives on corporate branding include concepts such as vision, culture, and image alignment (Harris & de Chernatony, 2001), brand leadership (Vallaster & de Chernatony, 2006), interaction with multiple stakeholders (Leitch & Richardson, 2003), interdepartmental co-ordination (de Chernatony, 1999), brand-centered HRM practices (Burmann & Zeplin, 2005; Martin, Beaumont, Doig, & Pate, 2005), training (Roper & Davies, 2010), internal branding (Punjaisri & Wilson, 2011), and brand communication (Balmer, 2001). Marketing theory perspectives on corporate branding include concepts such as consumer evaluations (Brown & Dacin, 1997), consumer intentions (Goldsmith et al., 2000), and brand extensions (Keller & Aaker, 1998).

Thus, corporate branding is characterized by a highly strategic focus (oriented toward both internal and external targets), as well as by the alignment of internal and external marketing efforts. Building on Fetscherin and Usunier (2012), this study focuses on creating positive associations with corporate brands and identifying corporate branding practices that motivate employees to live the brand (Melewar et al., 2012).

2.2. Social identity theory, social exchange theory, and corporate branding

Hogg and Terry (2000) considered social identity theory as "a platform which can be used to describe in detail how social categorization and prototype-based depersonalization actually produce social identity phenomena." Ashforth and Mael (1989) argued that social identity provides people with a sense of belonging to a social group. The concepts underlying social identity theory, which are based on the works of numerous scholars (Hirst, Van Dick, & Van Knippenberg, 2009; Meyer, Becker, & Van Dick, 2006), highlight the role of collective identity, which affects the cognitive awareness of a person's organizational membership, such as employee commitment and organizational goals. Van Knippenberg and Hogg (2003) argued that collective attributes of an organization and employees' interpersonal relationships delineate collective self and employees' social identity. Organizational members with high social identity may exhibit positive cognitions (e.g., commitment) toward activities that are congruent with their identity (Ashforth & Mael, 1989), which contributes to the success of organizational activities.

Masterson and Stamper (2003) argued that corporate branding processes can induce a sense of belonging in employees, through