

## **DETERMINANTS FOR MEASURING THE VALUE OF THE INTERNAL BRAND IN TEXTILE ENTERPRISES IN BULGARIA**

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**Abstract:** *The first objective of this research is to find out a theoretical base that could be used to develop a model which can evaluate, analyze and foresee the internal brand value. The model is supposed to estimate the extent to which the suggested determinants could explicate the internal brand equity. The next issue that needs to be analyzed is the positive effect of the internal brand equity on the external brand equity. As a result, the main research question approaches the selection of certain criteria that can be used as indicators of the value of an internal brand. This value determines the predisposition of the employees of the brand owner to demonstrate the brand values while communicating with customers and stakeholders. Nevertheless, there is no coherent comprehension in the scientific literature of what the brand-relevant behavior might incorporate (Henkel et al. , 2007). The missing points of this structure of knowledge necessitate a discussion on several specific research topics: • How can the internal brand equity in the industrial sector be measured? • What could the determinants of internal brand value be? • Does the internal brand equity affect the value of the external brand?*

**Keywords:** *internal brand, value, determinants, textile industry*

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### **Introduction**

The theory, so far, emphasizes the importance of employees in representing the brand in the industrial sector. The consumer brand strategy, in opposition to the external value of the brand relies less on external media than on personalized contact between customers and brand employees. Straight personal communication supporting the brand is impossible. Neither is a close monitoring of the interaction between staff and clients easily accomplished. For this reason, one of the key structure blocks of a resilient industrial brand is "nesting" of the brand, i.e. developing very close relation of the brand with the employees.

Little empirical research on internal branding has been carried out in the industrial sphere. This article explores the notion of internal brand value in an attempt to reduce this deficit. It will also represent the determinants of the value of internal brand and search for a link between the internal and external brand equity. This is one of the few studies in Bulgaria which investigates the internal

brand equity at the employee level, the line and the senior management level in the Bulgarian textile industry.

### **Exposure**

The extensive concept of the brand is thoroughly studied in numerous scientific works (de Chernatony, McDonald, 1998) (Keller K. L., 2008) (Reizebos, 2003). It is usually defined as the added value of a product or product portfolio attributable to a brand name, brand logo or other brand attributes (Aaker, 1991) (Farquhar, 1989) (Keller K. , 1993) (Yoo, Donthu, 2001). The internal brand value is described as the growing impact of branding on the behavior of the workers. It defines and evaluates the incentives provoked by the brand respect among the brand proprietor's personnel towards behavior supporting the brand. (Antonova, D., B. Stoycheva, 2018) Therefore, internal brand value is high if the behavior of the workers is consistent with the identity of the brand and "individual employees are prone to delivering the brand consistently and enthusiastically to internal and

external stakeholders" (Baumgarth, Schmidt, 2010).

### **Reasons for modeling and measurement of internal brand equity**

Brand loyalty is a core element of brand value (Aaker, 1991). Another study found an important relationship between the positive awareness of the corporate brand of the employees and their objective to continue working for the same entrepreneur (Wheeler et al. , 2006). Therefore, a measurable manifestation of the internal brand equity is the goal to stay dedicated to the brand, as well as to the enterprise.

Another opinion is that it is "impossible not to communicate" in the workplace (Watzlawick, Beavin, 1967), and that repetitive contacts between employees will always include brand-related conversation (Henkel et al. , 2007). A major element for the evaluation of the internal brand equity is that communication between staff members should be in support of the brand.

Research on organizational behavior and service delivery has demonstrated that if employees show positive behavior outside their workplace (Podsakoff et al. , 2000), the results tend to be useful for the overall performance of the company (Bell, Menguc, 2002) (Koys, 2001) (Podsakoff, MacKenzie, 1994). It is reasonable to assume that the internal brand equity is partially given by this inclination to involve in what is referred to as "brand citizenship behavior" (Burmam, Zeplin, 2005). To recapitulate, the third value of the internal brand is expressed by the extra-role behavior supporting the level of the brand.

### **Determinants of internal brand equity**

According to Baumgarth and Schmidt (2010) there are four characteristics of organizational and individual behavior within an organization, which define the level of internal brand value. These behaviors are: commitment to the internal brand, brand orientation, knowledge of the internal brand and engagement with the internal brand" (Baumgarth, Schmidt, 2010).

#### **• Internal brand commitment**

"Organizational commitment" is explained as commitment to the internal brand or the "employee's psychological attachment to the brand", whose extent drives the desire to act in a manner appropriate to the brand and to invest significant efforts in achieving the aims given by the branding strategy (Mowday et al., 1979) (O'Reilly, Chatman, 1986) (Burmam, Zeplin, 2005) (Burmam et al., 2009). Several studies show that organizational commitment significantly affects the attitudes and behaviour of the workers (Allen, Meyer, 1996) (Jaramillo et al., 2005) (Mathieu, Zajac, 1990) (Mowday et al., 1979) (Riketta, 2002).

#### **• Brand orientation**

Brand orientation is most commonly defined in the scientific literature as a "specific type of strategic orientation or corporate culture characterized by high brand importance as the basis of the business model" (Penchev, 2015). It is also described as a distinct way of thinking in the enterprise (Urde, Brand orientation: A strategy for survival, 1994) (Urde, Brand orientation: A mindset for building brands into strategic resources, 1999). Brand orientation is categorized by: brand power in branding strategy and corporate strategic thinking and is, to a certain extent, unchangeable, coherent, meaningful to the client and unmistakably distinguishable from competition (Hankinson, 2001) (Baumgarth, 2009). When it comes to consumer audiences, it is assumed that corporate culture can be even more persuasive in shaping brand awareness than related marketing relations (Wilson, 2001). The importance of corporate brands in the industry reinforces the connection between the value of the internal brand and the brand-oriented culture. (Kunev, Sv., I. Kostadinova, B. Stoycheva, 2017) Therefore, brand orientation is expected to have a large impact on defining the level of brand-appropriate behavior of the workers and, therefore, on internal brand value.

Obviously, brand orientation is a mutual characteristic of the workers, while the other three elements in the organizational environment are characterized as functions of individual behavior.

- **Internal brand knowledge**

In the context of internal brand knowledge, learning processes are of the highest priority. One of the most well-known brand value models (Keller K. , 1993) reflects brand knowledge in a role that generates significant value. According to it, customer behavior is highly dependent on the knowledge that customers have about a specific brand. (Pavlov, D., Boneva, M., 2020) This knowledge enables customers to behave in a way, in which their brand identity requires. This, in turn, will depend on the internal and external brand communication, brand values and benefits of the brand. Internal brand awareness describes the cognitive representation of the brand in the minds of employees, which can be interpreted as a "scheme" (Fiske, Linville, 1980). These are structures of pre-organized knowledge that develop through the abstraction of experiences and exert a strong behavioral influence (Marcus, Zajonc, 1985). Therefore, a positive link is expected between internal brand knowledge, such as a brand-oriented scheme, and the value of the internal brand. A pioneering study by (Keller K. , 1993) identified brand knowledge as a major driver of brand value. Other studies have found that employees of strong brand enterprises typically show clearer and more consistent brand knowledge (Webster, Keller, 2004) (de Chernatony, Cottam, 2006). The conclusion is that they need to know about the identity and values expressed by the brand in order to behave in a way that is appropriate to the brand. Such knowledge of the internal brand can be taken as a prerequisite for a strong internal brand, which in turn contributes to the overall presentation of the brand and therefore the value of the brand.

- **Internal brand involvement**

Involvement to the internal brand is explained as a state of activation caused by a personal connection with the brand (Celsi, Olson, 1988) (Zaichkowsky, 1985). The theory of activation actually states that the branding effect is perceived by the individual will through incentives as well as brand information. Shortly, individuals will

have an enhanced caution to the brand-related information. Especially at the beginning, it is quite possible to happen when the brand is of particular importance to workers and when they are sure that the brand contributes to a large extent to the whole performance of the enterprise (Hoeffler, Keller, 2003).

### **Finding a connection between the internal brand equity and the external brand equity**

The value of external brand value is described usually as "brand value" in the sense that it is the significance of brand approach and behavior to current and eventually future customers. Its main logic is the understanding of describing brand value through brand perception and brand image. "That is, the extent to which a brand is capable of creating differentiation and preference in the minds of customers" (Keller K. , 1993).

The theory of balance and the theory of emotional contamination can be used, in order to understand the connection between the value of the internal and external brands.

The theory of balance (Heider, 1958) states that every employee pursues internal equilibrium and that an arrangement including two individuals and an object is balanced when both individuals (employees and customers) have the same association to the brand.

The theory of "emotional contamination" (Hatfield et al., 1993), which explains how feelings and emotions are expressed, supports the assumption of a direct connection between the internal and external value of the brand. (Barsade, 2002) states that one person will compare his disposition with that of others and accept this "emotional level" when it appears suitable for him to do so. In the context of this work, this implies that customers will adjust their specific emotions to the one of the brand owner's employees with whom they work together. If an employee displays a strong sense of brand value, the client is likely to adopt approaches that represent high brand value.

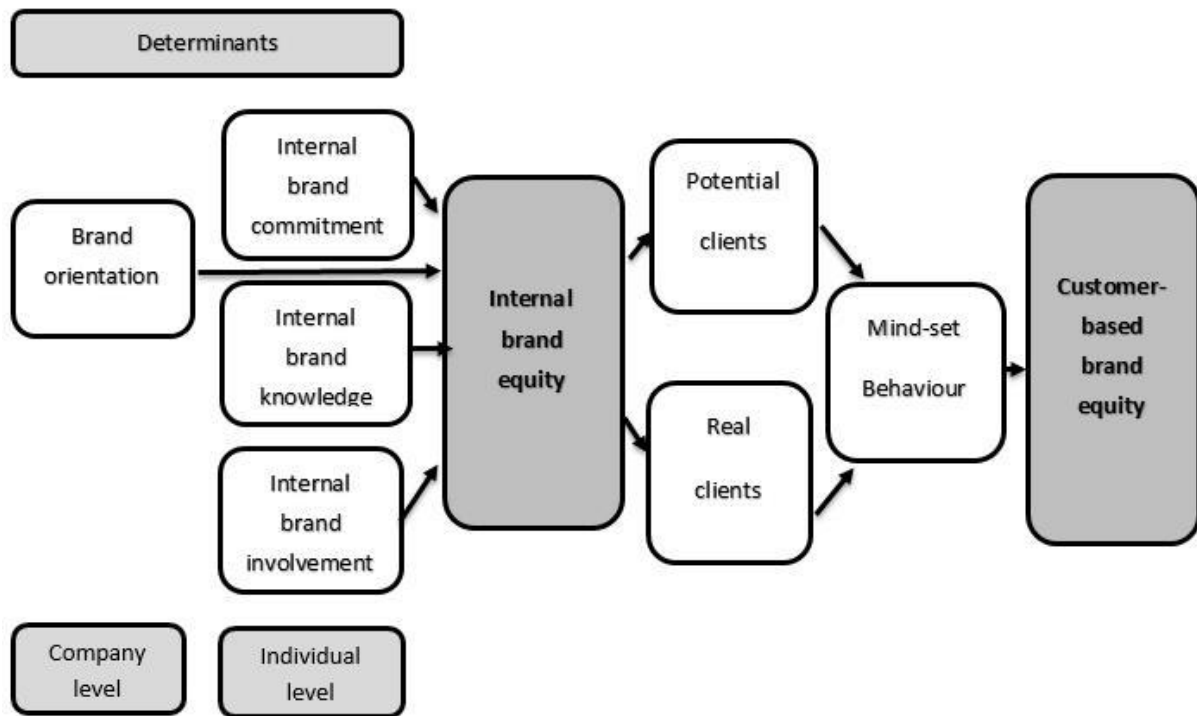


Figure 1. Model of the relationship between the internal brand equity and the customer-based brand equity

Source: authors own study

### Designing the architecture of the questionnaire

This study is based on constructive criteria available in the literature that could be adapted to the context of this work. The questionnaire incorporates 42 questions. The first question specifies the position taken by the interviewee in the company. The remaining 41 questions are divided into 6 modules.

The first module addresses the central concept of "internal brand equity" and incorporates 9 questions. The concept was developed for the study of industrial branding in three industry sectors in Germany by Carsten Baumgarth and Marco Schmidt. The values that apply to this study are used from the work of (Baumgarth, Schmidt, 2010). For the "intention to remain with the mark" a single element measure was used. A generalized scale of dependent variables is used to measure brand sustaining intra-role behavior, on the basis that personal brand communication in the industrial sector in order to be brand-supporting must be relatively constant, consistent, customer-friendly and clearly

differentiable from competition. In order to measure brand-supporting non-roller behavior, the construction of brand citizenship behavior has been used (Podsakoff et al. , 2000) from its original context. The term "brand citizenship behavior" is defined as including two factors: "brand enthusiasm" and "willingness to support brand development". Eleven dependent variables were selected to measure this magnitude on a scale adapted from Podsakoff's (Burmann, Zeplin, 2005) study on the basis that they are considered explicitly induced by the brand, while others are related to the common human characteristics, such as altruism.

The second module deals with the internal brand commitment and contains 8 questions. The third module examines another determinant of internal brand value - internal brand knowledge and includes 7 questions. Internal brand commitment and knowledge are concepts introduced by (Baumgarth, Schmidt, 2010). They value the employee's trust that branding has a positive impact on corporate performance as an indicator of brand commitment. They measure the

brand knowledge they have gained, such as adverts in magazines or they measure the company's web presence.

The fourth module consists of 5 questions examining internal brand involvement. It is measured by another dimension arising from the work of (Burmamann et al., 2009), which in turn has been adapted from a previous scale of organizational engagement (O'Reilly, Chatman, 1986).

The fifth module contains 8 questions and addresses another one of the determinants of the internal brand value and brand orientation. It is measured by a reflective scale, used for the first time by (Baumüller, Baumgarth, 2008).

The key result, the external value of the brand, will be measured by a scale of four dependent variables, borrowed from the study of (Baumüller, Baumgarth, 2008). The last module is dedicated to it and includes 4 questions.

The questionnaire was targeted at three respondents in each company: top manager, brand / marketing / product manager and another employee. It is expected to get a complete understanding of the internal brand equity the way it is perceived by employees in different positions within the company.

### **Determination of general aggregation**

The data provided by the Bulgarian National Statistical Institute as of 2017, suggests that 683 enterprises function under code 13 of the Classification of Economic Activities: "Production of textiles and textile products, except apparel". The economic activities are divided into 4 sub-sections: 13.1 "Preparation and spinning of textile fibers", where 35 enterprises function; 13.2 "Fabric production" - represented by 30 enterprises; 13.3 "Ennoblement of yarns, fabrics and clothing" - 33 enterprises; 13.9 "Production of other textile articles", including 585 enterprises. In order for the sample to be representative of the country, the survey must include 2 enterprises of subsection 13.1., 2 enterprises of subsection 13.2, 2 enterprises of subsection 13.3 and 30 enterprises of subsection 13.9. In order to be representative, the sample should cover at least 36 enterprises. The way the

survey is directed will require a high degree of disposition to work together with the target enterprises, which is why personal links will be very important. Therefore, the sample selected is not random, but rather systematic and targeted. The ones that were initially selected were those enterprises that appear in the annual charts of "Capital" newspaper (a Bulgarian national newspaper valued for its unbiased surveys and analyses) for the largest enterprises in the textile industry as a whole. After filtering some of those working under code 13, several other enterprises were added. The additional enterprises are those with which personal contact could be established. Those enterprises which will be contacted and which agree to participate in the surveys will receive 3 questionnaires that must be filled in by a top manager, brand / marketing / product manager and by another employee.

### **Restrictions of the survey**

- The present work is limited only to defining the determinants that set up the brand value. A questionnaire was drawn up on the basis of these determinants.
- The pilot survey includes four textile enterprises in Bulgaria. Three respondents were interviewed in each enterprise - a top manager, a lower level manager and another employee. The goal is to set up and refine the questions from the questionnaire.
- The size of the sample is very restricted. The results obtained are not representative.
- All variables are measured simultaneously and thus variations in the value of internal brand cannot be considered.
- The research of the study takes place in one European country.

Any future reproduction of this study should aim at greater geographical diversity, greater sampling and studies carried out at different times. Since the method of research is based on the subjective measurements of quantities, their validity is usually questionable.

Further research should use a combination of subjective and objective measures.

### Conclusion

Nowadays, the workers in the enterprises play an increasingly significant role in the presentation of individual and corporate brands to interface with existing and potential clients. As a result, internal branding has recently developed as an important issue in both consumer and industrial markets. This theoretical review presents and summarizes the most important scientific assumptions related to the concepts of internal branding and its equity. It gives a definition of internal branding value and shows the reasons for modeling and measurement of internal brand equity. This paper goes further revealing the three determinants of internal brand value, namely, brand orientation, internal brand knowledge and involvement. The proposed determinants and the questionnaire specify the main points of a brand strengthening strategy.

The scope of this work is, however, restricted both in the size of its sample and in geographical diversity and the results obtained are not representable. This paper gives the theoretical base necessary to develop a model which can measure, analyze and predict the internal brand equity. The model estimates the extent to which the suggested determinants could explain the value of the internal brand and the positive impact of the internal brand value on the external brand value.

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