

RELEVANCE OF CORPORATE BRANDING TO EMPLOYEE LOYALTY: A CROSS COUNTRY STUDY

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ABSTRACT

Corporate Brand Management gained in importance in recent literature, but rarely in terms of cross-national effects among employees in a multinational corporation. However, a strong corporate brand can contribute to an enduring differentiating positioning of business units and products. It is not only beneficial to the relationship with external stakeholders. It can also unite and motivate internal stakeholders.

In academic research, corporate brand management has rarely been viewed from an international perspective. The few international publications are mainly of conceptual nature or focus on studies regarding the perception by customers. Employees' perceptions of the corporate brand are only rarely examined.

Contributing to this field, the present paper focuses on country-specific effects of the corporate brand of a major FMCG manufacturer internationally standardized in 2001. Survey data from 36 countries has been analyzed using a multi-group partial least square approach. A total of 300 employees working in corporate communication and human resources took part in the survey. For the analysis, four country groups are formed referring to Hofstede's research. The home-country of the organization Germany serves as reference group. Based on cultural differences Europe, America and Asia were formed as three further groups.

In our research model, commitment and corporate reputation are identified as key factors for analyzing the effectiveness of corporate brand management as what concerns employees. Examining their influence on employee loyalty, we are at the same considering internal communication, leadership and job satisfaction as their antecedents and key instruments for internal corporate branding. Furthermore it is assumed that country-specific characteristics have a moderating effect on the cause-and-effect relationships stated. By applying the multi-group partial least square approach, the results provide support for a significant influence of commitment and corporate reputation on employee loyalty. However, the strength of the influence varies cross-nationally as does the effects of the antecedents do. Thus, the results not only provide strong support for the stability of the research model and show country-specific differences, but also enlarge the knowledge base in the area of corporate brand management by looking at the internal target group of employees with an international perspective and by identifying country-specific differences concerning the process of the corporate brand.

In detail, the results show a weak significance of the influence by leadership on commitment in the samples of Europe and America. A strong focus on the relationship between leaders and employees could result in a strength of commitment to the organization and thus in employee loyalty in the countries concerned. Furthermore, we can identify a stronger impact of commitment on employee loyalty in Asia compared to Europe and America. In the latter two country groups, corporate reputation is perceived to have approximately the same influence as commitment on the loyalty of employees. Moreover the comparison of Germany with the other European countries point out the least significant differences, which states similarity of the two samples. Significant for America compared to the other country groups is the strong influence from internal communication on job satisfaction and the lowest difference between the strength of the two paths influencing employee loyalty. Asia shows outstanding high coefficient from commitment to employee loyalty and the lowest path coefficient from corporate reputation to employee loyalty when compared to the other country groups.

In the course of this study, we analyzed the effect of a corporate brand on employees and identified significant cross-national variations of the influence of commitment and corporate reputation on employee loyalty, resulting from different effects of their antecedents. To form a consistent image of the corporate brand, all instruments have to communicate the core brand message. According to our results this could be achieved through initiation of different instruments in different countries or through the initiation of the same instruments worldwide. The challenge in communicating one core brand message across countries is to overcome the variety of cultural aspects and different levels of acceptance of employees.

References Available on Request.