

Internal branding and sustainability: investigating perceptions of employees

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Abstract

Purpose – The purpose of this paper is to investigate perceptual differences between employees characterized by various levels of internal brand commitment and sustainability importance. The identified clusters of employees are compared considering the main determinants of internal brand commitment and their evaluations of a company's sustainability performance.

Design/methodology/approach – The study was conducted among employees of industrial companies operating in Belarus. Two hundred thirty-eight responses were analyzed by using the K-means cluster analysis. The analysis of variance was applied for evaluating differences between the three identified clusters.

Findings – Based on internal brand commitment and sustainability importance, the paper identifies three alternative clusters of employees: uncommitted sustainability laggards, committed sustainability followers and committed sustainability leaders. The results show that the three clusters differ in regard to the main determinants of internal brand commitment, which are brand orientation, internal brand knowledge and internal brand involvement. The findings demonstrate significant perceptual differences between the three clusters regarding their evaluations of a company's sustainability performance. The assessment of sustainability performance focuses on sustainability objectives, sustainability policies and sustainability decision-making and disclosure.

Research limitations/implications – The study was conducted in the context of a transition economy. Future studies are recommended to develop a cross-cultural comparison of relationships between employees' perceptions about sustainability performance, different determinants and the outcomes of internal brand commitment.

Originality/value – The paper makes a theoretical contribution to research on internal branding and sustainability by examining the potential interrelationships between internal branding strategies and sustainability performance.

Keywords Sustainability, Internal marketing, Internal branding, Transition economy

Paper type Research paper

Introduction

The increasing attention toward sustainability issues arising in society is stimulating the need for managers to work more effectively with sustainability initiatives and policies within their companies. A global survey involving executives and managers across a variety of industries confirms that 70 per cent of respondents' companies have added sustainability to their managerial agendas in the past six years (Kiron *et al.*, 2012). Despite the widespread adoption of sustainability practices, managers face difficulties in achieving strong sustainability performance (Szekely and Knirsch, 2005). The failed attempts of many companies to integrate sustainability in their business activities have resulted in skepticism among managers, in particular, about the role of such initiatives for achieving a competitive advantage

(Simpson *et al.*, 2004). Among the main obstacles to successful sustainability implementation, previous research highlights the insufficient management of internal stakeholder relationships and especially the ethical misalignment between employee perceptions and the company's corporate identity (Powell, 2011).

Prior studies demonstrate that the initial step to achieving strong sustainability performance is the development of a high level of awareness among employees, which is needed for embedding sustainability practices in corporate culture and values (Maon *et al.*, 2009). In general, the strategic goals and tactical actions of companies need to be aligned with the efforts devoted to achieving sustainability (Kotler, 2011). The sustainability performance of companies can be positively affected by the effective implementation of branding strategies promoting sustainability initiatives to different stakeholders (Kumar and Christodouloupoulou, 2014). Internal branding activities focusing on enhancing awareness, knowledge and commitment of employees toward their corporate brand are central for the successful implementation of a company's policies, such as its sustainability policy (Baumgarth and Schmidt, 2010; Burmann and Zeplin, 2005; Foster *et al.*, 2010). In addition, prior studies confirm that the involvement of employees increased through effective internal branding activities can improve business performance (Gapp and Merrilees, 2006).

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Despite internal marketing having been found to have a critical role for implementing sustainability strategies, there is an evident gap in the research on sustainability and internal branding (Sharma *et al.*, 2010). Previous literature reviews of sustainability research in marketing confirm the need to explore issues related to the potential impact of internal marketing activities on sustainability performance (Chabowski *et al.*, 2011; McDonagh and Prothero, 2014). Following the approach implemented in prior sustainability studies, which assess the clusters of employees and their predisposition to enact upon sustainability policies (Hemingway, 2005; Rodrigo and Arenas, 2008; Slack *et al.*, 2015), we aim to advance knowledge regarding a possible interplay between internal branding and sustainability. More specifically, this study explores the potential of companies to utilize internal branding more effectively for managing the perceptions of their employees and for increasing their sustainability performance.

The purpose of this study is to investigate the perceptual differences between employees characterized by the various levels of internal brand commitment and sustainability importance. The study examines whether employees having higher levels of internal brand commitment and sustainability importance differ regarding the main determinants of their internal brand commitment and their evaluations of company's sustainability performance when compared to employees with lower levels of internal brand commitment and sustainability importance. Considering these factors, the study assesses the profiles of alternative clusters of employees in the context of Belarus. Following the propositions from recent studies (Farooq *et al.*, 2014; Sheth and Sinha, 2015), we aim to extend the applicability of research by examining internal branding and sustainability in the context of a transition economy. Our choice of research context is also supported by prior studies highlighting that the degree of understanding and adoption of sustainability and corporate social responsibility (CSR) varies across countries, where lower levels of sustainability activities pose greater challenges for companies (Guzmán and Becker-Olsen, 2010). Therefore, the contextual setting of a transition economy serves as a relevant context for investigating the interrelationships between internal branding and sustainability performance.

Theoretical framework

Internal branding and internal brand commitment

Theories on internal marketing emphasize that internal relationships, functions and interactions are critical for enhancing positive perceptions of employees and motivating them to implement corporate programs in an effective and profitable manner (Ahmed and Rafiq, 2003; Saleem and Iglesias, 2016). Previous research demonstrates that the efforts and resources that the company invests in external marketing targeting consumers must be complemented by internal marketing activities focusing on its employees (George, 1990; Greene *et al.*, 1994; Urde and Koch, 2014). The fundamental premises of internal marketing acknowledge employees as being the primary market (Sasser and Arbeit, 1976) and the main customers of a company (Berry, 1981). Prior studies highlight the importance of understanding the critical role of employees and their involvement in facilitating the implementation of strategic goals and programs of a

company (Rafiq and Ahmed, 1993). Therefore, the implementation of sustainability initiatives and policies depends to a large extent on the perceptions and behaviors of employees, as they determine whether the company succeeds or fails in executing these strategies (Ind, 1998).

Within the research stream of internal marketing, studies focusing on internal branding confirm the importance of employee involvement (Gapp and Merrilees, 2006) and their identification with the company's goals (Foster *et al.*, 2010). In general, internal branding supports "the adoption of the branding concept inside an organization to ensure that employees deliver the brand promise to the external stakeholders" (Foster *et al.*, 2010, p. 401). Internal branding strategies developed by top managers facilitate brand-consistent behavior by employees, which is in alignment with the core values of the company (Vallaster and de Chernatony, 2006). Through internal branding, companies can increase the enthusiasm and emotional attachment of employees, thus leading to their stronger commitment toward the company (King and Grace, 2008). Consequently, committed employees can be expected to have more positive perceptions and higher levels of motivation to support the achievement of a company's goals, such as fulfilling its sustainability initiatives.

Although internal branding strategies create a foundation for attaining the company's vision, one of the challenges faced by marketing managers is related to accomplishing employee buy-in (Gyrd-Jones *et al.*, 2013). To overcome these difficulties, the seminal works on brand citizenship behavior highlight the need to enhance internal brand commitment, which influences the perceptions and behavioral intentions of employees (Burmman and Zeplin, 2005; Burmann *et al.*, 2009). Internal brand commitment captures "the extent of psychological attachment of employees to the brand, which influences their willingness to exert extra effort towards reaching the brand's goals, that is, to exert brand citizenship behavior" (Burmman *et al.*, 2009, p. 266). The conceptual developments in research on brand citizenship behavior demonstrate that internal brand commitment is driven by brand orientation developed at the organizational level (Baumgarth and Schmidt, 2010). Brand orientation captures the degree of relevance attributed to the corporate brand and branding by managers, which regulates the mental approaches and perceptions about the brand by all employees (Baumgarth, 2010; Urde, 1999). At the individual level, internal brand commitment is influenced by two determinants. First, internal brand knowledge indicates how knowledgeable employees are about the brand (Baumgarth and Schmidt, 2010). Brand knowledge developed by employees is affected by internal and external communication addressing brand values, brand identity, core attributes and other relevant elements of a corporate brand. Second, internal brand involvement shows how relevant the brand is for employees (Baumgarth and Schmidt, 2010). Internal brand involvement, which evolves from beliefs of employees about the brand and its perceived relevance, facilitates the psychological and behavioral processes underlying brand citizenship behavior of employees (Baumgarth and Schmidt, 2010; Burmann *et al.*, 2009).

Additional empirical evidence demonstrating the essential role of internal brand commitment and its determinants in supporting brand citizenship behavior can be found in research on organizational citizenship behavior (Podsakoff *et al.*, 2000). The conceptualization of internal organizational commitment has laid a basis for defining internal brand commitment (Podsakoff *et al.*, 2000). Despite organizational citizenship behavior, to a large extent, capturing brand citizenship behavior, the latter has a wider scope as it encompasses employee behavior targeted at external groups of stakeholders (Burmman and Zeplin, 2005). By following the assumptions stated in prior research (Baumgarth and Schmidt, 2010; Burmann *et al.*, 2009), we develop our empirical investigation by considering brand orientation, internal brand knowledge and internal brand involvement as the relevant determinants of internal brand commitment. We examine these determinants in relation to employees' perceptions about sustainability importance for their companies and their evaluations of a company's sustainability performance. Prior to this examination, we test the presence of positive relationships between internal brand commitment and its determinants:

- H1.* Internal brand commitment is positively related to (a) brand orientation, (b) internal brand knowledge and (c) internal brand involvement.

Sustainability importance and sustainability performance

In general, sustainability initiatives and programs are aimed at supporting sustainable development such that the activities "meet the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987). The development and adoption of sustainability policies require the consideration of social, environmental and economic factors, which in seminal works on sustainability are referred to as the triple bottom line (Elkington, 1997). Companies pursuing the principles of sustainable development need to organize their business activities differently when compared to those with traditional business models (Stubbs and Cocklin, 2008). To achieve strong sustainability performance, the company needs to apply a business model where the different stakeholders involved in the company's activities, including employees, take responsibility in terms of social, environmental and financial impact (Boons and Lüdeke-Freund, 2012).

The evolvement of different streams of research on sustainability has led to the emergence of various theoretical perspectives on a macro-level, such as, for example, frameworks on resilience (Gunderson, 2001; Mohaupt, 2009). On a micro-level, previous studies examine sustainability initiatives and programs implemented by companies by applying a broad range of perspectives, for example, the sustainable company approach (Vitols and Kluge, 2011), sustainable entrepreneurship (Cohen and Winn, 2007) and business ethics (Crane and Matten, 2010). The stream of research on CSR has a prominent role in research on sustainability (Carroll, 1991). The CSR concept is defined as voluntary corporate actions taken to improve the social and environmental performance beyond the minimum

requirements of the law (Freeman *et al.*, 2010). The review of previous studies on CSR and sustainability draws attention to the fact that the emerging theoretical perspective of corporate sustainability includes phenomena, which are in the focus of CSR, such as transparency, stakeholder dialogue and sustainability reporting (van Marrewijk, 2003). However, it also concerns other issues, for example, environmental management, environmental systems and human capital management (van Marrewijk, 2003). In this study, we consider the findings of prior research on CSR and apply a general perspective of corporate sustainability for investigating the sustainability importance and sustainability performance of companies from the internal view of their employees.

From a long-term view, the successful implementation of sustainability initiatives and programs enhances the company's sustainability performance, which, in turn, can trigger positive reactions of different stakeholder groups and result in an increased business performance (Epstein and Roy, 2001). Despite acknowledging the relevance of sustainability performance, conceptual models and sustainability reporting frameworks used by academicians, practitioners and policy makers still lack a consensus about the specific dimensions determining sustainability performance (Singh *et al.*, 2009). Social, environmental and economic factors comprising the triple bottom line are widely used as core areas for evaluating corporate performance (Elkington, 1997). Some previous studies expand this approach by considering additional dimensions of sustainability performance, for example, the use of natural resources (Keeble *et al.*, 2003), sustainability governance (Schneider and Meins, 2012) and CSR to certain groups of stakeholders (Farooq *et al.*, 2014).

A literature review on performance measurement systems for corporate sustainability clarifies that the existence of different views on its measurement can be explained by the unique needs of organizations, which are affected by their specific procedural and contextual issues (Searcy, 2012). In addition, prior research highlights the relevance of considering business objectives, strategy and decision-making in selecting the measures and reporting the sustainability performance (Banerjee, 2001; Matthews, 2003; van den Brink and van der Woerd, 2004). Therefore, in this study, we assess the three dimensions of sustainability performance, which are sustainability objectives, sustainability policies and sustainability decision-making and disclosure. We operationalize the dimensions of sustainability performance by utilizing one sustainability reporting framework, which is the Global Real Estate Sustainability Benchmark (GRESB BV, 2014).

To succeed in implementing sustainability, the company can embrace a stakeholder perspective by considering the employees' perceptions about sustainability importance, and transforming the critical issues into strategic actions, which aim to increase sustainability performance (Banerjee, 2002). The integrative frameworks for designing and implementing CSR and sustainability indicate that raising the awareness about these initiatives inside the company can be considered as the first critical step toward institutionalizing sustainability (Maon *et al.*, 2009). Prior research confirms that the understanding about sustainability embedded in the employees' attitudes and behavior is a vital driver for linking CSR and a sustainability program to successful business

performance (Knox and Maklan, 2004). Furthermore, organizational support toward sustainability initiatives and the perceived relevance of sustainability programs can lead to psychological empowerment of employees, which would have a strong impact on their attitudes and behaviors (Lamm *et al.*, 2015). In general, employees with higher levels of awareness and knowledge about the company's sustainability initiatives, which are communicated during the implementation of sustainability programs, can be expected to develop more positive perceptions about sustainability importance for their respective company (Maon *et al.*, 2009). Consequently, specific and formal sustainability objectives, sustainability policies and sustainability decision-making and disclosure can facilitate positive perceptions of employees about sustainability importance. Therefore, we test the following hypotheses examining the presence of positive relations between sustainability importance and the perceptions of employees about these core dimensions of sustainability performance:

- H2. Sustainability importance is positively related to perceptions about (a) sustainability objectives, (b) sustainability policies and (c) sustainability decision-making and disclosure.

Perceptual differences between clusters of employees

Although, the majority of companies have a strategic orientation of incorporating sustainability into their business practices, managers commonly face challenges in implementing sustainability programs (Kiron *et al.*, 2012). One of the main challenges relates to attaining the required engagement and commitment of internal stakeholders within the company (Knox *et al.*, 2005; Powell, 2011). By communicating brand-related information, internal branding can not only increase employees' knowledge about the core values of a company, but can also inform them about its relevant initiatives and programs, for example, those regarding sustainability issues (King and Grace, 2008; Kumar and Christodouloupoulou, 2014). By clarifying and promoting the local importance of a company's initiatives, the effective application of internal branding strategies will increase internal brand commitment of employees and their engagement with these initiatives (Sheikh and Lim, 2011). More committed employees will have more knowledge about the importance of different programs, including those relating to sustainability and, hence, feel more motivated to engage in them. In this way, internal branding activities implemented to increase internal brand commitment can support the execution of sustainability programs and, thus, enhance sustainability performance. Furthermore, sustainability initiatives and programs, because of their wider positive effects on the environment and society, can be used as a platform for building a strong corporate brand within and outside the company (Miller and Merrilees, 2013; Sheth and Sinha, 2015). Previous research demonstrates that even more general perceptions about CSR importance capturing "the extent to which an employee believes it is important for companies to behave in socially responsible ways" increase the likelihood that the CSR information will facilitate the organizational identification of employees (Korschun *et al.*, 2014, p. 24).

Considering the presence of potential interrelationships between internal brand commitment and sustainability importance, we test the following hypothesis:

- H3. Internal brand commitment is positively related to the perceptions of employees about sustainability importance.

The successful implementation of sustainability programs and internal branding strategies can be further supported by utilizing the potential interaction between organizational commitment and corporate sustainability, and by addressing the perceptual differences between the clusters of employees within a company. Prior studies on sustainability highlight the need to consider various types of employees to attain strong sustainability performance (Hemingway, 2005; Rodrigo and Arenas, 2008; Slack *et al.*, 2015). The relevance of assessing the perceptual differences is confirmed by empirical evidence demonstrating that employees' responses to CSR programs differ between certain groups of employees (Rodrigo and Arenas, 2008). The identified clusters of employees, including the committed worker, the indifferent worker and the dissident worker, differ in terms of their attitudes toward the organization and society after the implementation of CSR initiatives (Rodrigo and Arenas, 2008). Another categorization shows that groups of employees, such as active corporate social entrepreneur, frustrated corporate social entrepreneur, conformist and apathetic, characterized by the differences in their socially oriented personal values have different motives and drivers affecting their exhibited behavior within a company (Hemingway, 2005). Sustainability studies suggest also the possibility of categorizing employees according to their engagement with CSR (Slack *et al.*, 2015), or even profiling the whole company based on the adoption of sustainability practices, such as being a leader or a laggard (Jenkins and Yakovleva, 2006). Nevertheless, previous research on sustainability does not consider the potential interrelations between internal branding and sustainability, which can be used for addressing the perceptual differences between the clusters of employees, and as a result for increasing the effectiveness of internal branding and sustainability strategies.

The perceptual differences between employees can be interpreted by applying the social identity theory stating that the individual's perceptions about the social identification and comparison regulate their attitudes toward the group and affect the motives determining their behavioral intentions (Ashforth and Mael, 1989). In an organizational context, the assumptions of the social identity theory can be utilized for understanding the psychological mechanisms behind the formation of organizational identification. Organizational identification is defined as the extent to which an employee perceives "the coalescence of the self with the organization" (Korschun *et al.*, 2014, p. 21). Previous studies on CSR and sustainability demonstrate that the organizational identification explains the link between the internal success of sustainability programs and their impact on employees' attitudes and behaviors (Farooq *et al.*, 2014; Kim *et al.*, 2010; Lamm *et al.*, 2015; Turker, 2009). Employees with a high sense of belongingness to their organization are prone to considering the organizational membership as a composing

dimension of their self-identity (Turker, 2009). Therefore, the groups of employees characterized by higher levels of organizational identification can be expected to develop higher levels of internal brand commitment, and more positive perceptions about the importance of sustainability for their company. These groups of employees will be more receptive to internal communication strengthening their perceptions about brand orientation, brand knowledge and internal brand involvement. In turn, employees' awareness, knowledge and beliefs about their corporate brand will affect their organizational identification that would lead to higher levels of internal brand commitment and sustainability importance. Therefore, we test the following hypotheses assessing the perceptual differences between the alternative clusters of employees characterized by various levels of internal brand commitment and sustainability importance:

- H4.* Employees characterized by higher levels of internal brand commitment and sustainability importance exhibit higher levels of (a) brand orientation, (b) internal brand knowledge and (c) internal brand involvement compared to employees with lower levels of sustainability importance and internal brand commitment.

While the internal communication integrated in internal branding strategies has the potential to facilitate positive perceptions within different clusters of employees and their organizational identification, the effective implementation of sustainability programs can positively affect the perceptions of employees about sustainability importance and sustainability performance. Prior research highlights the potential links between internal branding, sustainability importance and sustainability performance (Aggerholm *et al.*, 2011; Chabowski *et al.*, 2011; Kumar and Christodouloupoulou, 2014; McDonagh and Prothero, 2014). Based on the principles of the social identity theory, the employees perceiving themselves as socially responsible members of the society have a stronger motivation to support their company in implementing sustainability strategies and increasing sustainability performance (Turker, 2009). As a result of the successful integration of sustainability within the company, the employees with higher levels of organizational identification will develop even stronger perceptions about sustainability importance for their company and higher levels of internal brand commitment (Farooq *et al.*, 2014; Kim *et al.*, 2010; Korschun *et al.*, 2014). Consequently, the increased sustainability performance will result in a stronger engagement of the employees in sustainability issues, more positive brand attitudes and higher levels of internal brand commitment (Jones *et al.*, 2008). Therefore, the employees with higher levels of internal brand commitment and sustainability importance can be expected to provide more positive evaluations regarding the specific and formal sustainability objectives, sustainability policies and sustainability decision-making and disclosure. We test the following hypotheses assessing the differences across these three dimensions of sustainability performance between the alternative clusters of employees characterized by various levels of internal brand commitment and sustainability importance:

- H5.* Employees characterized by higher levels of internal brand commitment and sustainability importance have more positive perceptions about (a) sustainability objectives, (b) sustainability policies and (c) sustainability decision-making and disclosure compared to employees with lower levels of sustainability importance and internal brand commitment.

Methodology

The study was conducted among employees of industrial companies operating in Belarus, which collaborated in a trainee program developed by the Belarusian State Technological University. The data were collected in 2014. The questionnaire consisted of the four parts focusing on the background of the respondents, internal branding, corporate sustainability and work environment. Scales from prior research were used for measuring internal brand commitment and its three determinants, namely, brand orientation, internal brand knowledge and internal brand involvement (Baumgarth and Schmidt, 2010).

The measures of sustainability performance were developed by using a sustainability reporting framework titled the Global Real Estate Sustainability Benchmark (GRESB BV, 2014). Based on recommendations from previous studies (Searcy, 2012), we selected this framework, which includes the dimensions of sustainability performance that have the best fit to the procedural and contextual setting of a transition economy. Given the low level of sustainability adoption in Belarus, we followed the propositions specifying that the measurement of sustainability performance can benefit from including measures, which capture objectives, strategies and decision-making (Banerjee, 2001; Matthews, 2003; van den Brink and van der Woerd, 2004). In our study, the respondents provided their evaluations about a company's sustainability performance across the following three dimensions: sustainability objectives, sustainability policies and sustainability decision-making and disclosure. The measures of sustainability importance captured the perceptions of employees about the relevance of these dimensions of sustainability performance for the success of their company and its competitiveness in the future. The answers were given on a five-point Likert-type scale. The constructs and their measures are shown in Appendix.

Prior to the data collection, the questionnaire was pre-tested by involving a group of five experts. The results confirmed the validity of the applied scales. The survey was distributed in a paper format to potential respondents and resulted in a response rate of 75 per cent. The participation of companies in the trainee program could have been one of the reasons why the respondents were motivated to participate in this study. After excluding seven questionnaires with high levels of missing data (Hair *et al.*, 2006), we analyzed 238 responses by using the *K*-means cluster analysis. Furthermore, the analysis of variance (ANOVA) was performed for testing the perceptual differences between the three identified clusters of employees.

Analysis and results

The majority of the respondents worked for companies in the forestry (34.0 per cent) and construction (30.3 per cent) industries. The sample also included employees from printing (16.8 per cent), chemical (15.5 per cent), cosmetics (1.7 per cent) and food (1.7 per cent) sectors. The respondents held following positions in their companies: CEO (2.1 per cent), head of department (6.9 per cent), economist (46.6 per cent), technologist (18.9 per cent), engineer (15.9 per cent) and other specialists (9.6 per cent). The majority of the respondents had worked for their current employer for less than 10 years: less than 5 years (34.8 per cent), 6–10 years (27.1 per cent), 11–15 years (19.5 per cent) and more than 16 years (18.6 per cent).

Factor analysis was performed to examine the dimensionality of scales. The principal component analysis with varimax rotation confirmed that the internal branding variables represent four distinct constructs (see Table I).

Considering the sustainability variables, the principal component analysis with varimax rotation identified four distinct constructs (see Table II). Compared to the selected sustainability reporting framework for measuring sustainability performance, the factor analysis did not distinguish between the variables of sustainability decision-making and sustainability disclosure. As the measures of these variables capture the internal and external aspects of sustainability reporting, we have considered them in our further analysis as one construct measuring sustainability decision-making and disclosure.

The reliability of all measures used in the analysis was evaluated by calculating the Cronbach's alpha coefficients, which exceeded the required level of 0.70 for all constructs (Hair *et al.*, 2006). The reliability coefficients and descriptive statistics can be found in Table III. The results of the

Table I Internal branding variables and factor loadings

Constructs	Scale items	Factor 1	Factor 2	Factor 3	Factor 4
Internal brand commitment	IBC1	0.71			
	IBC2	0.51			
	IBC3	0.60			
	IBC4	0.73			
	IBC5	0.85			
Brand orientation	BO1		0.52		
	BO2		0.79		
	BO3		0.75		
	BO4		0.75		
	BO5		0.60		
Internal brand knowledge	IBK1			0.75	
	IBK2			0.87	
	IBK3			0.82	
	IBK4			0.73	
	IBK5			0.74	
Internal brand involvement	IBI1				0.47
	IBI2				0.70
	IBI3				0.85
	IBI4				0.81
	IBI5				0.67

Table II Sustainability variables and factor loadings

Constructs	Scale items	Factor 1	Factor 2	Factor 3	Factor 4
Sustainability importance	SI1	0.64			
	SI2	0.71			
	SI3	0.71			
	SI4	0.59			
	SI5	0.73			
	SI6	0.73			
Sustainability objectives	SO1		0.76		
	SO2		0.84		
	SO3		0.85		
Sustainability policies	SP1			0.72	
	SP2			0.82	
	SP3			0.66	
Sustainability decision-making and disclosure	SD1				0.66
	SD2				0.72
	SD3				0.77
	SD4				0.83

correlation analysis showed support for the hypotheses *H1*, *H2* and *H3*.

We performed the *K*-means cluster analysis to identify the alternative clusters of employees according to their internal brand commitment and sustainability importance. To test the perceptual differences between the three identified clusters, we conducted the ANOVA and calculated the adjusted *F* ratio by applying the Welch statistic. By performing the Games–Howell post hoc test, we assessed “the differences between all possible combinations of groups” (Hair *et al.*, 2006, p. 386). Based on the analysis, the employees were categorized into the three alternative clusters: uncommitted sustainability laggards, committed sustainability followers and committed sustainability leaders (see Table IV).

The results of ANOVA confirmed the presence of significant differences between the three clusters across all the examined variables. The Games–Howell post hoc test did not identify any significant differences between the committed sustainability followers and committed sustainability leaders regarding their perceptions about sustainability importance and their evaluations of sustainability policies. The results showed support for the *H4* and *H5* except *H5b*, which focused on the presence of differences between clusters in regard to their evaluations of sustainability policies.

The findings demonstrate that the uncommitted sustainability laggards had the lowest levels of internal brand commitment and sustainability importance. Compared to the other clusters, these employees had the lowest levels across the three determinants of internal brand commitment and evaluated the sustainability performance of their companies in the most negative way. In comparison, the committed sustainability leaders had the most positive perceptions compared to the other two clusters and the highest scores across all the determinants of internal brand commitment as well as across all the dimensions of sustainability performance. In general, the results confirmed the existence of significant perceptual differences between the various clusters of employees in relation to internal branding, their perceptions

Table III Descriptive statistics and correlations

Constructs	Mean (SD)	Cronbach's alpha	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1) Internal brand commitment	3.25 (0.89)	0.85	1							
(2) Brand orientation	3.63 (0.88)	0.86	0.67**	1						
(3) Internal brand knowledge	4.01 (0.87)	0.88	0.43**	0.53**	1					
(4) Internal brand involvement	3.50 (0.94)	0.88	0.64**	0.68**	0.48**	1				
(5) Sustainability importance	3.89 (0.77)	0.83	0.41**	0.43**	0.40**	0.51**	1			
(6) Sustainability objectives	4.13 (0.85)	0.86	0.40**	0.50**	0.58**	0.50**	0.44**	1		
(7) Sustainability policies	4.00 (0.90)	0.75	0.35**	0.46**	0.43**	0.46**	0.55**	0.42**	1	
(8) Sustainability decision-making and disclosure	3.40 (0.96)	0.84	0.43**	0.52**	0.39**	0.51**	0.46**	0.52**	0.51**	1

Note: ** Correlation is significant at the 0.01 level (two-tailed)

Table IV Alternative clusters of employees based on internal brand commitment and sustainability importance

Determinants of internal brand commitment and dimensions of sustainability performance	Uncommitted sustainability laggards (<i>n</i> = 79)	Committed sustainability followers (<i>n</i> = 92)	Committed sustainability leaders (<i>n</i> = 67)	Adjusted <i>F</i> -value
Brand orientation	3.12 (0.84)	3.55 (0.73)	4.34 (0.62)	56.03**
Internal brand knowledge	3.52 (0.86)	4.09 (0.77)	4.48 (0.69)	27.94**
Internal brand involvement	2.81 (0.87)	3.57 (0.77)	4.22 (0.59)	69.34**
Sustainability objectives	3.62 (0.91)	4.23 (0.76)	4.60 (0.49)	34.40**
Sustainability policies	3.49 (0.89)	4.20 (0.83) ^a	4.32 (0.76) ^a	21.19**
Sustainability decision-making and disclosure	2.84 (0.91)	3.45 (0.86)	3.99 (0.75)	34.24**
Internal brand commitment	2.58 (0.65)	3.03 (0.49)	4.35 (0.42)	
Sustainability importance	3.05 (0.51)	4.33 (0.42)	4.28 (0.54)	

Notes: ^a Means with matching superscripts are not statistically different from one another; *p* < 0.01; ** *p* < 0.01

about sustainability importance and their evaluations of sustainability performance.

Discussion and conclusions

The findings of this study demonstrate the relevance of internal branding for enhancing the awareness of employees about sustainability importance and facilitating their positive evaluations of the company's sustainability performance. By drawing on the results of prior research on brand citizenship behavior (Baumgarth and Schmidt, 2010; Burmann and Zeplin, 2005; Burmann *et al.*, 2009), the study shows that effective internal branding strategies can potentially support the successful implementation of sustainability programs within the company. In line with the findings of sustainability research applying the social identity theory (Farooq *et al.*, 2014; Kim *et al.*, 2010; Lamm *et al.*, 2015; Turker, 2009), this study highlights that successfully implemented sustainability programs can reinforce the perceived organizational identification of employees and increase their internal brand commitment. The results provide empirical evidence that employees, who are more knowledgeable, involved and committed to their corporate brand, also perceive sustainability importance and sustainability performance as being high for their companies.

Prior research confirms that the consistent communication of brand-related information aligned with employees' values can strengthen their organizational identification with and commitment to the corporate brand (King and Grace, 2008; Korschun *et al.*, 2014; Kumar and Christodouloupolou,

2014). The results of our study indicate that the internal efforts of a company devoted to sustainability can provide valuable contributions to building a strong corporate brand, which will facilitate more positive attitudes and supportive behaviors of employees. Employees with high levels of internal brand commitment and sustainability importance will be more motivated to act in accordance with corporate values and to support the achievement of planned sustainability goals.

This study highlights the complexity surrounding the successful implementation of sustainability strategies by identifying the differences between clusters of employees having diverse perceptions about sustainability importance, mixed evaluations of sustainability performance and varied levels of internal brand commitment. Prior studies demonstrate that the perceptions of employees are critical for the company when aiming to achieve its sustainability goals and to enhance employee engagement (Banerjee, 2002; Jones *et al.*, 2008; Sheikh and Lim, 2011). This study contributes to research on internal branding and sustainability by profiling perceptions of uncommitted sustainability laggards, committed sustainability followers and committed sustainability leaders. The findings indicate that these perceptual differences could have been caused by an ineffective internal marketing or unsatisfactory sustainability performance. The study advances prior categorizations of employees relevant for the implementation of sustainability programs (Hemingway, 2005; Rodrigo and Arenas, 2008; Slack *et al.*, 2015) by incorporating the issues related to internal branding. We provide insights relevant for developing

internal branding strategies and integrating sustainability into the business practice. To conclude, this study makes a theoretical contribution to prior research on internal branding and sustainability by exploring the potential links between the determinants of internal brand commitment, sustainability importance and sustainability performance.

Future studies could further investigate the interplay between internal branding and sustainability highlighted in this study. The study was conducted in the context of a transition economy, where the majority of companies are still working on introducing and integrating sustainability issues in their operations. For future research, we recommend to develop a cross-cultural comparison of the relationships between sustainability importance, sustainability performance and the determinants of internal brand commitment. Furthermore, the stability of the identified clusters of employees can be explored in different contexts. This study was limited to categorizing employees based on their perceptions of sustainability importance and internal brand commitment. Future studies could use this categorization as a basis for their analysis and test the causal effects between different variables across the different clusters of employees. The study was limited to examining the three dimensions of sustainability performance and the three determinants of internal brand commitment. Therefore, we suggest that future research includes the outcomes of business performance such as profit and turnover in the conceptual models.

Managerial implications

The outcomes of the study encourage marketing managers to utilize internal branding for supporting the implementation of certain policies and programs within their companies, especially those focusing on CSR and sustainability. The internal communication and activities should be focused on providing detailed information about these initiatives and clarifying their importance for the company. These efforts will decrease the lack of knowledge among employees and possibly reduce the misalignment between their perceptions, corporate values and performance. Also, the high relevance of certain initiatives for employees can strengthen their identification with the company and its corporate brand, increase their commitment and motivate them to more supportive behavior. We advise marketing managers to utilize sustainability initiatives and programs for enhancing the strength of their brand within the company.

The consideration of different clusters of employees can help marketing managers to design more focused activities and strategies, thereby enabling them to address their specific perceptual differences. Based on the findings of this study, the cluster of uncommitted sustainability laggards represents the largest challenge. This group of employees, characterized by the lowest levels of internal brand commitment and sustainability importance, can be less motivated to enact upon and support the implementation of organizational strategies. Marketing managers need to develop activities, which would strengthen the organizational identification of the uncommitted sustainability laggards and raise their awareness about the brand orientation and sustainability importance for their company.

For motivating and empowering the committed sustainability followers, marketing managers need to enhance their knowledge and beliefs about the corporate brand. This group of employees has already developed a sufficient level of awareness about the corporate brand and sustainability importance, but their interest toward actively supporting the organizational initiatives and policies still needs to be attained. Marketing managers should provide more convincing arguments and detailed information to deepen the knowledge and affect the beliefs of the committed sustainability followers.

The committed sustainability leaders represent the cluster of employees with the most positive perceptions about the corporate brand, sustainability importance and sustainability performance. This group of employees can be assumed to have the highest levels of identification with their respective company. Strong and positive beliefs of these employees about the corporate brand and sustainability should be supported by internal communication and, in general, aimed to be confirmed within the operations of the organization. A possible misalignment between the perceptions of this group and the organizational values would lead to negative performance outcomes for the entire company. Therefore, it is important to support and confirm the positive perceptions of the committed sustainability leaders about the corporate brand and relevant policies of the company. We suggest that marketing managers collaborate with sustainability managers and senior managers to guarantee the best use of resources and efforts within the company. The collaborative efforts of different departments can create the solid foundation needed for successfully implementing the internal branding and sustainability strategies.

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Appendix. Measurement scales and items

Internal brand commitment (1: Strongly disagree [. . .] 5: Strongly agree)

- IBC1: I am proud of our brand's success, and take bad news about the brand as a personal setback.
- IBC2: I am proud to tell others that I work for the company that owns this brand.
- IBC3: Our top management's commitment to the brand leads me to make an extra effort for the brand.

- *IBC4*: My attachment to this brand is based first and foremost on the similarity of my values to those represented by the brand.
- *IBC5*: The values represented by our brand are more than just words; they influence my day-to-day behavior.

Brand orientation (1: Strongly disagree [. .] 5: Strongly agree)

- *BO1*: In our company, we have a clear idea of what our brand stands for; brand identity and brand promise are well defined.
- *BO2*: We use all our marketing activities to develop our brand and enhance its strength.
- *BO3*: We recognize our brand as a valuable asset and strategic resource, which we continually develop and protect in the best possible way.
- *BO4*: Brand equity (or brand strength) is a control factor in our company.
- *BO5*: All business decisions are evaluated with respect to their impact on the brand.

Internal brand knowledge (1: Strongly disagree [. .] 5: Strongly agree)

- *IBK1*: I am familiar with our brand communication (e.g. magazines, internet and exhibitions).
- *IBK2*: I am aware of the goals we try to achieve through the brand.
- *IBK3*: I am well informed about the values represented by the brand.
- *IBK4*: I understand how our customers can benefit from our brand.
- *IBK5*: I know which attributes of our brand differentiate us from our competitors.

Internal brand involvement (1: Strongly disagree [. .] 5: Strongly agree)

- *IBI1*: I am aware that our brand significantly contributes to the overall success of our company.
- *IBI2*: I am convinced that our brand allows us to achieve a higher price for our products.
- *IBI3*: I believe that our customers buy higher quantities because of our brand.
- *IBI4*: I believe that our brand accounts considerably for the loyalty of our customers.
- *IBI5*: I am convinced that our customers recommend our brand to others.

Sustainability importance (1: Very low level of importance [. .] 5: Very high level of importance)

Please rate the following factors associated with the sustainable performance. In your opinion, how important are

these factors for the success of your organization and its competitiveness in the future?

- *SI1*: Specific sustainability objectives.
- *SI2*: Specific taskforce or committee which makes decisions on sustainability issues.
- *SI3*: Disclosure of sustainability performance for external stakeholders.
- *SI4*: Specific and formal policy addressing environmental issues.
- *SI5*: Specific and formal policy addressing external stakeholder engagement.
- *SI6*: Specific and formal policy addressing employee engagement.

Sustainability objectives (1: Strongly disagree [. .] 5: Strongly agree)

- *SO1*: Our organization has specific sustainability objectives.
- *SO2*: The specific sustainability objectives are incorporated into our operational/tactical/strategic plans.
- *SO3*: The specific sustainability objectives are incorporated into our overall business strategy.

Sustainability policies (1: Strongly disagree [. .] 5: Strongly agree)

- *SP1*: Our organization has a specific and formal policy in place that addresses environmental issues.
- *SP2*: Our organization has a specific and formal policy in place that addresses external stakeholder engagement.
- *SP3*: Our organization has a specific and formal policy in place that addresses employee engagement.

Sustainability decision-making and disclosure (1: Strongly disagree [. .] 5: Strongly agree)

- *SD1*: Our organization has a specific taskforce or committee which makes decisions on sustainability issues.
- *SD2*: Our organization has a formal process to inform all employees about decisions made on sustainability issues and sustainability performance.
- *SD3*: Our organization discloses its sustainability performance for external stakeholders.
- *SD4*: In our organization, the sustainability disclosure is reviewed by an independent third party.

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