Full Length Research Paper

Leadership as a key element in the effective alignment between external and internal branding in organisations

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This paper perceives leadership as the ‘key element’ in organisation’s brand to the outside world, which also influence how employees eventually perceive the external brand that has been portrayed by the organization. External company brands deal with certain attributes of the organisation, such as innovation, consumer concern, trustworthiness, a drive for quality and concern for the environment. The paper contends that employees are indeed a company’s ‘brand ambassadors’. Internal branding involves taking care of the ambassadors of the corporate brand, namely the employees. If employees of an organization are not exposed to the company’s branding (an ongoing process that functionally aligns, motivates and empowers employees at all levels to consistently provide a satisfying customer experience), the external brand could be jeopardized. Internal branding, on the other hand, relates to how employees perceive and experience their company’s brand. The question is, why should there be a link between what employees feel or perceive about their company’s brand and what the company says to their customers or prospective customers about their brand? Theorists have indicated that the vision of an integrated company, brand and corporate culture represents a guide for behaviour in an organization. This serves as a measure of consistency between ‘what is said’ and ‘what is done’. However, in recent times, employees seem to be increasingly estranged from their company’s brand, which has resulted to low morale and high attrition rate.

Key words: Alignment, external branding, internal branding, leadership.

INTRODUCTION

Presently there is a dire mismatch or non-alignment between what organizations conveys to their external market in terms their external branding and what employees perceive from the message. Employees, who are generally the biggest brand ambassadors of a company, may become confused and isolate themselves from the company’s brand, and instead may start conveying the wrong message to the external market or customers. This could lead to conflict, low morale and high attrition rate in the organization. However, effective leadership seem to be a key factor in ensuring that there is an alignment between what is said externally about a company’s brand and how employees perceive the brand. A corporate brand is the most valuable long-term asset of a company and should be properly protected by the organization’s leadership. There is a need for a clear line of communication between the CEO and the brand manager. They both have to come to terms with the fact that employees are the most important part of the company’s branding effort. Therefore, through their employees a company can build long-term strategic assets such as brand equity rather than tangible assets.

The paper is focused on the importance of leadership in ensuring an alignment between employees and what is being perceived by outsiders. The paper first provides a
brief perspective of external and internal branding, then, insight as to why the alignment between the two is so important and, finally expounds leadership as a key element in ensuring that this alignment takes place.

Problem statement

If employees of an organization are not exposed to the company’s branding, which is an ongoing process that functionally aligns, motivates and empowers employees at all levels to consistently satisfy customer experience, the external brand could be jeopardized. Leadership therefore, plays crucial role in resolving this problem, by intervening with the right strategy so that a perfect alignment between the internal and external brand is achieved. This paper looks into the role of leadership as a key factor in the alignment between external and internal branding in organisations with emphasis on Southwest Airlines and Asian companies.

Research objectives

This paper has the following objectives:

1) To establish the role and importance of external branding to organizations,
2) To establish the role of internal (employee) branding to organizations,
3) To explore the rationale behind the alignment between external and internal (employee) branding,
4) To evaluate the role of leadership in the alignment between external and internal (employee) branding in organizations.

LITERATURE REVIEW

External branding

Kotler and Keller (2009: 275) stated that “the heart of a successful brand is a great product or service, backed by careful planning, a great deal of long-term commitment, and creatively designed and executed marketing. A strong brand commands intense consumer loyalty”.

In recent years, external or corporate branding has increasingly been regarded as essential to an organisation’s long-term strategy (Davis, 2002), one of its critical assets, and one of the key instruments for achieving superior business performance. In this paper, a company’s corporate brand is as well referred to the external brand. Whilst Young and Rubicam (1994) view a company’s brand relating only to its external customers with no inference to employees, Dyson et al. (1996) see the external brand as relating to the company’s customers, competitors and the market. Dyson et al. (1996) maintained that the external brand must be ‘bonded’ to enable the brand to have the ability to create a ‘bond’ and have ‘presence’. In other words a brand must create an active presence in the market”, which could also be silently influenced by the employees. Aaker (1996) has observed that the attributes of an external brand consists of a company’s culture (heritage), assets, values, corporate reputation, customers, stakeholders and explicitly its ‘people component namely, employees of the organisation. Aaker (1996) has taken full cognisance that whilst other attributes (culture, values, customers) are indeed visible in a brand, a company’s employees or its ‘people component are also part of the company’s brand. Kapferer (2001) perceives a brand as displaying ‘physical qualities’, with a ‘personality’, own culture and reflects who we are as a consumer and our ‘self-image’. Kapferer’s (2001) reflection of a brand, observes blandly to a brand as having a ‘relationship’, with no reference to whether it is a relationship to the customers or employees.

Ind (1997: 2) mentions that “what defines a brand as a corporate brand is its cohesion, namely, the idea of people coming together and working towards a common goal”. A company’s brand, deals with the attributes of the organisation, such as innovation, consumer concern, trustworthiness, a drive for quality and concern for the environment (Aaker, 1996). These attributes are created by the people, culture, values and programmes of the company (Aaker, 1996). Although external corporate branding is essential to an organisation’s survival, it is also pertinent to note that employees are responsible for the operationalization of this brand. The employees are indeed responsible for cohesion towards a common corporate goal (Ind, 1997), consumer concern, trustworthiness and a drive towards quality (Aaker, 1996), in addition to making a positive impression on the consumers. At this juncture, the focus will now shift to the internal branding, namely the organisation’s employees.

Internal branding

Although, corporate brands are important, it is more important to consider the facilitators of the corporate brand, namely the employees of a company (Sartain, 2005). If the employees are not exposed to internal marketing, an ongoing process that functionally aligns, motivates and empowers employees at all levels to consistently provide a satisfying customer experience, the external brand will definitely suffer. Closely linked to the concept of internal marketing is the concept of internal branding. “Internal branding” relates to how employees perceive or experience their company’s brand (Oakner, 2004). The term is sometimes used interchangeably with employees’ perception of their company’s brand.

Baldoni (2004) describes the internal brand as a sum of
personal identity, image and aspiration. However, Christensen (2003: 25) perceives employee branding and identity as “including all types of value and organisation development processes where the management and the employees become aware of their direction and meaning of their common organisation’s working life”. Internal branding is about ensuring consistency between external and internal brand messages. Companies that build the brand internally first and then extend it externally to customers tend to have both employee and customer loyalty.

People are the corporate brand. While external brands are catalyst for change, they must communicate a company’s core values and beliefs. It is important to remember that perhaps the first customer for any brand is the employee (Turpin, 2003). Great brands are indeed built from the inside out (Leonhardt, 2001). Ind (1997: 46) sees an employee’s view of identity as being determined by the overall culture of the organization, which is the values of the organisation that are transmitted by the collective attitudes and behaviour, and by the communication process. As organisations grow, employee values can get lost amidst strategies, structures and finance, but the reality is that the management of employees determines both competencies and strategies (Ind, 1997: 83). The purpose of internal branding is to ensure that employee values are well managed by the organisation so as to develop the employees’ competencies and strategies.

Sartain (2005: 89) remarks that the employees make or break a company’s brand and, ultimately, the company’s performance. In other words, Sartain (2005) relates to the notion that if employees are not committed, the sales of a company’s will automatically decline, which invariably leads to a decline in the company’s net profit. In fact, a company that ignores its internal brand reduces the potential impact of its external brand. A brand has a value, which according to Rokeach (1973: 5) is an “enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence”.

De Chernatony (2001) divides values into functional and emotional values. The functional values of a brand would include performance, quality, convenience and ease of use, while the emotional values would include integrity, ambition, cheerfulness and caution. One of the goals of managers is to sustain a brand’s competitive advantage (De Chernatony and Dall’Olmo, 1998; De Chernatony, 1999). Thus, functional values (performance, quality, convenience and ease of use) are easy to sustain and can soon be understood by competitors. Emotional values, namely integrity, ambition, cheerfulness and caution, which organisations appreciate and attempt to build, are not easy to sustain. More attention is therefore focused on sustaining emotional values.

Organisations have come to realise that their staff should be the embodiment of the brand. There has been a shift in thinking about brand management (Weisnewski, 2008). The focus is no longer just on the external brand promise, but now includes the orchestration of employees inside the organisation to ensure their commitment to delivering on the promise (Smith and Hanstead, 2004). No longer should employees be recruited just because of their intellect and functional knowledge. There is a need to identify whether their values align with the organisation. In an era where the services sectors exceed the importance of the manufacturing sectors, people’s impressions of brands are more strongly influenced by the staff they interact with. The staff’s behaviour, style of dress, tone of voice, beliefs and attitudes create a picture in consumers’ minds about the brand values. It should also be noted that whilst employees are indeed the embodiment of the brand, there should be perfect alignment between what the directors or management of the company is saying with how the employees are feeling. With this in mind, it is imperative to discuss the link between external and internal branding.

Alignment between external and internal branding

The question is, why should there be a link between what employees feel or perceive about their company’s brand and what the company says to their customers or prospective customers about the brand? As Alloza et al. (2004: 66) point out, “the vision of an integrated company, brand and corporate culture represents a guide for behaviour in an organisation – a measure of consistency between what is said and what is done that permits the strengthening of a corporate reputation over time. It is vital for a company to strike a balance between its image and its ‘reality’.”

However, employees are increasingly estranged from their company’s brand, which seems to result in lower morale and higher labour turnover rate (Turpin, 2003). Many employees do not associate with their company’s brand because there is a gap between what they experience and perceive and what their company conveys about the brand. Interbrand Insights (2003: 2) have observed: “aligning your organization, operations and culture around your brand values brings the promise to life”. They further maintained that: “for a brand to come to life with customers, the organization must be internally aligned to deliver the brand promise through the organization’s culture, reward systems, key success activities and structure”. A corporate brand stands for the relationship that an organisation has with its employees, as much as it represents the relationship that it has with its customers through products and service offering (Maiksteniene, 2008). In order for the employees of an organisation to construct a corporate identity, they should have a common sense of goal achievement. Wilkins
Ouchi (1983) emphasise that “sometimes employees do not require a complete sense of identity with the goals of the organization, but goal congruence, with a general similar goal orientation”.

What makes a difference between an average corporate brand and a great one are the employees who actively and enthusiastically engage in delivering the unique brand promise on daily basis. This ensures that an average brand becomes a great brand by living its values which is the key ingredient for a world-class performance (Interbrand Insights, 2003: 2). To ensure that a brand is perceived as an integrated offering, managers should ensure that staff “speak with one voice” about the brand (Burkitt and Zealley, 2006). By becoming more open and providing staff members with more information about the brand and having the confidence to empower staff members that are aligned with the brand’s values, employees may become more likely to present a coherent message about their brand (De Chernatony, 2001). This ensures a balanced perspective, which takes into consideration the inside and outside of an organization, to satisfy stakeholders' needs.

Leadership and branding

Van Gelder (2005) concurs with Gregory (2006) that leadership is the key to business, brand and marketing strategy. They also emphasize the need to encourage creativity throughout the organization. In their view, leadership creates the vision, structures, systems, trust and clarity that inspire people in the organization to achieve its strategy through the application of creativity in their work, as well as creating partnerships with other stakeholders of the brand. It is imperative for management and leadership to believe firmly in what they want to convey, both to the external market and to their employees, which Gregory (2006) refers to as ‘consistency’. Blanchard (2007: 21) defines leadership as the “capacity to influence others by unleashing their power and potential to impact the greater good”. Hence, in relation to branding, leadership involves the leadership of any company unleashing their employees’ power and potential to impact the greater marketing and branding of goods for the company (Ulrich and Smallwood, 2007).

In their exploratory research of how change is brought about during internal brand building, De Chernatony and Vallaster (2006) clearly emphasize the role of leadership in external and internal brand building and suggest that successful leaders act as integrating forces on two levels, namely integrating the elements of corporate identity structures, and mediating between the corporate branding structures and the individual. This is evident in the real life scenario of Southwest Airlines, America’s best airline, whose internal branding efforts are the front-runner of the organization. The organization’s corporate identity structures started with the organization’s mission and values, and then to the corporate branding structures, which is referred to as the desired brand image. This was first identified by the CEO and company executives of Southwest airline (Miles and Mangold, 2005: 537). It entails an organizational climate in which employees are consulted during each phase of the process.

South West Airlines, as aforementioned as America’s most successful, no-frills airlines, has demonstrated to the world the essence and importance of employee branding. The executives of Southwest were the initiators of the branding, in order to achieve a strategic focus in the organization. As a result, Southwest Airlines achieve a sustainable competitive advantage over its rivals (Miles and Mangold, 2005). This statement is further corroborated by Speak and Hanson (2008: 21) when they mention that “building a strong brand offers the promise of transforming the way organizations encourage customer loyalty, gain sustainable competitive advantage and generate superior financial results.”

A corporate brand is a company’s most valuable long-term financial investment and should be treated with the same constant attention and scrutiny as any other valuable asset (Gregory, 2006). There must first be clear lines of communication, with the CEO on board, an agreed-upon brand manager and realization by the board that their employees are the most important part of the company’s branding effort. Asian companies, due to societal factors, have shaped their mindset against the use of branding practices in the boardroom, which has been to their peril. Researches on Asian companies, shows that they were not very successful owing to their lack of branding efforts. Roll (2006: 42) has insisted that “branding should no longer be delegated to the lower echelons of the company but rather managed by the CEO”. Therefore, companies must focus on building long-term strategic assets such as brand equity rather than focusing only on tangible assets such as buildings, factories and so on. Branding should not be mistaken for a fancy arm of advertising that is practised by the elite, but rather from the CEO to all employees.

Roll (2006) forewarns all business leaders not to treat branding as an expense, but rather as an investment. He further posited that many companies still prefer building up tangible assets rather than strategic intangibles such as brand equity (Roll, 2006: 44). However, “organisations admired for their brand strength have learned the most important brand-building axiom – the brand on the outside is on as strong as the brand on the inside” (Speak and Hanson, 2008: 22).

Once a brand message has been established and leadership is in place, a company can then begin the ongoing process of internal brand education. Gregory (2006) highlights the importance of consistency, particularly in strategy, (which comes from the CEO and executives) and communication. He asserts that if strategy and communication support each other, then you
are already building an effective and sustainable branding culture. Strategy, creativity and leadership all have an important part to play in branding, and getting the mix and balance right will be the most crucial job of global and local management practitioners in the years to come.

RESEARCH DESIGN AND METHODOLOGY

The paper is a meta-analytical study (Babbie and Mouton, 2001) which relied on secondary sources of information such as text book, newspaper, magazines and journal articles. It is a qualitative study which is based on conceptual analysis, theory building and insiders' viewpoints. It considers leadership as a key element in the effective alignment between external and Internal branding from an emic perspective (Ukpere, 2010).

PRELIMINARY FINDINGS

Whilst a successful brand seems to be the heart and lifeblood of any organization, there seems to be contradictory evidence to the argument of Kotler that “there is no careful planning and commitment”. Very few leaders will engage in a lengthy session planning their company’s brand with both employees and customers in mind.

There seems to be no clear lines of communication, between most CEOs, brand manager and employees. Therefore, employees seem to be increasingly estranged from their company’s brand, which have resulted in lower morale, lower retention rates and misconceptions towards customers.

CONCLUSIONS AND MANAGERIAL IMPLICATIONS

Effective leadership seem to be the key in ensuring that there is an alignment between what is mentioned externally about a company’s brand and how employees perceive their company’s brand. A corporate brand is a company’s most valuable long-term financial investment and therefore should be properly managed, with the organisation’s leadership giving it all the attention it deserves. There must first be clear lines of communication, with the CEO on board, an agreed-upon brand manager and a realization by the board that their employees are the most important part of the company’s branding effort.

South West Airlines has demonstrated to the world the importance of employee branding, which other organizations can emulate. From previous research on Asian companies, it is clear that they were unsuccessful due to their lack of branding efforts. One of the reasons is the lack of strategy from the leadership, which is a lesson that most companies can learn form. Companies must focus more on building long-term strategic assets such as brand equity rather than tangible assets such as buildings, factories and so on. Leaders must be continually aware that the planning of their brand will indeed cause their “bottom-line” to increase.

REFERENCES


