EFFECT OF EMPLOYEE BRANDING ON MARKET SHARE IN IRANIAN BANKING INDUSTRY (CASE STUDY: MELLAT BANK)

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ABSTRACT

Strong brands are essential for differentiation in today's marketplace and it can create by employees due to the fact that they are responsible for making brand related decisions. Despite of this viewpoint, reports show that more managers do not believe that they can create competitive advantage for their organization. Therefore, present study aimed to identify employee branding and effect of it on Market share. In the present study, effect of employee branding on market share was used in banking industry. Research statistical population consisted of employees of Mellat Bank in Qom and Arak cities. Sampling method for Mellat Bank was cluster method. Data collection instrument was questionnaire. Totally, 310 filled questionnaires were returned. Partial Least Square (PLS) was used to analyze the data. The results of Partial Least Square confirmed model fitness in studied population. Likewise, the results from path analysis showed that employee branding had significant influences on market share.

Keywords: Employee branding, Customer satisfaction, Favorable reputation, Employee satisfaction, Market share, Banking industry, Mellat Bank

Contribution/ Originality

This study is one of the very few studies which have investigated effect of employee branding on market share.

1. INTRODUCTION

In recent years it has been argued that companies should regard services as an individual discipline in terms of branding, as services are argued to differ significantly from products[1]. It is further argued that the intangible nature of services increases the perceived risk for the customer
since they are unable to inspect the service before purchase [2]. Consequently, in service industries much emphasis is put on the employee, since they are the mediating link between the brand and the customer [3-5]. King [6] argues that management should be held accountable for the delivery of the brand promise by customer contact employees and that measuring systems should be implemented regarding how well employees reflect the brand values and/or practice on-brand behavior [7]. Employee branding is defined as “the process by which employees internalize the desired brand image and are motivated to project the image to customers and other organizational constituents” [8]. Employee branding as a source of strategic competitive advantage has been a basis for discussion in recent years [9]. Hawkins, et al. [10] stated that the market share consists of capability of a company for operating or using a brand image. Companies can effect on brand image through of employees especially in services industry.

However, several research projects have focused on employee branding and the result of it in the past decade. There is no empirical work which focuses on effect of employee branding on market share. Likewise, no study has been done on employee branding effect on market share in banking industry in Iran especially in Mellat Bank.

Therefore, as an employee branding process, the services companies should be founded understanding of how they achieve a competitive advantage and increasing market share by internal customers (employees). In this study, some of Miles and Mangold [8] and Memon and Kolachi [11] basic scales were used to assess employee branding model. Therefore, this model is appropriate tool for understanding employee branding process and finally effect of it on market share.

This study identifies employee branding effect on market share through of customer satisfaction, favorable reputation and employee satisfaction in banking industry. This study aimed to:

1. Introduce employee branding theory and outcomes of it.
2. Investigate how employee branding can effect on market share in banking industry.

2. LITERATURE REVIEW

Services are not easily copied by competitors nor can they be patented. This makes services more Firm-specific, and depends on the culture of the firm and the attitude of the employees involved in delivering this service to the customer. Berry [12] describes service brands in particular as being difficult for a customer to choose from, because they lack the tangibility that product brands enjoy. He examines the role of branding in services and explains that a strong brand “increases consumer's trust of the invisible purchase”. The service brand is not only communicated through advertising and marketing, but also from the interaction that takes place between the employees and customers. These employees, the frontline personnel, are the people who, through their behavior, give the service firm its real distinctiveness because service brands are socially constructed through stimuli such as staff behavior [13]. Therefore, the success of service brands depends on the frontline personnel and the actions taken in different forms of service encounters.
Given the importance of frontline personnel in the service firm, surprisingly few studies of brand building have emphasized these employees [14].

By definition, the employee brand is the image presented to an organization's customers and other stakeholders through its employees [15]. Employee branding focuses on the employees’ role in creating and maintaining the brand attributes associated with the organization’s products. The action implied by the label employee branding is meant literally, because these programs are intended to impress brand attributes onto the work behavior of employees, who are then expected to infuse brand attributes throughout their work [16, 17] through “on brand behaviors”[18].

There are two main model in employee branding model that is compatible with our research, one of them is “A conceptualization of employee branding process” that presented by Miles and Mangold [8] is the basic theory that many previous researchers have used it in their research. Their process are employee’s Psyche include Knowledge of desired brand image and psychological contract. Another model is 4E’s of Employee Branding framework that has been developed in general by Memon and Kolachi [11]. These 4E’s of Employee Branding are Employee Engagement, Employee Empowerment, Employee Education and Employee Equity.

2.1. Employee Branding

Your employees are your business! They can make or break your marketing plans. Companies must prepare a compelling value proposition not only for their customers but also for their employees. A company’s people can be the strongest source of competitive advantage. Companies need to inculcate their brand values into their employees [19]. Employees have the formidable task of demonstrating the brand by the actions they take on the front line. The adage actions speak louder than words is a truth that holds firm in the process of building successful brands [20]. Edwards [21] stated that employer, employment and employee branding are important activities that a modern Human Resource (HR) department should focus on to be competitive and help to ensure that HR function becomes more of a strategic force in a company’s business activities [22]. Employee branding is defined as “the process by which employees internalize the desired brand image and are motivated to project the image to customers and other organizational constituents” [8].

Psychological contract definitions are: ‘the set of expectations held by the individual employee that specify what the individual and the organization expect to give to and receive from each other in the course of their working relationship’ [23]. Psychological contract is identified as central component of employee motivation and organizational life as well as to the employee branding [24]. The psychological contract is also central to the employee branding process, in that the degree to which organizations uphold the psychological contract influences employees’ trust in their employers and their motivation to serve customers and co-workers. [9]. It is commonly proposed that the psychological contract affects employee satisfaction, attitudes and behavior through constant review of the exchange relationship between employer and employee [25].

Employee empowerment reflects a positive link between employee participation and job satisfaction, motivation and performance, individual commitment and corporate achievement [26].
Zeithaml and Bitner [27] stipulated that many organizations accept that in order to be responsive to customer needs, front-line staff need to be empowered to accommodate customer requests, and to recover on the spot when things go wrong. As companies empower staff to build stronger customer relationship, internal marketing underpins the drive for greater involvement, commitment, and understanding [28]. According to Kirkman and Rosen [29], the performance outcomes of empowerment practices are higher productivity, and proactive and superior customer service; while the attitudinal outcomes comprise of job satisfaction, organizational commitment, team commitment, and individual commitment [30].

Internal branding is the concept of utilizing several training and internal communication processes in order to align employees with organization’s brand values [31]. The internalization of external branding strategies by organizations is a process that attempts to offer a guideline to all employees on how to live their organization’s brand promise [32]. This internal branding process is meant to ensure that the customer experience meets the expectations of customers at all employee/customer touch points by influencing employees’ motivation and performance [33]. An internal branding program targets employees as if they were customers similar to how external branding practices target consumers. Internal branding goals need to be developed to ensure that the brand is understood, internalized, experienced, and expressed by all employees [34, 35].

2.2. Customer Satisfaction

We now live in a customer economy where the customer is king. This is a result of production overcapacity. It is customers, not goods, which are in short supply. Most companies pay more attention to their market share than to their customers’ satisfaction. This is a mistake. Market share is a backward-looking metric; customer satisfaction is a forward-looking metric. If customer satisfaction starts slipping, then market share erosion will soon follow. Companies must view the customer as a financial asset that needs to be managed and maximized like any other asset. Customer satisfaction is regarded as customers can get more benefits than their cost [36]. A company must make sure that its employees understand that they are not working for the company. They are working for the customer [19]. Customer satisfaction plays the most important role in total quality management. In comparison with other traditional performance measures, customer satisfaction is probably less sensitive to seasonal fluctuations, changes in costs, or changes in accounting practices [37].

2.3. Employee Satisfaction

Companies are human and social organizations, not just economic machines. Employees need to feel that they belong to a worthwhile organization doing worthwhile work and making a worthwhile contribution [19]. Employee satisfaction is impacted by employees’ perceptions of their job and the organization for which they work [38]. Young, et al. [39] stated that organizations depend on their employees to be in tune with the needs of their customers for purposes of designing and delivering services or products [40]. Business success is the ultimate result of the employee satisfaction but it is reflected in customer satisfaction [41]. Successful organizations can maintain...
their advantage only by satisfying the employees of some organization and there is definitely need to satisfy the internal customer is external is to be retained and satisfied. [42].

2.4. Favorable Reputation

Reputation is created by a large group of constituents including consumers, employees, investors, stakeholders, and the general public [43]. By recognizing the synergistic role that employees can play in the overall positioning of corporate reputation, management can obtain significant achievements in terms of satisfying corporate strategic objectives and generating sustainable competitive advantage. Managing corporate reputation can yield three major strategic benefits [44]. First, firms prefer doing business with a company that has a strong reputation over similar competitors. Second, a strong reputation can sustain the company in times of crisis. A final benefit is the financial returns to the company in the marketplace. Research findings suggest that a strong positive reputation should generate increased financial returns relative to competitors [45-47]. Since "a corporate reputation reflects the organization’s strategy, culture, and values" [48], some organizations may choose corporate reputation as a basis for competition in the marketplace [49].

2.5. Market Share

The market share consists of capability of a company for operating or using a brand image that can enjoy a significant importance in every category of products or services. The consumer’s image of a brand can both assist the product sale and block it. Sometimes, a brand image includes the schematic memory of that brand. Such a concept contains the target market understanding of and idea about the features, benefits and the use opportunities of the users of a product. In other words, this notion refers to the individuals’ thought and feeling while seeing or hearing about a brand [10]. To strengthen themselves internally, and to experience a dynamic competition, the companies possess a toolbox, and whenever required, they make use of one of the tools (price, product, place and promotion) properly on time and place. Though, it must be noted that this is a required condition, not a sufficient one; that is, knowing merely what we produce, for how much price, how to get it to the customers, and how much share we have in the market cannot help us in a dynamic competition. It is also important to note that what level our competitors hold in a given industry or, in other words, how much of market share in the given industry belongs to the competitor? Since all of the marketing managers and consultant already know, achieving market share is not easy both for their company and for the competitors; it has never been calculated correctly, and sometimes it is achieve with a high error percentage, most of today’s international companies and reliable brands, instead of calculating market share, seek measuring a couple of indexes named customer’s mind share and customer’s heart share [50].

Mind share of a customer is, in fact, a brand in which a particular industry strikes customer’s mind. Customer’s mind share is developing consumer’s knowledge, or generalizing a brand which today includes one of the leading purposes in propaganda. When people think about some samples of a product, they usually remember a limited range of that class of brand [19]. As a result, the
mind share of the customer matters because we can engage a customer’s bigger mental space. While the market share maintains the width of a company’s stage in market, the mind share measures its depth. The heart share of the customer determines how the consumers, emotionally, are able to respond to a brand in terms of rationality. As a matter of fact, the heart share of a customer creates an emotional tie between consumers and a specific brand, the retailers, wholesalers, teams, entrepreneurs, and service providers. The heart share of the customer apparently stays one step ahead of mind share, and it consists of a brand which the consumers prefer it to other ones and tend to buy it. These two notions are more practical in branding. In fact, the companies are further seeking how much they are recognized or remembered by the customers, and how much the customers prefer them to other brands [50].

3. RESEARCH MODEL AND HYPOTHESIS

Miles and Mangold [8] have shown different sources of messages that contribute to establish the mechanism central to the employee branding process in their employee branding model. The psychological contract is the agreement between the organization and the employees, and this contract can be strengthened, by the use of a well thought through employee branding process. The desired outcome is increased employee satisfaction which itself has a direct effect on turnover, customer satisfaction and the company reputation [8]. Therefore, in this study, psychological contract was used.

Memon and Kolachi [11] study propounds a model that concludes important issues to be addressed by employee branding efforts. They have presented 4E’s of Employee Branding model. Through employee branding, employees are expected to internalize the desired brand identity and to be motivated to project the brand’s identity to customers and other organizational constituents [8]. To achieve this outcome, organizations not only need to provide brand information to employees, they also need to establish effective communication and controls to ensure employees are motivated to learn and internalize the brand values, thereby developing pro-brand attitudes and behaviors [51]. Therefore, in this study, Brand Internalization was used.

A review on the literature of banking services marketing, the primary experiences and the surveys indicate that the factors influencing upon the banking market share are divided into qualitative factors and quantitative ones. Qualitative factors relate to the attitude, feeling and the opinion of the bank customers. Such factors include the very factors of relationship marketing; however, the quantitative factors are the results of the registered financial operation, and it does not rely on the opinions of the customers or the staff. These factors include key-operational ratio of banking system consisting of: ratio of the profitability such as the revenue of the estate, revenue of the capital. Ration of the activity such as liquidity, equity ratio, operating expenses, non-operating expenses ratio, operating expense ratio, and efficiency ratio such as bank efficiency ratio and bank efficiency criterion [52]. Therefore, in this study, Qualitative factors were used for measuring market share.

The study of effect of employee branding on market share in banking industry is not found prominent in previous theories and is therefore we can find how employee branding can effect on
market share. In the study, we however also found the outcomes of employee branding theory can affect market share in banking industry. Based on theoretical background, following research model and hypotheses are proposed.

According to the model, five latent variables are used to conduct this study: employee branding, customer satisfaction, favorable reputation, employee satisfaction and market share. Then, hypotheses of this research are following:

$H_1$: Employee branding positively influences on Customer satisfaction.

$H_2$: Employee branding positively influences on Favorable reputation.

$H_3$: Employee branding positively influences on Employee satisfaction.

$H_4$: Customer satisfaction positively influences on Market Share.

$H_5$: Favorable reputation positively influences on Market Share.

$H_6$: Employee satisfaction positively influences on Market Share.

$H_7$: Employee branding positively influences on Market Share.

4. RESEARCH METHOD

4.1. Research Statistical Population and Sample

Based on consulted opinions, Mellat Banks in Qom and Arak Cities - Iran was chosen as the target population for this study. Mellat Bank is one of the most important and largest privacy banks in Iran. This bank has been established in 1980. At present, Mellat Bank has, respectively, 27 branches in Qom city and 17 branches in Arak city. Since, this study aimed to investigates of effect of employee branding on Market share in Mellat bank; therefore, participants were required work in this bank. Thus, research statistical population consisted of employees of Mellat Bank in Qom and Arak cities who had more than 5 years of experience in the bank. The sampling methods of Mellat Bank are geographical cluster and simple random sampling method. First, the branches in the mentioned cities are divided in terms of geographic region (North, South, East and West), and within each region, branches are sampled randomly. Then, the employees were selected using simple random sampling. The number of sample respondents ($n=335$) was considered suitable to
apply Partial Least Square (PLS) method for the current study. Totally, 310 filled questionnaires were returned.

4.2. Measurement

A two-part questionnaire was designed to conduct this study: (1) basic information about respondents’ characteristics including education, experience and their designation; (2) questions to assess employee’ perceived about employee branding and market share (8 dimensions and 31 items adapted from basic scales defined Miles and Mangold [9]; Memon and Kolachi [11]; the psychological contract, employee empowerment and brand internalization were adapted from the measurements defined by Sims [23], Spreitzer [53], Aaker [54] and Punjaisri, et al. [55], containing 11 items. For employee satisfaction: authority, achievement, working conditions and security were adapted from the measurements defined by Minnesota Satisfaction Questionnaire (MSQ) that stated by Weiss, et al. [56]. For favorable reputation: products and services, emotional appeal, financial performance, workplace and environment were adapted from the measurements defined by Fombrun, et al. [57]. For customer satisfaction: reliability, assurance, responsiveness and empathy were adapted from SERVQUAL instrument was developed by Parasuraman, et al. [58] to measure quality in the service sector like banking industry, containing 12 items and for Market share: Mind share and Heart share were adapted by researcher according to literature. Finally, with considered Panel of Judges modified the questionnaire to employee branding in bank.

The first part included nominal scales, and the remainder parts were measured using the five-point Likert scale, ranging from strongly disagree (1) to strongly agree (5). Before conducting the main survey, a pilot test was performed for the reliability of the instrument. The pilot test involved 30 respondents. Cronbach’s alpha scores shown in Table 1, which is much higher than 0.7, indicating good consistency among the items variables and for a measure to be acceptable, coefficient Alpha should be above 0.7 [59].

<table>
<thead>
<tr>
<th>Construct/indicator</th>
<th>Cronbach’s alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Branding</td>
<td>0.791</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.801</td>
</tr>
<tr>
<td>Favorable Reputation</td>
<td>0.811</td>
</tr>
<tr>
<td>Employee Satisfaction</td>
<td>0.809</td>
</tr>
<tr>
<td>Market Share</td>
<td>0.821</td>
</tr>
</tbody>
</table>

46 expert opinions were sought for the content validity of the questionnaire. To investigate the appropriateness of factor analysis, Kaiser-Meyer-Olkin (KMO) and Bartlett’s test statistic were used which are shown in Table 2 respectively. If the KMO value is greater than 0.6, it is considered as adequate [60]. A value of greater than 0.5 is desirable. Bartlett’s test measures the correlation of variables. A probability of less than 0.5 is acceptable.
Table-2. Kaiser-Meyer-Olkin and Bartlett’s test

<table>
<thead>
<tr>
<th>Measure of Sampling Adequacy</th>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</th>
<th>0.809</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test of Sphericity</td>
<td>Bartlett's Test of Sphericity</td>
<td>Approx. Chi-Square</td>
</tr>
<tr>
<td>Df</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From our analysis, we found that the value of Kaiser-Meyer-Olkin Measure of Sampling Adequacy is .809 that is greater than 0.06 which indicates the value of Kaiser-Meyer is acceptable and the value of Bartlett's Test of Sphericity is also statistically significant. Therefore, the instrument has confirmed reliability and validity. KMO for each dimension of indicator are shown in table 3.

Table-3. Kaiser-Meyer-Olkin for dimension of each indicator

<table>
<thead>
<tr>
<th>Construct/ Indicator</th>
<th>Dimension</th>
<th>KMO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Branding</td>
<td>Psychological contract</td>
<td>0.858</td>
</tr>
<tr>
<td></td>
<td>Employee Empowerment</td>
<td>0.712</td>
</tr>
<tr>
<td></td>
<td>Brand Internalization</td>
<td>0.760</td>
</tr>
<tr>
<td>Employee Branding Outcomes</td>
<td>Customer Satisfaction</td>
<td>0.877</td>
</tr>
<tr>
<td></td>
<td>Favorable Reputation</td>
<td>0.749</td>
</tr>
<tr>
<td></td>
<td>Employee Satisfaction</td>
<td>0.634</td>
</tr>
<tr>
<td>Market Share</td>
<td>Mind share</td>
<td>0.889</td>
</tr>
<tr>
<td></td>
<td>Heart Share</td>
<td>0.888</td>
</tr>
</tbody>
</table>

5. RESULT

This paper followed the two-step procedure suggested by Anderson and Gerbing [61]: (1) the measurement model was examined; (2) the structural model was analyzed. Therefore, in order to analyze the collected data, SPSS16 and PLS software were used. Employee branding has three sub-dimensions: 1. Psychological contract; 2. Employee empowerment; and 3. Brand internalization and outcomes sub dimensions are: Customer satisfaction (4 items), Favorable Reputation (4 items), Employee Satisfaction (4 items) and Market Share (2items). In the model, all of the factor loadings are more than 0.5 and fit indices are acceptable. (See Table 4).

Table-4. Construct reliability and Convergent validity of the constructs of the model

<table>
<thead>
<tr>
<th>Construct/ Indicator</th>
<th>Item</th>
<th>Factor loading</th>
<th>Composite reliability</th>
<th>AVE</th>
<th>Cronbach’s alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Branding</td>
<td>Psychological contract</td>
<td>0.832</td>
<td>0.874</td>
<td>0.698</td>
<td>0.784</td>
</tr>
<tr>
<td></td>
<td>Employee Empowerment</td>
<td>0.841</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Brand Internalization</td>
<td>0.844</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>Reliability</td>
<td>0.832</td>
<td>0.915</td>
<td>0.730</td>
<td>0.876</td>
</tr>
<tr>
<td></td>
<td>Assurance</td>
<td>0.855</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Responsiveness</td>
<td>0.885</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Empathy</td>
<td>0.829</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Favorable Reputation</td>
<td>Products &amp; Services</td>
<td>0.791</td>
<td>0.828</td>
<td>0.547</td>
<td>0.723</td>
</tr>
<tr>
<td></td>
<td>Emotional Appeal</td>
<td>0.748</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial Performance</td>
<td>0.721</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Workplace&amp; Environment</td>
<td>0.734</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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5.1. Analysis of the Measurement Model

In this step, we determine whether the theoretical concepts are measured correctly by the variables observed; for this, their validity and reliability are studied. In a PLS model the individual reliability of the item, the internal consistency and the convergent and discriminant validity are analyzed [62].

The results of the reliability (Table 4) showed all 5 indicators of Cronbach’s have satisfactory values, ranging from 0.723 to 0.883, indicating acceptable levels of internal consistency. Similarly, the coefficients of composite reliability have satisfactory values. The lowest score of composite reliability in the current study was 0.828. According to Fornell and Larcker [63], these scores indicated evidence of reliability. Therefore, construct reliability was met.

The convergent validity is analyzed by the average variance extracted (AVE), which gives the amount of variance that a construct obtains from its indicators in relation to the amount of variance due to the measurement error. For this, Fornell and Larcker [63] recommend values higher than 0.5 since this level guarantees that at least 50% of the variance of the construct is due to its indicators. The table 5 presents all of Average Variance Extracted (AVE) values are greater than 0.5, as can be observed, all the constructs of the research model proposed meet the condition recommended by Fornell and Larcker [63]; therefore it is accepted that the constructs possess convergent validity.

Discriminant validity was tested by comparing the square root of the Average Variance Extracted (AVE) for each latent variable with the correlations involving that latent variable [64]. As suggested by Fornell and Larcker [63], the square root of AVE must be greater than any of the correlations involving the latent variable. The values in the main diagonal represent the square root of AVE and other values in the Table 5 also show the correlation between the structures.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Employee Branding</th>
<th>Customer satisfaction</th>
<th>Favorable Reputation</th>
<th>Employee Satisfaction</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Branding</td>
<td>0.843</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>0.374</td>
<td>0.861</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Favorable Reputation</td>
<td>0.635</td>
<td>0.474</td>
<td>0.744</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Satisfaction</td>
<td>0.701</td>
<td>0.352</td>
<td>0.577</td>
<td>0.831</td>
<td></td>
</tr>
<tr>
<td>Market Share</td>
<td>0.644</td>
<td>0.481</td>
<td>0.734</td>
<td>0.541</td>
<td>0.945</td>
</tr>
</tbody>
</table>

As can be observed, the values on the main diagonal values are higher than the other values, satisfying criteria for discriminant validity. Thus, construct validity was met.
5.2. Analysis of the Structural Model

Table 6 reflects the path coefficients between the different constructs, which tell us in each case the strength of the relationship established between two constructs: As can be observed in this table, all the path coefficients meet the condition proposed by Chin [62], being above 0.2, except the path coefficients between employee satisfaction and market share.

Table 6. Path coefficients and P-Values

<table>
<thead>
<tr>
<th>Path</th>
<th>Hypothesis</th>
<th>The path coefficient</th>
<th>P- values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Branding → Customer satisfaction</td>
<td>1</td>
<td>0.381</td>
<td>&lt;0.001</td>
</tr>
<tr>
<td>Employee Branding → Favorable Reputation</td>
<td>2</td>
<td>0.710</td>
<td>&lt;0.001</td>
</tr>
<tr>
<td>Employee Branding → Employee Satisfaction</td>
<td>3</td>
<td>0.733</td>
<td>&lt;0.001</td>
</tr>
<tr>
<td>Customer satisfaction → Market Share</td>
<td>4</td>
<td>0.201</td>
<td>0.004</td>
</tr>
<tr>
<td>Favorable Reputation → Market Share</td>
<td>5</td>
<td>0.441</td>
<td>&lt;0.001</td>
</tr>
<tr>
<td>Employee Satisfaction → Market Share</td>
<td>6</td>
<td>0.025</td>
<td>0.361</td>
</tr>
<tr>
<td>Employee Branding → Market Share</td>
<td>7</td>
<td>0.311</td>
<td>&lt;0.001</td>
</tr>
</tbody>
</table>

The predictive power of the model that we have put forward can be analyzed utilizing the value of the variance explained (R²) for the dependent latent variables [62, 65]. Falk and Miller [65] stipulate values that are equal to or larger than 0.1 as adequate for the variance explained. In our case, as is reflected in the table 7, we can conclude that the model presents an adequate predictive power.

Table 7. Variance explained of the variables

<table>
<thead>
<tr>
<th>Constructs</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Branding</td>
<td>0.688</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>0.146</td>
</tr>
<tr>
<td>Favorable Reputation</td>
<td>0.504</td>
</tr>
<tr>
<td>Employee Satisfaction</td>
<td>0.544</td>
</tr>
<tr>
<td>Market Share</td>
<td>0.635</td>
</tr>
</tbody>
</table>

With respect to the stability of the estimations offered and according to the propositions argued by Barclay, et al. [66], Tenenhaus, et al. [67] and Henseler, et al. [68], we consider it appropriate to complement the analysis of the structural model estimated with the PLS technique, by means of the cross-validated redundancy index (Q²) or the Stone-Geisser test [69, 70]. In our case the values of Q² are slightly higher than zero, as shown in Table 8; we can conclude that the model presents an adequate predictive power.

Table 8. Stone-Geisser test for the variables

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Q²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Branding</td>
<td>0.689</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>0.149</td>
</tr>
<tr>
<td>Favorable Reputation</td>
<td>0.495</td>
</tr>
<tr>
<td>Employee Satisfaction</td>
<td>0.542</td>
</tr>
<tr>
<td>Market Share</td>
<td>0.632</td>
</tr>
</tbody>
</table>
In any case, the values presented by $Q^2$ in our work are not negative, which would have indicated that the model lacked any predictive power [68]. We agree, however, with what Barclay, et al. [66] state. They argue that the objective of the PLS analysis is to explain the variance in a sense of regression and thus $R^2$ and the level of the path coefficients are measures sufficient and indicative of how well the model performs. In our case acceptable levels in both measures are obtained, therefore we can conclude that the model does have predictive capacity.

5.3. Path Analysis and Hypotheses Testing

Figure 2 shows the $\beta$ coefficients of all the relationships between the constructs of our model. If we take as reference the levels of acceptance commonly argued in the scientific literature for this type of PLS technique, we can state that all of hypotheses would be accepted and their testing would be positive except hypothesis H6. Employee branding is as independent variable, Customer satisfaction, favorable reputation and employee satisfaction are as mediator variables and Market share is as dependent variables. Fig. 2 presents the results of the structural. Employee branding had significant effect on customer satisfaction (Path Coefficients= 0.383, $p<0.001$), the $P$-values is less than0.05. As a result, hypotheses 1 was supported. Employee branding had significant effect on Employee satisfaction (Path Coefficients= 0.738, $p<0.001$), the $P$-values is less than0.05. As a result, Hypotheses 2 was supported. Employee branding had significant effect on Employee satisfaction (Path Coefficients= 0.738, $p<0.001$), the $P$-values is less than0.05. As a result, Hypotheses 3 was supported. Customer satisfaction had significant effect on market share (Path Coefficients= 0.383, $p<0.001$), the $P$-values is less than0.05. As a result, Hypotheses 4 was supported. Favorable reputation had significant effect on market share (Path Coefficients= 0.441, $p<0.001$), the $P$-values is less than0.05. As a result, Hypotheses 5 was supported. Employee satisfaction had not significant effect on market share (Path Coefficients= 0.025, $p<0.364$), because, the path coefficients between employee satisfaction and market share is less than 0.2 and the $P$-values is more than0.05. As a result, Hypotheses 6 was rejected. Finally, Employee branding had significant effect on market share (Path Coefficients= 0.311, $p<0.001$), the $P$-values is less than0.05. As a result, the Hypotheses H7 was supported.

To further assess the significance of effects of independent, mediator and dependent variables, a decomposition of the effects analysis was conducted (see Table 6).

6. DISCUSSION

The results of PLS confirm the fitness of the research model presented in Figure 1. Therefore, employee branding influencing Market share. Several results could be drawn from this research that presented below:

The effect of employee branding on customer satisfaction is ($\beta=0.383$), and employee branding explained 14.6% of the variance of customer satisfaction. It is important to remember that the behavior of the employees in their interactions with the customers affects customers’ associations to the brand [71]. The employees adapt the desired brand image and as a result of the employee
branding process they stay motivated to project the image to the customers [9], therefore, bank can increase the external satisfaction by internal satisfaction.

The effect of employee branding on favorable reputation is ($\beta=.710$), and employee branding explained 50.4% of the variance of favorable reputation. Favorable corporate reputations result from effective leadership, committed employees, superior service and products, high ethical standards and high levels of socially responsible actions [44, 72]. Companies engaging in successful employee branding efforts are also likely to benefit from higher levels of customer satisfaction and loyalty, and a favorable overall reputation because the desired brand image is being consistently reflected by employees [9]. Employees can increase the reputation of bank through behaving well with customers, and telling stories about their organization everywhere. Employee branding effect on employee satisfaction is ($\beta=.738$), and employee branding explained 54.4% of the variance of employee satisfaction. Don’t advertise the brand, live it. Ultimately the brand is built by your employees who deliver a positive experience to the customers. Your people must live out the brand spirit at the corporate level and at the job-specific level [19]. Miles and Mangold [9] indicated that effective employee branding programs also result in increased employee satisfaction and reduced staff turnover. With employee branding, employees will emotionally connect to brand, and will feel proud that they belong to the bank. Customer satisfaction effect on market share is ($\beta=.201$) and Favorable reputation effect on market share is ($\beta=.441$). How do you know if you are doing a good job for the customer? It is not shown in your profits this year but in your share of the customer’s mind and heart. Companies that make steady gains in mind share and heart share will inevitably make gains in market share and profitability. Customer-oriented companies make steady gains in mind share and heart share, leading to higher market shares and in turn to higher profit shares [19]. When our customers are satisfied they willing will increase and they will use the bank services more than before. A favorable corporate reputation rests on competing successfully in the market place, achieving a familiar and positive image, building an ethical and high performance work culture, and communicating widely with various stakeholders [73, 74]. By favorable reputation, the brand of bank will remain in the customer mind and they can advertise in society by word of mouth. Employee satisfaction do not effect on market share is ($\beta=.025$), as we discussed earlier, the

![Figure-2. Model with the results of testing the hypotheses](image-url)
path of coefficients is less than 0.2. There are two critical factors with employee branding that needs to be fulfilled. The employees must first understand the desired brand image. Secondly, the employees must be motivated to engage in the behaviors that are necessary to deliver the desired brand image to others [75]. Bank managers can increase customer satisfaction by satisfying employee. Therefore, employee satisfaction does not directly effect on market share. According to the analysis results, employees cannot effect on market share directly. All of variables (customer satisfaction, favorable reputation and employee satisfaction) in sum explained 63.5% of the variance of market share. Finally, Employee branding effect on market share is (β=.311), and employee branding explained 63.5% of the variance of market share. Miles, et al. [75] showed in their research that employee branding enables organizations to achieve competitive advantage. The competitive advantage could be generated in terms of high service quality, enhanced employee satisfaction and performance, increased customer satisfaction, and increased positive word of mouth communication [8, 9]. Consequently, we can increase Bank market share by competitive advantage. We can achieve it by utilizing employee branding.

7. MANAGERIAL IMPLICATIONS

As discussed earlier, employee branding directly affects a company’s internal structure. We have found that when taking the entire employee branding process into account, managers can get a more comprehensible picture of which means are most appreciated, how employees receive them and which influential factors can affect the result. Three implications matter for Mellat bank managers to take into account when engaging in employee branding: paying attention to psychological contract as central component of employee motivation and organizational life, creating emotional contention with brand by internalization of brand, and empowering employees to tend to represent the brand. By practicing these implications, desired outcomes, such as employee delivery of brand promise, increase the satisfaction of employees and customer, and favorable reputation will be achievable. The employees are the targets of employee branding; therefore, Bank should motivate employees to form attitudes and behaviors which deliver the brand values and express how these means are perceived by employees and then pursued into identification, commitment and applying it in their environmental work. Through these ways employees can transfer bank message to customers, and this opens the opportunity for companies to achieve the benefits of higher levels of customer satisfaction, because the desired brand image is consistently reflected by the employees. Increasing customer satisfaction will cause them prefer our brand against other brands; however, we can improve their heart share. When employee branding means benefit employees personally, they are more likely to be motivated to engage in the means. As a result, bank managers are encouraged to create employee branding means which have the dual objective of benefitting both the bank and employees personally. It can increase employee satisfaction as well. Desired corporate reputation is achieved by desired image (appeals to external shareholders). Mellat bank managers can create desired image by personal contact, direct mail, word of mouth by employees, advertising etc. Through creating brand image in customer mind, Mellat bank can increase mind share of customers and finally market share. The results of the
present study reveal some issues related to employee branding in banking industry that have not been addressed by former studies yet. Specially, these findings are notable for banks' managers as they decide how to be able to increase customer's satisfaction, favorable reputation, employee's satisfaction and market share by utilizing of employee branding in their banking industry, especially in Iran.

8. CONCLUSIONS, LIMITATION AND FUTURE RESEARCH

In addition to the implications for management, this research also makes strides in addressing theoretical and practical issues in effect of employee branding on market share in banking industry research (Mellat bank). The purpose of this paper is to investigate the effect of employee branding on market share by customer satisfaction, favorable reputation and employee satisfaction in banking industry. The proposed model showed the outcomes of employee branding effect upon market share. The results of structural equations modeling confirm model possesses good fitness in predicting its outcome. The data from this study indicated positive effect of customer satisfaction, favorable reputation and employee branding on market share in banking industry. This study, as with any research, has some limitation. Thus, it should be considered that generalization of the findings is limited to similar conditions. First, the main limitation of this study is surface analysis (homogeneity of statistical population). Hence, customer satisfaction questions were answered by employees and we measure customer satisfaction from view of employees (since bank employees are front line staff and they have good experience and direct contact with customers, they know about customers’ idea). Second, since our research was qualitative. Qualitative methods were used for assessing market share (Mind share and Heart share). Third, the respondents in this study were limited to employees of Iranian banks. The branches of banks were from branches of one Bank in Qom and Arak cities. However, similar studies could be conducted with considered all banks (and branches). Finally it is recommended that the current model be examined in other statistical sample such as services companies including insurance companies in order to clarify the generalizability power.

REFERENCES


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