

Internal branding as a strategy of increasing employee retention: the role of brand identification and brand orientation*

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Abstract

The purpose of this study is to investigate the relationship between internal branding and employees' intention to stay in organizations in Bosnia and Herzegovina while considering the mediating role of brand identification and brand orientation. A primary cross-sectional data was collected by administering a questionnaire to employees in B&H organizations resulting in the final sample of 336 employees. The results indicate that brand identification mediates the relationship between internal branding and employees' intention to stay. However, contrary to the assumption, brand orientation does not mediate the relationship between internal branding and employees' intention to stay. Due to scarce literature on this topic in B&H, these findings provide helpful managerial implications and represent a solid basis for further research.

Keywords: Internal branding, Intention to stay, Brand identification, Brand orientation, Bosnia and Herzegovina

JEL Codes: M12, M39

Introduction

Companies today are faced with ceaseless technological improvements, greater uncertainty for the future, stricter regulation, and intense competition on the global stage. According to Ployhart (2006:868), “widespread demographic, labor, societal, and cultural changes create growing global shortfalls of qualified and competent applicants; and the workforce is becoming increasingly diverse”. Despite the increase in market demand, the number of competent and talented employees has decreased. In such an environment, the biggest challenge is to keep the best employees within the company.

Employee retention (ER) causes companies to compete against each other to make themselves more appealing as employers (Winch 2021). This process is often referred to as the “war for talent” – the term developed by the consultants of the global management firm McKinsey (Chambers/Foulon/Handfield-Jones/Hankin/Michaels 1998). Guided by their reputation and what external stakeholders think, companies often neglect their already existing resources, such as their

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employees, who are the key ambassadors of the organization's values (Vlastelica/Cicvaric Kostic/Okanovic/Milosavljevic 2018). In line with this, Costigan et al. (2012) emphasize the importance of understanding employees' turnover intentions (ETI) as they represent the finest predictor of the actual turnover. The question arises—how can companies make themselves stand out from the competition and become attractive to targeted, talented employees while also focusing on their already existing employees, known as internal customers?

One way is to create a message that will promote the organization's values and develop efficient ways to portray this message to current and potential employees, customers, and other stakeholders. This message is known as the brand of the organization. According to Pappu et al. (2005), "if consumers perceive a particular brand favourably, then the firm may have a competitive advantage" (p. 143). Therefore, a brand can be used as a strategic weapon to seek an edge over competitors. Although the brand is mostly known as "the sum of all perceived functional and emotional aspects of a product or service" (Bergstrom/Blumenthal/Crothers 2002:134), the paradigm has been further developed toward building a culture of the organization which will engage and motivate employees to show their best potential. Well-developed internal branding (IB) can influence employees' willingness to remain within the brand (Reichheld 1996). In particular, employees are the resources "central to the process of brand building, and their behaviour can either reinforce a brand's advertised values or, if inconsistent with these values, undermine the credibility of advertising messages" (Harris/De Chernatony 2001:442). This is crucial for organizations since employees who develop a psychological attachment to the organization perceive the organization's success and failures as their own (James/Hartman/Stebbins/Jones 1977).

The role of IB on different employee-related outcomes has already been investigated to a certain extent (Lee/Kim/Kim 2014; Terglav/Konecnik/Kase 2016; Dechawatanapaisal 2019; Soleimani/Dana/Salamzadeh/Bouzari/Ebrahimi 2022), however, the current literature is limited in several ways. First, although some works investigate the IB-ETI link (Du Preez/Bendixen 2015; Özçelik 2015; Dechawatanapaisal 2018), Matongolo et al. (2018) emphasize that there are an insufficient number of studies exploring the relationship between employer branding and employee retention. Recent studies call for further research on this link as there is a common question about underlying mechanisms through which employer branding is related to employee-related outcomes, including retention (Punjaisri/Wilson 2017; Yadav/Kumar/Mishra 2020). In particular, presenting ETI as a proxy outcome of IB is misleading (Dechawatanapaisal, 2018). When considering closer outcomes of IB, employees' brand-supporting behaviours such as brand identification (BI) and brand orientation (BO) can be an alluring strategy. In particular, IB creates employees' identity with the brand since those with a strong sense of identity tend to be good citizens and eventually stay

with the organization (Dechawatanapaisal 2019). It also helps the organization to develop brand orientation as a mindset embodied within the organizational culture (Wong/Merrilees 2008). Therefore, considering that the relationship is far from straightforward, this study's first objective is to investigate the IB-ETI relationship by considering BI and BO as potential mediators.

Second, IB and employee outcomes literature is heavily focused on the service sector (Punjaisri et al. 2009; Du Preez/Bendixen 2015; Liu/Ko/Chapleo 2017; Dechawatanapaisal 2019; Dhiman/Arora 2020; Yadav et al. 2020). This is not surprising as IB is rooted within the service profit chain model (Kotler/Armstrong 2021). In principle, one of the main elements of this model is internal marketing, which makes service companies attractive for academic inquiry. However, considering that customer satisfaction is one of the key goals for the organization and that employees tend to be an important asset, it is evident that IB can be extended to different industries. The general sample would give a more complete illustration of the business sector in the country. Therefore, the second objective of this study is to investigate IB-ETI relationship by studying the sample of employees from different industries.

Third, the current state of knowledge is majorly influenced by examples from Western, educated, industrialized, rich, and democratic (WEIRD) societies. On the contrary, the literature in some regions, such as Western Balkans, is relatively scarce. Interestingly, this region is quite interesting to investigate as all WB countries face a big issue of young people departing to more developed countries. In particular, the youth labour active participation rate is relatively lower than the European Union Member States by 7.7 % (Jahić/Pešek 2021). Besides, there is huge employment in the public sector, and private companies do not have a competitive advantage when it comes to employer brand (Pavlović/Slavković, 2018). Bosnia and Herzegovina (B&H) is not an exception (Haskić 2018). According to Ljubas (2019), from 2012 to 2017, 150,000 people have left the country, making B&H a leader in the number of migrations compared to other countries in the Balkans. As stated by World Bank, the stock of emigrants as a percentage of the population in 2013 for B&H was 44.5 %, greater than Serbia, Croatia, and Albania (Migration and Remittances Factbook 2016:81). What is especially alarming about these numbers is that the whole family decides to depart the country and that 30 % of those who leave are highly educated. Constant migration of young, skilled workforce is causing many issues, including brain drain (Merriam-Webster n.d.) that creates a big problem for the companies in B&H since they are facing a significant decrease in the quantity of the available, talented workforce. This makes companies re-think their business model, especially the organizational design. If this pace of emigration continues, this will certainly lead to a society of the elderly, inactive, and dependent people. Considering that people decide to leave the country due to different reasons, but mostly because of a lack of new knowledge and experiences in their local environment,

uncertain future, and disbelief in their employers so (Turčilo/Osmić/Kapidžić/Šadić/Žiga/Dudić 2019), IB through a strong organizational culture can provide an inductive environment for individuals that motivates them to stay. Therefore, the third objective of this study is to discuss managerial implications for the organizations in Bosnia and Herzegovina when it comes to the importance of IB.

Literature review and hypotheses

Internal branding

As Todor (2014:60) claims, “the main role of branding strategy lies in obtaining long-term sustainable competitive advantage”. Although the branding process can be observed from different perspectives (i.e., company, customers, employees, or society), internal branding received significant attention recently. It is not so rare to see that companies do not relate their external marketing to their internal branding systems. They invest a lot of money in advertising to the customers. Still, on the other side, they give insignificant attention to what brand messages their employees are communicating with the customers. As Boone (2000:36) states, “it is one thing to tell customers who you are and quite another to show them who you are”. Employees are the ones who maintain relationships with the customers and are responsible for keeping the brand values true and consistent. The message portrayed to the customer should be as equally important as those portrayed to the employees. Mitchell (2002) emphasizes the importance of firstly selling the brand to the internal customers (employees) before selling it to the external customers. Management of the firm needs to appoint the company's resources to develop external and internal branding messages.

Internal branding, which is often referred to as internal marketing, traces its existence back to the 1970s when works of researchers such as Sasser and Arbeit (1976) were published. These authors pointed out the importance of employees in determining service quality. Even though these ideas were discussed many years ago, they are still relevant for our time. As different perspectives emerged, one common thing stayed – employees are an essential part. To win over the customers, firms must motivate their employees first. Bergstrom et al. (2002:135) state that “internal branding (IB) refers to three things: communicating the brand effectively to the employees, convincing them of its relevance and worth, and successfully linking every job in the organization to delivery of the brand essence”. The authors emphasize the importance of ‘5 Cs’ and those are: the clarity of the message that is being transferred to the employees, commitment by each employee to deliver this message, communication of the brand values internally and externally, development of a firm's culture that will support these values, and lastly, compensation for delivering. To achieve the objectives of internal branding, management must focus on encouraging employees to

adapt marketing tools and techniques within the company. Employees must be aware of the company's values and goals to contribute to their realization.

Additionally, they must be committed to delivering superior effort in this process with constant support from the management. Many researchers such as Robson and Tourish (2005), Papasolomou and Vrontis (2006), and Michailova and Minbaeva (2012) emphasize the importance of information flow within the company and identify dialogue between management and employees as the source of internal branding. Management needs to develop an environment where employees can freely express themselves, talk and discuss their opinions. Once they establish good communication and interpersonal relationship, they can easily learn from each other and develop in many ways. Hartnell et al. (2011) emphasize the benefits of teamwork and high participation of employees. The authors state that engagement in the organization creates a sense of responsibility that makes the employees feel important.

Employees' intention to stay

Pierre and Tremblay (2011) argue that several factors affect employee retention since employees see work not just as a way to gain money but instead; they seek a workplace that provides challenges, opportunities to grow, and a chance to feel successful. This is why keeping employees within a company presents a unique challenge. Dhanpat et al. (2018:10) said that “failure of the organization to meet these needs may lead to an employee's intention to leave”. At the same time, Shadid (2018:59) defines intention to stay (ITS) as “the existing employment relationship of employees with their current employer on a long-term basis”. As there is a bigger demand in the market for more skilled employees, these individuals have the power to choose the workplace which is more attractive and offers them more benefits. For example, in Serbia, the most common reasons among Millennials to leave their job are better job opportunities and income (Mamula/Nećak, 2019). Companies need to develop a brand that will attract these individuals and work hard on developing the environment in which they would willingly stay longer. Fernon (2008), as cited in Gilani and Cunningham (2017:241), claimed that “if done correctly, employer branding can retain the best people by providing an environment that allows employees to live the brand through various aspects such as training and progression”. When dealing with employee retention, researchers take different indicators of it, but the most significant predictor is the intention to stay (Dechawatanapaisal 2018).

One possible retention approach is recognizing the employees as an essential part of the organization and viewing them as internal customers. Research on internal branding suggests that the company's attention and resource allocation are important to align brand values. Moreover, organizational culture and strategy influence the perception of brand values by the employees and can be the

reason for employees' intention to stay (Anisimova/Mavondo 2010). The main argument is that internal branding helps form and nurture the person-organization fit. Person-organization fit considers the level of compatibility between an employee's and the organization's cultures (O'Reilly/Chatman/Caldwell 1991). By sharing the values with the company, employees can feel like their work has a higher purpose than just earning money. They eventually come to this revelation that will likely enhance their intention to stay. Even though the interest of researchers in the topic of internal branding has recently increased, most of the work has been done in developed countries. This is why this topic is of particular interest to developing countries like B&H. In particular, there is also a lack of information on whether companies are implementing the practices of internal branding.

Moreover, branding efforts seem to be noticeable only by the large corporations in B&H, who tend to have more resources and more freedom to implement and try new strategies. Furthermore, B&H faces enormous labour force migration to more developed countries. People, especially younger generations, depart the country searching for better living conditions, causing evident shortfalls in the qualified and competent workforce in Bosnia and Herzegovina. This means that replacing employees who decide to leave the organization is even more challenging and costly. Taking into consideration the above-mentioned issues, the following hypothesis is proposed:

Hypothesis 1: There is a positive relationship between internal branding and employees' intention to stay in B&H organizations.

Mediating role of brand identification

In social identity theory, it is believed that people associate with each other to make sense of the world and find purpose. The feeling of belonging is often preconditioned by shared values and similarities of an individual to the group. Once people feel like they have found a group to which they belong and with which they can identify, their satisfaction is increased, and the possibility of them leaving it is low. The same concept can be applied to companies. Brand identification refers to the level at which employees can identify themselves with the brand of the company and the values it promotes. Stuart (2002:30) states that "the more employees identify with the organization [...] the more employees are likely to uphold that identity in their actions". Dutton et al. (1994) claim that organizational identification can be seen as a cognitive identification or connection of the employees to their organization, referring to how a person defines him or herself in terms similar to the organization. The concept of brand identification has been examined as highly relevant to developing customer-brand relationships and connecting corporate branding, identity, and communications (Halliday/Kuenzel 2008). Bernstein (2003) argues that a strong

internal identity holds the key to competitive advantage and that all organizations have an identity, whether it is planned or unplanned.

According to O'Callaghan and Murray (2017:534), “brand identification is nurtured through the internal branding process which aims to re-enforce an organization's ability to comprehend brand meaning internally at all levels of the organization”. In addition to this, these authors refer to brand identification as the metamorphic glue that binds all organization levels and states that BI emerges “as a seminal activity for brand building” (536). The process of building a corporate brand begins by developing identity (Hulberg 2006), which leads to an assumption that internal branding is closely related to brand identification. Besides, studies conducted by Punjaisri and Wilson (2007) and Papisolomou and Vrontis (2006) indicate that IB can improve employees' brand identification, commitment, and loyalty to the organization. In particular, internal branding emphasizes the importance of establishing a better flow of information and improved communication among all employees, regardless of their position. Better communication can establish a good platform for promoting brand values to the employees, and when employees are aware of them, they can implement them in everyday interaction with the customers. This means that employees' delivery of brand values increases if they identify with the same values as the brand promotes and that their interaction will be genuine instead of false pretending or acting. Therefore, we propose the following hypothesis:

Hypothesis 2: There is a positive relationship between internal branding and brand identification in B&H organizations.

Once employees feel like they share the company's same values and identify with the brand values, their loyalty to the company will increase. To support this claim, a study from the internal communications literature concludes that effective internal communication could improve employees' commitment and loyalty to the company (Asif/Sargeant 2000). Studies conducted by Punjaisri et al. (2009) and Lee et al. (2014) indicate that employees who identify with the brand are more committed to the organization and tend to stay longer in their current workplace. These previous studies focused on examining the situation in developed countries that are not facing issues of constant migrations of work-active persons. In accordance with this, to explore the relationship that brand identification has on employee's intention to stay, the following hypothesis is proposed:

Hypothesis 3: There is a positive relationship between brand identification and employees' intention to stay in B&H organizations.

Since internal branding positively relates to brand identification and brand identification positively relates to intention to stay. Consequently, we can assume

that brand identification is the mediator of the relationship between IB and ITS. In the model proposed and used by Dechawatanapaisal (2018), the relationship between internal branding and intention to stay was partially mediated by brand identification. Internal branding practices enhance the identification of the employees with the brand, which eventually results in their tendency to stay longer within the company. Therefore, we propose the following:

Hypothesis 4: Brand identification mediates the relationship between internal branding and employee's intention to stay in B&H organizations.

Mediating role of brand orientation

Developing internal branding goes hand in hand with brand orientation. Urde (1999:117) defines brand orientation as “an approach in which the processes of the organization revolve around the creation, development, and protection of brand identity in an ongoing interaction with target customers to achieve lasting competitive advantage in the form of brands”. It is consisted of culture, vision, and image (Hatch/Schultz 2008). Baumgarth et al. (2013) emphasize the importance of observing brand orientation as an “inside-out approach”, meaning that branding needs to be the centre of attention in the process of creating values of the organization. Brand orientation can assist companies in obtaining a competitive advantage and enhance their growth and profitability. Results of the research completed by Davari and Paswan (2018:210) indicate that “organizational mindset, i.e., brand orientation, is essential for the development of strategic brand management and internal branding”.

Keeping in mind that employees are the core of internal branding, there is an inevitable question of importance regarding their orientation toward the brand. In particular, the internal branding should, at first results, in higher brand orientation. For the company to be brand-oriented, it first has to convince its employees. Although the concepts seem to relate (Azizi/Ghytasivand/Fakharmanesh 2012), the empirical examination of the relationship has to be scrutinized. Besides, there is a lack of publicly available information about the level of brand orientation present in the B&H organizations. Therefore, the following hypothesis is proposed:

Hypothesis 5: There is a positive relationship between internal branding and brand orientation in B&H organizations.

The main purpose of brand orientation is to develop employees' better understanding of brand values. Employees are the first people on the line. They deal with customers daily, and every successful branding strategy needs to begin with them, which confirms why employees' understanding of brand culture plays a crucial role in further developing the company and culture. According to Mo-

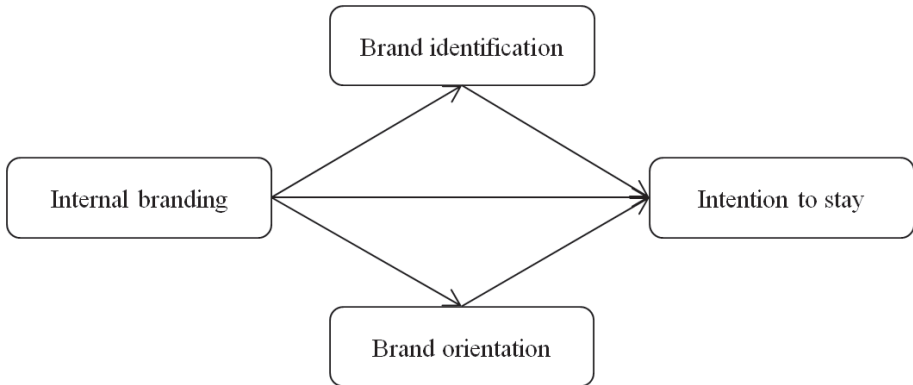
roko and Uncles (2008), organizations with good employee brand attitudes can potentially improve employee satisfaction and relationships among employees. Loyalty plays an essential role in developing organizational capabilities and the organization's success (Lee/Kim/Kim 2014). Both researchers and practitioners continue to call for studies that provide a better understanding of employees' perspectives, which impact their decision to stay in the company. Previous research neglected to examine the relationship between brand orientation and employees' intention to stay. It is assumed that brand orientation can improve employees' brand commitment. Once employees are committed to the brand's values, they are less likely to leave the organization. This study will provide more insight into that aspect; however, it will focus on gathering information from the private companies and NGO sector of Bosnia and Herzegovina, which has not been done before. To explore the relationship between brand orientation and intention to stay, the following hypothesis is proposed:

Hypothesis 6: There is a positive relationship between brand orientation and employees' intention to stay in B&H organizations.

Based on the proposed hypothesis above, it is assumed that the relationship between internal branding and intention to stay can be mediated by brand orientation. Matanda and Ndubisi's (2013) study indicates that internal customer orientation is positively related to employees' perceived person-organization fit and intention to stay. By encouraging brand-supportive behaviour, companies create a positive organizational climate for employees which will eventually result in employees' intention to stay. The mediating role of brand orientation has been neglected and underdeveloped. Therefore, guided by this issue, this study examines whether internal branding can affect employees' intention to stay in B&H companies through brand orientation. Hence, the following hypothesis is proposed:

Hypothesis 7: Brand orientation mediates the relationship between internal branding and employees' intention to stay in B&H organizations.

The proposed relationships between IB, ITS, BO, and BI are summarized in Figure 1.

Figure 1. Conceptual framework

Methods

Participants and procedure

For this study, the targeted population was employees of private (family and non-family) companies and non-governmental organizations in Bosnia and Herzegovina, regardless of their position within the organization. It is estimated that almost 60 % of employees come from these two sectors (European Commission 2019; Agency for Statistics of B&H 2021). Since there is no publicly available information about the employees and their contact information, the non-probability method of snowball sampling was used. According to Naderifar et al. (2017:2), this method is used “when it is difficult to access subjects with the target characteristics, therefore, the existing study subjects recruit future subjects among their acquaintances”. Using the snowball method, the researcher has somewhat control over the sample since they are acquaintances of the first sample, and this first sample is linked to the researcher (Polit-O'Hara/Beck 2006). To sum up, it allowed us to obtain a larger and more divergent sample, which is important because it reduces the risk of sample bias.

Cross-sectional data was collected using a questionnaire that was distributed via e-mail and social media. It was a completely anonymous survey, and the participation was voluntary. To participate, the individual had to give consent before seeing questions. Besides, a cover letter was developed where respondents had the opportunity to learn about the topic and purpose of the study and that information gathered in this research will be used only for scientific research.

All questions were required to prevent from having incomplete returned questionnaires. Data was collected from the 24th of February until the 15th of March 2021. The final sample consisted of 336 employees. Characteristics such as age, gender, education, work experience, and others are shown in Table 1.

Table 1. Profile of respondents

Category	Frequency	%
Age		
Under 25 year	74	22.00
26–34 years	116	34.50
35–44 years	70	20.80
45–54 years	55	16.30
55 years and above	21	6.20
Gender		
Male	130	38.70
Female	206	61.30
Education		
Primary School	1	0.30
High School	76	22.60
Bachelor's Degree	127	37.80
Master's Degree	124	36.90
PHD	8	2.40
Work Experience (total)		
1 year or less	32	9.50
2–5 years	110	32.70
6–10 years	53	15.70
10 years and above	141	41.90
Tenure with the company		
1 year or less	72	21.40
2–5 years	114	33.90
6–10 years	55	16.30
10 years and above	95	28.20
Number of employees		
0–49 employees	122	36.30
50–249 employees	164	48.80
250 employees and above	50	14.80
Ownership structure		
Private (family company)	101	30.10
Private (non-family company)	203	60.40
NGO	32	9.50
Industry		
Production	81	24.10
Service	162	48.20
Trade	46	13.70
Others	47	14.00

Note. N=336.

Instrument Design and Measurement

Since this survey was conducted in B&H, the questionnaire was translated using back-to-back translation, the most common tool for international and cross-cultural social research (Tyupa 2011). In this case, the original English version was translated to Bosnian and then back to the English language to ensure translation accuracy and prevent any misunderstandings. It was important to distribute the questionnaire in the local language because it was assumed that not every respondent speaks English fluently. Before distributing the questionnaire, pilot testing was conducted with three individuals with the same characteristics as our sample, and feedback was received. This was completed to check whether the respondents understood the questions and if the statements were clear enough for them to provide an answer. This procedure allows researchers to discover possible mistakes or issues before distributing the questionnaire to more addresses. The approximate time respondents took in the pilot study to complete the questionnaire was approximately 15 minutes, which was acceptable.

The employer branding section of the questionnaire consisted of questions that provided insight into independent variables (internal branding) and mediating variables (brand identification and brand orientation). In order to measure internal branding, a scale developed by Aurand et al. (2005) was used (e.g., “Annual performance reviews include metrics on delivering the brand values”). For brand identification, Punjaisri et al. (2009) adapted scale was used where we measured constructs on a five-point Likert scale, ranging from “1 – completely disagree” to “5 – completely agree”. The scale contained eight items (e.g., “I am proud to tell others that I am part of my company”). In order to measure employees' brand orientation, a scale was adapted from the Wong and Merrilees (2008) study. These questions were rated on a seven-point Likert scale, ranging from “1 – completely disagree” to “7 – completely agree,” and contained five items (e.g., “long-term brand planning is critical to our future success”). Finally, employees' intention to stay within the organization, as a dependent variable, was measured using a scale adapted from Veloutsou and Panigyrakis (2004). ITS was based on a five-point Likert scale, ranging from “1 – completely disagree” to “5 – completely agree”, and it contained three items (e.g., “I am not thinking of moving to another company”). All scales are presented in Appendix.

Data analyses and results

Pre-testing

Data was analysed using Statistical Package for the Social Sciences (SPSS) and Amos software. Analysis of the data was divided into two parts. The first part dealt with pre-testing the data by using descriptive statistics, reliability and validity tests, and correlation among variables.

Table 2. Pre-testing indicators

	M	SD	α	CR	AVE	1	2	3	4
1 IB	4.01	1.19	0.91	0.91	0.68	(0.86)			
2 BO	5.01	1.50	0.96	0.95	0.82	0.47**	(0.83)		
3 ITS	3.56	1.12	0.89	0.87	0.75	0.28**	0.49**	(0.90)	
4 BI	3.81	0.90	0.95	0.96	0.70	0.73**	0.61**	0.44**	(0.84)

Note(s). N=336. Square roots of AVE values are in parentheses. ** p < .01.

From Table 2, we can conclude that the four variables included in this study have Cronbach's alpha coefficients higher than 0.70, which means they are reliable, and all the items within the scales consistently reflect measured variables. Regarding the convergent validity, we checked for three indicators. First, values of standardized factor loadings for all variables were above 0.70. Second, values of CR for all variables exceed the 0.70 thresholds, and third, AVE values are also satisfying, higher than 0.5 for all of the constructs. Finally, for discriminant validity, the square roots of AVE values were higher paired correlations between variables, indicating no concerns with validity in this study. Therefore, it is concluded that convergent validity has been reached.

Besides, since the data was collected at one point in time, there was a concern regarding common method bias (CMB). To rule it out, we performed Harman's single-factor analysis that indicated a variance of 48 %. As the common threshold is 50 %, we can conclude that there are no concerns regarding CMB.

Hypothesis testing

The hypotheses were tested using the Structural Equation Modelling (SEM). First, we tested whether the measurement model fits the data used. The initial model had particular values below the common thresholds, and therefore three modifications were used to improve the model fit.

Table 3. Measurement model fit indices

Model	χ^2	df	CMIN	CFI	TLI	RMSEA
Initial model	746.26	183	4.08	0.92	0.91	0.096
Final model	524.92	180	2.92	0.95	0.94	0.076

Note(s). χ^2 -chi-square; df-degrees of freedom, CMIN- χ^2 /df; CFI-comparative factor index; TLI-Tucker Lewis index; RMSEA-root mean square error of approximation.

Table 3 shows that the values of CFI and TLI are above 0.90 (Byrne, 1994), and RMSEA is below 0.08 (Kenny/Kaniskan/McCoach 2014). As this is considered an acceptable fit, we proceeded with the hypothesis testing.

Table 4. Standardized weights for structural model

Individual pathways	Std. Est.	SE	t	p	
IB → ITS	0.47	0.05	7.99	0.000	H1
IB → BI	0.64	0.04	12.01	0.000	H2
BI → ITS	0.71	0.08	10.57	0.000	H3
IB → BO	0.51	0.07	9.11	0.000	H5
BO → ITS	-0.08	0.03	-1.62	0.110	H6

Note(s). N=336; R²: BI= 0.38, BO= 0.25, ITS= 0.54.

Table 4 identifies whether the main criteria for mediation are reached. First, we tested for the relationship between IB as an independent and ITS as the dependent variable. The results show that IB is positively related to ITS ($\gamma = 0.47$, $p < 0.001$). Therefore, we can conclude that there is sufficient evidence to support H1. Second, we tested for the relationship between IB and mediating variables. In particular, the findings show that IB is positively related to both mediators, namely to BI ($\gamma = 0.64$, $p < 0.001$) and BO ($\gamma = 0.51$, $p < 0.001$). Hence, we can conclude that H2 and H5 are supported. Finally, we checked for the relationship between mediators and ITS. The analysis provided mixed results as only BI has a significant and positive relationship with ITS ($\gamma = 0.71$, $p < 0.001$), while the relationship between BO and ITS is insignificant. Hence, there is sufficient evidence to support H3, but not H6. Besides, it is important to mention that IB produced 38 % of the variance in BI and 25 % of the variance in BO, while all three together produced 54 % of the variance in ITS.

Regarding the mediation, the results indicate that BI fully mediates the relationship between IB and ITS ($\gamma = 0.36$, $p < 0.01$), while BO does not perform a mediating role. Therefore, we conclude that there is sufficient evidence to support H4, but not H7.

Table 5. Mediation effects

Model pathways	Estimate	Lower	Upper	p	
IB → BI → ITS	0.36	0.29	0.45	0.004	H4
IB → BO → ITS	-0.03	-0.08	0.00	0.130	H7

Note. N=336.

Discussion

Even though the topic of internal branding has recently received a lot of attention from researchers and organizations, the effects on employee's intention to stay remain unexplored. In addition to this, organizations in B&H still fail to recognize its importance and do not show any evidence of the implementation of internal branding strategies. As a response to the stated issue, this study aimed

to increase understanding of this topic with the evidence retrieved from the input given by employees. This study provides more insight into the relationship between internal branding and employees' intention to stay in B&H organizations while also observing the mediating effects of brand identification and brand orientation.

The study's first objective was to investigate IB-ETI relationship by considering BI and BO as potential mediators. In particular, the results show that there is a positive relationship between internal branding and employee's intention to stay, which is in line with some of the recent studies (Matanda/Ndubisi 2013; Du Preez/Bendixen 2015; Özçelik 2015; Dechawatanapaisal 2018; Matongolo et al. 2018; Yadav et al. 2020). Our findings contribute to the increasing scholarly interest in IB, its outcomes, and the underlying mechanisms through which employees actually "live" the brand values. This means that internal branding practices can enhance employees' intention to stay in the same workplace for a longer period. Organizations in Bosnia and Herzegovina face high turnover rates, which negatively affect the morale of the employees who work in them and, subsequently, their performance (Duraković 2021). According to the study results, one of the possible ways to tackle this issue is for B&H organizations to encourage the implementation of internal branding practices.

The findings show that the relationship between IB and ETI is mediated by brand identification regarding the mediating roles. Firstly, internal branding appears to be positively related to brand identification. Then secondly, brand identification appears to be positively related to the employee's intention to stay. These results are in accordance with Dechawatanapaisal's (2018) discoveries, claiming that BI mediates the same relationship. This assumes that internal branding can cause employees' intention to stay, but a third variable, brand identification, mediates the impact. Interestingly, the relationship between IB and ETI appears not to be mediated by the brand orientation as it was assumed. In particular, IB is significantly related to BO, but BO is not significantly related to ITS. These results contradict the study completed by Matanda and Ndubisi (2013), which indicates that internal customer orientation is positively related to employees' perceived person-organization fit and intention to stay. In particular, the results show that organizations that treat employees as internal customers and provide them with clear brand information can enhance their brand values (Foster/Punjaisri/Cheng 2010) but not make them stay with the organization. This can be explained by the person-organisation misfit that can be a result of incompatibility between employee and organizational culture.

The second objective of this study is to investigate IB-ETI relationship by studying the sample of employees from different industries. Previous studies tend to investigate the service sector mostly (Punjaisri et al. 2009; Du Preez/Bendixen 2015; Liu et al. 2017; Dechawatanapaisal 2019; Dhiman/Arora 2020; Yadav et

al. 2020). Our findings are important as they show that the concept of IB can be extended to different industries such as manufacturing and trade. Besides, the results demonstrate an important role that IB plays in employee retention, as well as in BI and BO in the business context of Bosnia and Herzegovina.

Practical Implications

The third objective of the study was about the practical implications for the organizations in Bosnia and Herzegovina. Overall findings provide a ground for several implications that managers can find useful in branding and marketing.

First, B&H organizations need to engage all of their employees in the brand-building process. Brand building is a shared responsibility because all employees promote the organization's values, willingly or subconsciously, through direct or indirect contact with the customers. Nevertheless, introducing brand values and requesting employees to incorporate them and work by them is not easy. The main challenge is to motivate employees to become willing brand advocates that will support the organization's development. However, this process requires time, a lot of effort, training, and evaluation; however, it is a process that is worthwhile.

Second, this study provides evidence that brand identification mediates the relationship between internal branding and employee intention to stay, suggesting that fostering employees' sense of belonging should focus on the organization's leaders. Organizations in B&H should monitor whether employees identify themselves with the brand because only then they are producing a real desire to stay. This monitoring process can be conducted through employee daily communication, surveys, or final exit interviews. When employees develop a more positive experience with the organization's brand, it fosters their sense of belongingness and enhances their willingness to remain longer in the organization. This process begins by defining the clear values and goals of the organization. Furthermore, the desired brand identity might change through time due to technological improvements, new market events, or changes within the organization. There are various ways through which managers can encourage communication, such as short meetings, notice boards, and materials distributed to all employees that will communicate brand messages and others. Regardless of their position, all employees should go through training programs that will enhance their brand knowledge. Managers should also use these opportunities to gather feedback in order to improve the above-mentioned practices in the future.

Limitations and future studies

Even though this study offers much-needed insight into the topic of internal branding, brand identification, orientation, and employees' intention to stay in

B&H organizations, it also has specific limitations. These limitations should be taken into consideration in case of further research on this and similar topics. First, the data used in this study is collected using a cross-sectional study design, which means it only portrays the current situation in the organizations and fails to create conclusions based on the development and improvement of the examined aspects throughout the time. A recommendation for future research is to consider conducting a longitudinal study. Another limitation is the usage of non-probability sampling. Even though this method was justified in the methods section, researchers need to be careful when generalizing the sample results to the whole population.

Additionally, data was collected among employees of private companies and NGOs in different industries. Therefore, some results might have been portrayed differently. For example, service industries tend to focus more on promoting their brand values which are incremental for their success compared to manufacturing industries. This does not mean that branding is more important for one only industry in particular. It just means that different industries have different perspectives on branding and should develop different branding strategies. Future studies should focus on a comparative approach among different industries. In addition to this, a larger sample size would have also yielded more reliable and valid results. It would also be interesting to investigate this topic in different organizations by emphasizing their size and number of employees, such as research completed by Wong and Merrilees (2005), who focused only on Small and Medium Enterprises (SMEs). According to the European Commission fact sheet about Bosnia and Herzegovina (2019:2), in 2016, “SMEs in Bosnia and Herzegovina generated 66.3 % of total value-added and 71.9 % of employment in the non-financial business economy”, which makes them significant contributors to the B&H economy, hence the importance to examine benefits of branding strategies only for these organizations.

Results obtained through this study can represent a strong basis for further testing and verification of the internal branding practices in Bosnia and Herzegovina. According to the research, there is scarce literature regarding internal branding, brand identification, and brand orientation in B&H. Therefore, more research about these aspects is essential. In addition, future studies should be observant of the above-stated limitations of this research to improve it, such as exploring different factors that affect internal branding or employees' intention to stay or perhaps including mediating variables other than brand identification and orientation. As this study provided evidence for the positive relationship between IB and ITS, IB and BO, and BI being a mediator of the IB and ITS relationship, these aspects should be further studied and explained in more detail. It is stated that the B&H organizations have neglected internal branding. Therefore, future studies should not forget to address more managerial implications

and suggestions that are useful for organizations to implement and maintain internal branding strategies successfully.

Conclusion

Despite the poorly documented internal branding practices of the organizations in B&H, employees do encourage the usage of these techniques and recognize their importance in creating a better work environment and improving performance. These positive attitudes toward branding identify a significant opportunity for HR departments or managers to transform their approach to portraying brand values. According to Aurrand et al. (2005:167), “once a clear branding message is developed, provided and repeated, the synergy between a well-delivered branding message and the incorporation of the brand's key attributes into employee work activities can be realized”. There appears to be a lot of room for improvement by either HR departments or managers of the organizations in B&H to successfully deliver the brand values to the employees.

The study contributes to the current knowledge in several ways. First, it answers the call of the recent research about insufficient empirical evidence on IB-ETI link. In particular, the study diverges from the traditional direct relationship by trying to incorporate BI and BO as underlying mechanisms in the relationship. Second, the study extends the role of IB to multi-industry as previous studies were heavily focused on the service sector. In this way, we investigate a larger extent of the business sector. Finally, the study contributes to the scarce literature on less-represented samples of developing countries. Relying on the study results, organizations in B&H should pay more attention to developing internal brand as it plays an important role in employees' intention to stay.

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Appendix

Internal branding

The (brand) values are reinforced through internal communications.

Training is provided to help employees use these values.

The skill set necessary to deliver these values is considered in staffing decisions.

Annual performance reviews include metrics on delivering the brand values.

Annual performance reviews include metrics on delivering the brand values.

Brand orientation

Branding is essential to our strategy.

Branding flows through all our business activities.

Branding is essential in running this company.

Long-term brand planning is critical to our future success.

The brand is an important asset for us.

Brand identification

I am proud to tell others that I am part of my company.

I feel a sense of ownership for my company.

My sense of pride towards my company brand is reinforced by the brand-related messages.

I view the success of my company brand as my own success.

My company is like a family to me.

I feel belonging to my company.

When I talk about my current company, I usually say “we” rather than “they”.

When someone praises my current company brand, it feels like a personal compliment.

Intention to stay

I am not thinking of moving to another company.

I would like to work for the company that I work for at present for at least 5 years.

I would like to stay in the same job (keep supporting the same brands) for at least 5 years.