INTERNAL BRANDING AND BRAND CITIZENSHIP BEHAVIOUR AMONG EMPLOYEES OF PKT LOGISTICS GROUP SDN. BHD.

EDMUND EDWARD A/L EDWARD

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ABSTRACT

Internal branding has gained popularity in the marketing fields for years, which includes internal brand communication, brand environment, brand leadership, brand reward, and brand culture as predictors of brand commitment and brand citizenship behaviour. Present study investigates the impact of internal branding practices on employee brand citizenship through the mechanism of brand commitment. Employees' brand citizenship behaviour is thought to have a substantial impact on the success of a service organization's brand; therefore, this study aims to investigate the factors that determine internal branding and brand citizenship behaviour among logistics company particularly in PKT Logistics Group Sdn. Bhd. This study was conducted using Social Exchange Theory (SET) to analyse the direct connection between independent and dependent variables and Social Identity Theory (SIT) to explain the relationship between mediating variables and dependent variables. A total of 263 PKT employees participated in a quantitative survey, and the data was analysed using Smart PLS to confirm the hypotheses. It was discovered that internal branding practices such as internal brand communication, brand culture, and brand reward were found to have a significant positive impact on employee brand citizenship behaviour. However, brand environment and brand leadership were revealed to have no effect on employee brand citizenship behaviour. Furthermore, brand commitment was revealed to mediate the relationship between internal branding practices such as brand culture, brand reward and brand citizenship behaviour. Nevertheless, the findings revealed no mediation effect of brand commitment on the connection between internal brand communication, brand environment, brand leadership and brand citizenship behaviour.

Keywords: Internal branding, internal brand communication, brand rewards, brand leadership, brand environment, brand culture, brand commitment, brand citizenship behaviour, social exchange theory, social identity theory.

APPROVAL

This is to certify that this thesis conforms to acceptable standards of scholarly presentation and is fully adequate, in quality and scope, for the fulfilment of the requirements for the Doctor of Business Administration

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Dr Khairul Nizam Mahmud
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5 March 2024

DECLARATION

I hereby declare that the thesis submitted in fulfilment of the DBA is my own work and that all contributions from any other persons or sources are properly and duly cited. I further declare that the material has not been submitted either in whole or in part, for a DBA at this or any other university. In making this declaration, I understand and acknowledge any breaches in this declaration constitute academic misconduct, which may result in my expulsion from the programme and/or exclusion from the award of the DBA.

Name: Edmund Edward A/L Edward

Signature of Candidate: **Date**: 5 March 2024

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATION

ABC	Anti-Corruption and Anti-Bribery
ABIB	Anak Belajar Ibu Bekerja
BCB	Brand Citizenship Behaviour
BC	Brand Culture
BCOM	Brand Commitment
BE	Brand Environment
BL	Brand Leadership
BR	Brand Reward
BNM	Bank Negara Malaysia
Boot CI	Bootstrapping Confidence Interval
CAGR	Compound Annual Growth Rate
CSR	Corporate Social Responsibility
ESG	Environmental Conservation, Social Dimension, Governance and Ethics
GBI	Green Building Index
GDP	Gross Domestic Product
HR	Human Resource
JBSB	Jom Bekerja Sambil Belajar
KRA	Key Result Area
MCO	Movement Control Order
MJHL	Malaysian Junior Hockey League
OCB	Organisational Citizenship Behaviour
OLAK	Old La Sallians Association of Klang
PKT	PKT Logistics Group

PLS-SEM   Partial Least Squares – Structural Equation Modeling

PV   Photovoltaic

SDG   Sustainable Development Goals

SET   Social Exchange Theory

SIT   Social Identity Theory

SPSS   Statistical Package for the Social Sciences

CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter presents the related details about the investigation conducted. The background of the study and its issues are covered in the opening of this chapter. The problem statements that add to the urgency of the study are next investigated. The purpose and research questions of the study, as well as its importance and range, are then presented. The definitions of the key terms used in this study's terminology and the dissertation's structure are presented at the end of the chapter.

1.1 Background of the Study

Internal brand management soared in popularity among marketing practitioners over the decade. This is due to creating and maintaining the brands as the most powerful intangible assets of an organisation that managed to sustain itself in a competitive market. Traditionally, many organisations largely depend on their external clients building the brands. However, in order to balance internal and external brand management and maintain business brands competitive edge, an organization has to focus on the internal clientele, such as the employees (Adamu et al., 2019). According to experts, it is the best way to aid employees to make a powerful emotional connection to the products and services that the organization sells to the market (Arrieta & Garca-Cali, 2021).

Employees are seen as a valuable resource that may provide a business competitive in creating a culture where everyone is working towards the same goal. Employees who can deliver the brand promise to customers if they know and

understand the brand value. Hence, organizations need to ensure that employees show brand supporting behaviour and act brand ambassadors by incorporating the brand's values into their work tasks (Eriksson et al., 2022). This is because employees are the first point of contact when customers encounter a brand and are at the heart of branding in brand delivery (Ahmed & Hashim, 2022).

In this regard, the concept of internal branding appears as a means of fostering the brand within an organization to guarantee that employees will communicate the importance of brands to external stakeholders (Guthrie, 2022). Successful implementation of brand-building encourages employees to uphold the business prioritising their internal workforce because achieving external customer loyalty requires the service organisation personnel to adopt a strategy that places a strong emphasis on forging connections with external clients (Zhang & Xu, 2021; Kaur et al., 2020; & Eid et al., 2019). However, many organizations are still striving to achieve the importance of internal branding practices due to the diversity of employee functions and teams, as well as promoting a company's brand values and messages to its employees (Markovic, 2023). Thus, the internal branding literature has emphasized the importance of employee brand-consistent behaviour for service brands such as logistics in building a strong brand in the competitive market.

Employees' brand-consistent behaviours can be classified into two categories: (1) in-role brand behaviour and (2) extra-role brand behaviour (Burmann et al., 2009; Morhart et al., 2009). Employee's capacity to satisfy the brand standard set by the firm based on their positions as representatives is known as in-role brand behaviour (Morhart et al., 2009). The standards may be written or unwritten in behavioural codes, manuals, displayed rules, customer charters, and other corporate codes of practice. On

the other hand, extra-role brand behaviour is highly complicated since it incorporates the aspect of voluntary activity that is either extrinsically or intrinsically rewarded by companies. In conclusion, the purpose of both the word "in-role brand behaviour" and the term "extra-role brand behaviour" is to align the behaviour of employees in such a way that it is compatible with the values, image, and promise of the organisation's brand. Therefore, the present study focused on the extra-role behaviour which is termed brand citizenship behaviour in line with the arguments put forward by Shaari et al. (2012).

Brand citizenship behaviour (BCB) is described as the voluntary additional tasks' employees undertake to represent their brands in ways that are above and beyond their core job responsibilities and continue to display their brand-consistent behaviour (Burmann & Zeplin, 2005; Bravo et al., 2017). Brand citizenship behaviour was developed based on the concept of organizational citizenship behaviour (OCB) referring to employees' intention to exhibit extra-role behaviours beyond their prescribed job requirements (Organ, 1988). Although both concepts (BCB and OCB) are not enforceable and go beyond in-role expectations, the main difference between these two concepts is that BCB focuses on brand-oriented behaviours that bring a brand to life (Burmann & Zeplin, 2005), whereas OCB is related to intraorganizational behaviours only. More specifically, BCB goes beyond the scope of OCB by including externally targeted behaviours that help enhance brand identity (Burmann & Zeplin, 2005). Examples of intraorganizational behaviour include helping coworkers with work-related problems and organizational compliance (Burmann et al., 2009). Examples of externally targeted behaviours related to BCB include considering the impact on the brand before communicating to customers, clarifying customers'

misunderstandings of the brand, and recommending the brand to others (Baker et al., 2014; Xie et al., 2014).

Hence, the present study investigates the impact of internal branding practices on employee brand citizenship through the mechanism of brand commitment. Employees' brand citizenship behaviour is thought to have a substantial impact on the success of a service organization's brand, particularly in PKT Logistics Group Sdn. Bhd.

1.2   Problem Statement

An examination of the literature highlights the significance of employee brand behaviour as aligning with organisational objectives. In this way, it is important for an organisation to demonstrate its brand citizenship, which will have major effects on customer satisfaction and employee loyalty. Thus, brand citizenship behaviour such as complaining while engaging for brand, an unaccommodating attitude towards customers, and a lack of employee self-development could reflect on obtaining negative feedback from customers and increase in employee turnover rate in an organization (Bravo et al., 2017; Burmann et al., 2009; Burmann & Zeplin, 2005; King & Grace, 2012; Morhart et al., 2009).

The current study highlights the employee turnover rate as one of the prominent issues at PKT Logistics Group Sdn. Bhd. as the pandemic has changed all the routines in the workplace. PKT Human Resource (HR) department provided data on employee turnover rates for the past four years. According to the statistics report provided by the PKT HR Department, the employee turnover rate for 2019 was 6.5%. The turnover rate in 2020, where it has marginally risen to 7.8%, is rather concerning. The employment turnover rate then increased to 8.5% in 2021. However, during the post-

pandemic the employee turnover rate increased to 9% in 2022. During the pandemic, employees faced many distractions at home that could distract them from focusing on their work. For them, work and home life became stressful, which led to burnout and an increased need for meetings because managers could no longer walk across the office to check on with staff to discuss routine tasks, which became one of the biggest challenges. Apart from the changes in the working environment changes, the company had to invest in new digital software, such as Microsoft Teams, to ensure staff were able to work from home, however, employees took time to adapt to the new system while working from home and frequently faced unstable internet access at home. Employees in the operations department are required to work physically, which increased their concern about transmitting the COVID-19 virus therefore, they chose to quit.

However, during the post-pandemic PKT did not implement a work-from-home policy right after MCO had been elevated. Therefore, younger generation employees find working from home more convenient and productive and opt for companies that offer them to work from home. There is a shortage of skilled workers in PKT for instance, truck drivers who prefer becoming Grab drivers, finding the job to be flexible; subsequently, there is an increase in unskilled workers due to their preferences to be in gig economy job, for instance, becoming a freelancer or influencer by earning more than compared to any job offer from the logistics industry. In addition, employees who are of retirement age could not cope with digitization even though training was not sufficient for their understanding, and quite a number of employees contracted viruses when returning to the office, which required the company to shut down for the time being. This has affected several departments constantly until

employees were vaccinated. This information was provided from the exit interview that was conducted by the PKT HR Department.

Adamu et al. (2019) revealed that about 70% of customer dissatisfaction in the telecommunication industry, especially in Nigeria, has a great impact on the employee's behaviour at the workplace and the failure of contact staff to respond to complaints is due to insufficient information dissemination of brand promises made to consumers (Matthew, 2015). A similar survey of customer's dissatisfaction feedback conducted by the Operation and Business Development Department, PKT found that 5% were dissatisfied with the level of service in 2019. This was brought on by an inadequate number of staff and the COVID-19 pandemic's negative effects on the company's capacity to provide goods and services on schedule. The tendency has increased in recent years, nevertheless, and in 2020 and 2021, an average of 5–10% of consumers reported being unsatisfied with the general level of service quality. In addition, in 2022 the customer satisfaction rate has increased from 10% to 11%. The reason being the increase in customer dissatisfaction throughout the years due to difficulties in direct communication, as all are only virtually able to provide fast service as they need to have a travel document from the government during the MCO period.

Therefore, customers have lower tolerance for understanding the current situations and to adapting to the new norm. In addition, based on customer satisfaction feedback, it was reported that the warehouse department has a lack of pickup time, transportation has a lack of responsiveness in replying to emails to avoid delays in delivery, and the billing department has a lack of tracking billing on-time. However, following the epidemic, online shopping became a popular method of purchase for

both customers and traders. Furthermore, social alienation compelled customers to make purchases online to save time. Therefore, there was high demand in eCommerce and heavy traffic orders by customers have overwhelmed several departments in PKT. Customers now have higher expectations of PKT to be more communicative during the eCommerce experience, as they rely more on online shopping. Customer expectation is based on SOP procedures, which demand the safety measures taken when delivering goods by ensuring that personnel wear masks and other protective equipment, and that their premises and equipment are frequently disinfected. However, the situation has changed drastically during the post-pandemic in terms of customer demand, the safety measures taken to deliver goods by ensuring workers wear masks and are vaccinated, the estimated time of arrival (ETA) tracking system of goods. In addition, demand has increased, whereby customers prefer online purchases as well as walking in physically. Therefore, expect the logistics provider to deliver the goods on time.

Past studies indicated that the studies on employee brand citizenship behaviour in the Malaysian logistics industry are limited. There is a dearth of research that systematically links the relationship between internal branding practices, brand commitment and brand citizenship behaviour specifically in the logistics industry in Malaysia. There are some gaps that previous scholars have not adequately addressed. Consequently, this study is aimed at addressing the gaps by investigating brand citizenship behaviour in the local environment. Prior studies on logistics in Malaysia only focused on other factors such as the knowledge conversion process (2018), green practice adoption (Ibrahim et al., 2019), e-logistics (Miraz et al., 2020), value co-creation, (Nordin et al., 2021), and halal logistics (Bakar et al., 2020).