

Internal brand orientation: innovation benefits and backfiring effects

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Abstract

Although literature has repeatedly shown that internal branding enables organizational success, to date, there is limited knowledge on whether and how internal branding affects entrepreneurial orientation as a key determinant of firm performance. Drawing on theories of organizational creativity and following a survey of 242 managers of Greek firms spanning a range of industries, we find that internal brand orientation influences the two dimensions of entrepreneurial orientation (i.e., innovativeness and risk-taking) in opposing ways, ultimately affecting firm performance. Our results counterintuitively suggest that, although internal brand orientation boosts firm innovativeness, it also reinforces excessive risk-taking which might hurt firm performance. Our results also show that the effects of internal brand orientation differ across market types (B2B vs. B2C) and exhibit firm structure contingencies (i.e., they are stronger for exclusively domestic compared to multinational companies). Our findings enrich branding and strategy literatures by unveiling the benefits of being internally brand-oriented while also highlighting their unintended backfiring consequences.

Keywords: *Internal branding, Innovation, Risk-taking*

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