The Role of Brand-Oriented Leadership of Top Management During Internal Branding Process

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Extended Abstract

1. Topic of the study

With the dominance of service-oriented organizations, employees became regarded as essential building blocks of strong brands. Because they represent the interface between brand’s internal and external environment, their delivery of the brand and authentic affection for the brand define the quality of the service (Delcourt et al., 2013). Consequently, aligning employees with the brand is becoming one of the top priorities for managers. Essential success factor is considered to be internal branding, the process that influences employee attitudes and behaviours with the intention to align them with brand identity. As a result, consistent brand image and authentic brand delivery can be achieved (Burmann & Zeplin, 2005; Punjaisri, Wilson, & Evanschitzky, 2009). In our study we focus on brand-oriented leadership of top management that helps to align employees’ knowledge, attitudes and values with the brand.

One way organizations can ensure that frontline employees understand brand identity and develop positive brand attitudes is through consistent brand-oriented leadership. Behavior of top managers is perceived as one of crucial internal branding tools that create this alignment (Burmann & Zeplin, 2005; Vallaster & de Chernatony, 2006). Top managers’ brand-oriented leadership is defined as leaders’ approach that motivates employees to act according to the brand by appealing to their values. These leaders display following behaviors: acting as a role model and authentically “living” the brand values, communicating brand identity to employees, and demonstrating personal pride in the brand (Morhart, Herzog, & Tomczak, 2009; Vallaster & de Chernatony, 2006).

Most of the internal branding research has focused primarily on the outcomes of internal branding, while insufficient attention was dedicated to the implementation and mechanisms that explain the relationship between internal branding activities and outcomes. In our study we propose brand-oriented leadership as a tool for internal branding and we deepen the existing knowledge by explaining the mechanisms that drive employee-related outcomes. To provide a more comprehensive perspective,
we postulate that top managers elicit employees’ affective brand commitment, brand knowledge and employee-brand fit.

The conceptualization of brand commitment is derived from Allen and Meyer’s (1990) definition of organizational commitment. Although they acknowledge three types of commitment, we focus only on affective brand commitment, defined as employees’ emotional attachment to the brand (Allen & Meyer, 1990). Deriving from Keller’s (1993) definition of brand knowledge and upgrading it by subsequent explanations in the branding literature, we define internal brand knowledge as a cognitive representation of distinct brand identity in employee’s memory (Baumgarth & Schmidt, 2010; Löhndorf & Diamantopolous, 2014). Congruence between employee’s personal values and brand’s values is referred to as employee-brand fit. The concept derives from Cable and DeRue’s (2002) definition of person-organization fit.

2. Hypotheses development

In our study we propose brand-oriented leadership as an important factor in strengthening employee affective brand commitment and achieving congruency with brand values. In order to successfully enhance commitment and employee-brand fit, employees need to internalize brand values as their own (Shamir, House, & Arthur, 1993). Gagné and Deci (2005) emphasize that internalization process drives individuals to accept external values and display attitudes that are authentic. However, for brand internalization to happen, leaders must act as role models and truly live the brand, hence, model the brand identity by “walking the talk” (Zhu, Chew, & Spangler, 2005). We conclude that top managers’ behavior, reflecting the brand’s values, can fulfill a vital role in achieving affective brand commitment and employee brand value congruency.

Moreover, we advocate that brand-oriented leaders enhance employee brand knowledge. By implementing top-down brand communication and role modeling, leaders articulate brand identity to employees (Burmann & Zeplin, 2005). Employees become aware of and understand brand identity, brand values, and excepted behaviors (Chatman, 1991). Moreover, they acquire knowledge about their role as brand representatives and align their brand cognitions with brand requirements (Ward, 1974). If top management effectively communicates brand information to employees, the latter exhibit higher brand knowledge.

**Hypothesis 1:** Brand-oriented leadership has a positive influence on employees’ affective brand commitment.

**Hypothesis 2:** Brand-oriented leadership has a positive influence on employee brand knowledge.

**Hypothesis 3:** Brand-oriented leadership influences employee-brand fit positively.

Moreover, we hypothesize the influence of brand knowledge on employee affective brand commitment. Findings of several researchers (e.g. King & Grace, 2010; Xiong, King, & Pihler, 2013) reveal that knowledgeable employees are more open to brand-relevant information and are more likely to exhibit positive brand attitudes. Gaining clearer and more consistent brand knowledge influences employees to move from simply understanding brand values to internalizing them and emotionally engaging with the brand.

**Hypothesis 4:** Employee brand knowledge influences employees’ affective brand commitment positively.

We also hypothesize the positive influence of employee-brand fit on brand commitment, by building on similarity-attraction theory (Byrne, 1966). The theory suggests that if two individuals perceive they share similar beliefs, they become strongly attracted and attached (Zhang & Bloemer, 2011). In a brand context, employees that perceive a good value fit with the brand, feel higher similarity to the brand and thus feel more attracted to the brand. This leads to employee’s emotional attachment to the brand.
Furthermore, we hypothesize the impact of employee-brand fit on brand knowledge. Building on social categorization theory, we predict that teams composed of members with similar characteristics such as shared values tend to be associated with positive knowledge learning. Group members that perceive high similarity are positively inclined toward other group members. Consequently, homogeneous groups exhibit higher group cohesion, e.g. in terms of having similar knowledge (van Knippenberg, De Dreu, & Homan, 2004). We predict that employees, who share similar brand values, perceive higher similarity with the brand and co-workers. Consequently, they are positively inclined toward the brand and brand relevant information, which results in the increase of their brand knowledge.

**Hypothesis 5:** Employee-brand fit has a positive influence on employees' affective brand commitment.

**Hypothesis 6:** Employee-brand fit has a positive influence on employee brand knowledge.

3. Methodology

To test the hypotheses, we conducted an employee survey in European international hotel chain that has a well-known hotel brand in a regional area. The hospitality sector is chosen as an appropriate context because of its relatively high customer-contact service, which increases the role of employees as brand representatives. Since the aim of the study is to get an insight into internal branding process from employee perspective, these individuals are included in the study. Sample consists of employees working in several different hotels but all situated in one location. 227 employees participated in the survey; one questionnaire was excluded due to excessive missing data, resulting in 226 usable questionnaires.

Multi-item measures for all constructs were applied and existing scales used whenever possible. We measured brand-oriented leadership with four items, adapted from Almgren, Ek and Göransson (2012), Morhart et al. (2009), and Simões, Dibb and Fisk (2005). The four-item scale of employee brand knowledge was adapted from Baumgarth and Schmidt (2010), Wong and Merrilees (2008), and Kimpakorn and Tocquere (2009). We used three items, adapted from Cable and DeRue (2002), to assess employee-brand fit. Measure for employee affective brand commitment was based on five items from Allen and Meyer’s (1990) organizational affective commitment scale. Respondents evaluated the items on a five-point Likert scale, from strongly disagree (1) to strongly agree (5), except for employee-brand fit that was evaluated on a seven-point Likert scale.

After data collection an exploratory factor analysis (EFA) was performed, using SPSS 21. All items loaded strongly on the intended factors with no extremely high cross-loadings. To assess reliability and validity of the scales, confirmatory factor analysis (CFA) was conducted, using AMOS 21. Measurement model provided acceptable fit to the data. Reliabilities, validities and correlations are presented in Table 1.

- Insert Table 1 here –

4. Results

To test proposed hypotheses, we applied structural equation modelling, using AMOS 21. For assessing the fit between the model and the data we reviewed the goodness-of-fit statistics: $\chi^2(98) = 169.05; CFI = .967; TLI = .960; NFI = .927; RMSEA = .057; \text{and SRMR} = .04$. Structural model provided an acceptable fit to the data. The model explains 42.1% of the variance in employee brand knowledge, 30.2% of employee-brand fit and 58.4% of employee brand commitment. In Table 2, we report estimated path coefficients of the relationships among constructs in the model.

- Insert Table 2 here –
In support of H1, we find a significant and positive relationship between brand-oriented leadership and affective brand commitment ($\beta = .19, p < .05$). The relationship between leadership and employee brand knowledge is positive and significant ($\beta = .50, p < .001$), which supports H2. We also find support for H3; there is a significant, positive relationship between leadership and employee-brand fit ($\beta = .55, p < .001$). Moreover, employee brand knowledge has significant, positive relationships with affective brand commitment ($\beta = .26, p < .01$), in support of H4. Also, H5 and H6 are supported, since employee-brand fit has significant, positive relationships with affective brand commitment ($\beta = .46, p < .001$) and brand knowledge ($\beta = .22, p < .01$).

5. Discussion: Implications, limitations and further research

Our study offers insights how brand-oriented leadership contributes to achieving employee brand commitment. Beside the direct influence on commitment, employee brand knowledge and employee-brand fit are recognized as important mediators. Brand-oriented leaders are crucial for providing information about brand identity and acting as role models to achieve employee brand value congruence, understanding of the brand and emotional brand attachment. This study explains approximately 60 percent of the variance in affective brand commitment, which suggests cognitive brand aspects and employee-brand fit as important elements influencing commitment. Despite this finding employee brand knowledge received little attention in the past (Xiong et al., 2013). Our study contributes to the existing research by acknowledging that internal branding initiatives not only have direct effects on employee commitment but are also mediated by employee brand knowledge and employee-brand fit. Furthermore, the study offers significant managerial implications. It highlights the crucial role of brand-oriented leadership in achieving brand success. By continuously enriching employees’ cognition and positive brand attitudes, organizations can assure to deliver brand promises on a daily basis (King & Grace, 2010). Our findings indicate that brand-oriented leadership elicits important internal branding outcomes, such as employee-brand fit. Congruency between employee and brand values enhances employee brand knowledge and affective brand commitment, therefore it should be given an additional consideration, how to strengthen it. We propose that employees should be exposed to brand information even prior to their recruitment. For organizations to attract individuals that share similar values as the brand is crucial to communicate the brand’s values during the selection and hiring process. This is known as employer branding (Backhaus & Tikoo, 2004). Therefore, we argue that organizations should consistently integrate internal and employer branding to achieve higher levels of employee-brand fit.

Moreover, the research identifies employees as important brand builders. Since they can significantly shape customers’ experience with the brand, organizations should turn their employees into brand champions. As they are true brand representatives, organization should employ mechanisms to promote them. Thus, we propose brand-oriented leadership as one of the activities that help to strengthen brand champions. By acting as role models and mentors, managers may help employees to internalize brand values and develop emotional connection with the brand (Morhart et al., 2009).

References


Table 1: Descriptive statistics, reliability and validity tests, correlation matrix

<table>
<thead>
<tr>
<th>Variables</th>
<th>M</th>
<th>SD</th>
<th>α</th>
<th>CR</th>
<th>AVE</th>
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<th>3</th>
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<td>1. Leadership</td>
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<td>.85</td>
<td>.85</td>
<td>.59</td>
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<td>2. Brand commit</td>
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<td>.99</td>
<td>.90</td>
<td>.90</td>
<td>.64</td>
<td>.60</td>
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<tr>
<td>3. Brand knowledge</td>
<td>3.84</td>
<td>.73</td>
<td>.78</td>
<td>.78</td>
<td>.47</td>
<td>.62</td>
<td>.60</td>
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<td>4. Employee-brand fit</td>
<td>4.46</td>
<td>1.38</td>
<td>.94</td>
<td>.94</td>
<td>.84</td>
<td>.55</td>
<td>.69</td>
<td>.50</td>
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</table>

Notes: Numbers in the matrix represent correlations between constructs.
Overall fit indexes for measurement model: χ²(98) = 169.05; CFI = .97; TLI = .96; NFI = .93; RMSEA = .06; and SRMR = .04.

Table 2: Path coefficients of the model

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Dependent variable</th>
<th>Estimates</th>
<th>(z-values)</th>
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<tbody>
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<td>H1 Leadership</td>
<td>Brand commitment</td>
<td>.19*</td>
<td>(2.24)</td>
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<td>H2 Leadership</td>
<td>Brand knowledge</td>
<td>.50***</td>
<td>(5.12)</td>
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<tr>
<td>H3 Leadership</td>
<td>Employee-brand fit</td>
<td>.55***</td>
<td>(7.66)</td>
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<td>H4 Brand knowledge</td>
<td>Brand commitment</td>
<td>.26**</td>
<td>(3.00)</td>
</tr>
<tr>
<td>H5 Employee-brand fit</td>
<td>Brand commitment</td>
<td>.46***</td>
<td>(6.38)</td>
</tr>
<tr>
<td>H6 Employee-brand fit</td>
<td>Brand knowledge</td>
<td>.22**</td>
<td>(2.60)</td>
</tr>
</tbody>
</table>

Notes: Standardized path coefficients are reported.
* p < .05; ** p < .01; *** p < .001