

Dr. Wolfgang Jenewein

University of St. Gallen

Holzweid

9010 St. Gallen

Switzerland

wolfgang.jenewein@unisg.ch

Tel: +41 71 224 27 01

Fax: +41 71 224 27 00

Dr. Silke Mühlmeier

University of St. Gallen

Dufourstrasse 48

9000 St. Gallen

Switzerland

silke.muehlmeier@unisg.ch

Tel: +41 71 224 28 41

Fax: +41 71 224 28 57

Brand-oriented leadership

Abstract

Many studies have shown a positive relationship between a strong brand and overall financial performance. Experiences of marketing specialists and initial scientific findings demonstrate that in all industries but especially in the service sector, personal communication by a firm's own employees in direct interaction with the customer plays - beside impersonal communication through mass media campaigns - a decisive role in achieving sustainable brand strength. More and more firms have discovered the potential of so-called behavioral branding as an effective way to differentiate themselves from their competition. In this article we argue that leadership within organizations is an essential instrument to foster and control behavioural branding.

Keywords

Brand commitment, leadership, behavioral branding

Introduction

In recent theoretical articles and empirical studies the increasing importance of the so-called *internal brand process* has been identified as one of the most relevant challenges of a successful brand management. Whereas in the past the majority of energy and resources has been invested to communicate the brand towards the market and its customers, recent authors underline the importance of internal brand building as a process to align staff behaviour with brand values (Berry 2000; de Chernatony, 2001; Hartline, Maxham, McKee 2000; Henkel et al 2007; Keller, 1999; LePla & Parker, 1999; Macrae, 1996; Vallaster & de Chernatony, 2005).

Indeed, brands can be defined as clusters of functional and emotional values making promises about unique experience (de Chernatony, 2001). One way to communicate these brand specific values is through advertisement. Another way is related to the interactions between the employees of a company and its consumers. Because employees constitute the interface between a brand's internal and external environment, they communicate the brand toward the market. From this point of view, employees act like "ambassadors" (Hemsley, 1998) and thus have a powerful impact on consumer's perception of the brand - and, in turn, of the company itself (Balmer & Wilkinson, 1991; Harris & de Chernatony, 2001). Apart from quality and pricing, employee behaviour has empirically proven to be the third most important factor for customers in deciding whether to choose a company, to buy a product or possibly not (MORI, 1999). Considering the results of Gallup (2003) this fact is quite alarming since only 13% of the employees feel emotionally committed to their company, while 69% only work as they are told and 18% have already given up.

To guarantee the success of a marketing strategy and thus of a brand, the behaviour of the employees, their commitment to the company and their ability to live the brand values have consistently gained an increasing importance. Therefore the Brand values of a company should be inline with the company values and the corporate culture, otherwise the brand can not be perceived as being authentic. In comparison to the corporate values, the brand values go one step further. Whereas the corporate values are the foundation for a company the brand values are the translation of those values towards the customer in relation with the companies products and or services. "Employees are thus becoming 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 advertised messages" (Harris & de Chernatony, 2001, p. 442). On the one hand, a lot of research has been conducted in order to understand the role of employees within the brand-building process, where, on the other hand, little effort has been spent to understand how this process can be managed.

In this paper we advocate that one of the most relevant aspects of how to manage the internal brand process is the issue of leadership. We discuss four relevant characteristics of brand-oriented leadership and their strengthening influence on employee commitment to the organization. Based on insights from qualitative and quantitative research on the issue of organizational commitment, we propose that an increasing organizational commitment positively affects the process of internal branding, and thus, supports a brand-oriented employee behaviour that in the end enhances the company success. Miles and Mangold (2004) defined employee branding as: "(...) the process by which employees internalize the desired brand image and are motivated to project the image to customers and other organizational constituents."

Brand-oriented leadership to transport the brand's vision

To communicate a company brand coherently to the market and to all relevant stakeholders it is of great importance that all employees share the same understanding of the brand and act in line with the brand values. Following Vallaster and de Chernatony (2005), we propose that the brand related behaviour of employees can effectively be influenced by the leadership culture of a company. The aim of such a brand-oriented leadership is that all employees believe in the brand's values and are ready to live them and to communicate them consistently across all the relevant contact points within the company and towards its important stakeholders. "Leadership has been identified as a crucial mechanism which mediates between people who differ in the way they think and interpret the environment and how they feel and communicate with each other." (Vallaster & de Chernatony, 2005, p. 182). Yet there is no common definition about Leadership. In this article we will stick to Gary Yukl (2002) who suggests in his book *Leadership in Organizations* that most definitions of leadership "reflect the assumption that it involves a process whereby intentional influence is exerted by one person over other people to guide, structure, facilitate activities and relationships in a

group or organization” (p. 2). An important word in Yukl’s definition is “influence.” In *Leadership for the 21st Century*, leadership scholar Joseph Rost (1993) takes a similar approach and defines leadership as “an influence relationship among leaders and followers who intend real changes that reflect their mutual purposes” (p. 102).

In their leadership-based brand building model, Vallaster and de Chernatony (2005) claim that leadership, which positively influences the internal brand process, is characterized by two important factors. On the basis of expert interviews that were carried out with employees representing middle and senior management in four German companies and one Austrian company, Vallaster & de Chernatony (2005) propose, as a first factor for a successful internal brand management process, the development and communication of a coherent clear brand vision, and as a second factor, a brand consistent social interaction with the employees (cf. figure 1).

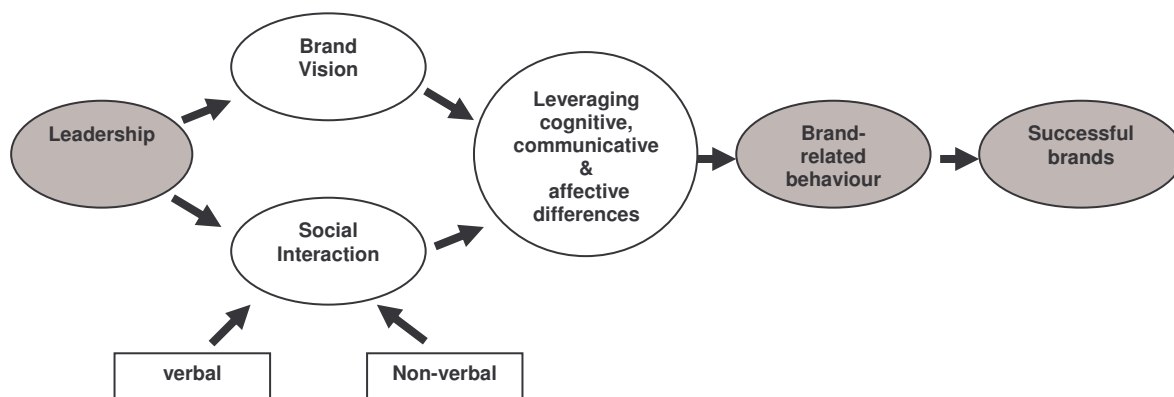


Figure 1. Model of Leadership Based Brand Building (Vallaster & De Chernatony, 2005)

In line with research on transformational leadership, Vallaster and de Chernatony (2005) argue that successful leaders can typically be characterized as being inspirational and visionary (e.g. Avolio & Bass, 1991; Bass, 1999; Berson et al., 2001, Kirkpatrick & Locke, 1996; Shamir, 1995). Having a clear vision has proven to be one of the most important characteristics of leadership in terms of its direct and indirect effect on employee performance and attitude (Kirkpatrick & Locke, 1996). “The process of internal brand building advances

when a clear brand vision creates tension between the actual and ideal work setting, forcing people to work together to reduce this gap” (Vallaster & de Chernatony, 2005, p. 187). In this sense, the first relevant step to a successful internal branding strategy is the formulation of a clear brand vision. Due to the fact that a brand vision needs to be understood in the same way across all employee divisions of the company, we propose that the second important factor of brand oriented leadership is the communication of the brand content and brand promises. Indeed it is the responsibility of leaders during the internal brand process to ensure that all employees understand the values of the brand, i.e. the values of the brand must become meaningful for them.

As social psychologists argue (e.g. Bandura, 1996), it is more constructive to translate brands statements into action (i.e. "walking the talk"), than simply communicating them verbally or on paper. In this understanding, the leader has to be the model that shows what the specific aspects of the brand vision mean and how they affect daily work life. Recent leadership theories are in line with Bandura's (1996) “modelling theory of behaviour” by arguing that leaders must deliver brand promises into action, this because such behaviour encourages the development of trust, respect, and commitment among followers (Boal & Hooijberg, 2000). The CEO of Lufthansa, cleaning the coffee cups in his office himself gave a clear sign to his employees that he is ready to live a change and not only to talk about it. From research on communication we know that leaders have to synchronize their behaviour and especially their communicative behaviour with other organisational initiatives and ensure that what they say is also being acted upon (e.g. Snyder, Dowd & Houghton, 1994). Therefore, acting as a representative role model poses a great responsibility to the leader. For us, besides the creation of a clear brand vision and the communication of the brand's promise, the third important factor is the leader being a model and living the brand's statements.

As a last important step, the employees themselves must be willing and empowered to live the brand promises. Such a “participative” (Vallaster & De Chernatony, 2005) behaviour can be facilitated by recruiting only new employees who share similar values as the corporate and brand values are. To enhance a company culture, von der Oelsnitz (2000) proposes five options that can be adapted to explain how empowerment and participation amongst employees can be supported and promoted. As a first option, von der Oelsnitz (2000)

considers the impact of selective awareness. This means that a leader can positively reinforce brand conform values and behaviour of their employees and ignore non-conform values and behaviour. Second, leaders can explicitly claim their understanding of the values and their expectations regarding the behaviour of their employees. By such a clear claims management, leaders can reduce the uncertainty among their followers. Third, as already mentioned, a leader can act in conformity with the brand values and consciously use his or her own model behaviour to transport brand values. As a fourth option, von der Oelsnitz (2000) proposes, that the company can itself create brand-related gratification and sanctions systems (e.g. Vroom, 1964) to give a structural signal to all employees that they really stand behind their values. In line with Vallaster and de Chernatony (2005), von der Oelsnitz (2000) also considers the recruiting and promotion of employees as a relevant factor in enhancing the brand related behaviour within a company. Von der Oelsnitz (2000) points out that employees not willing to act in the sense of the brand values be sanctioned by dismissal.

According to these considerations, we conclude that a brand-oriented leadership can be characterized by the following six aspects: (1) Considering the Brand values already in the Recruiting Process, by hiring only such employees whos personal values are inline with the Brand Values, (2) the creation of a clear brand vision, (3) the communication of the brand content and promises, (4) the leader being a model and living the brand's messages, (5) the empowerment of the employees within the branding process, and (6) the creation of brand related gratification and promotion systems. By developing such brand-oriented leadership behaviour, it is assumed, that brand commitment within the employees can be increased (e.g. Baum et al. 1998; Vallaster & de Chernatony. 2005; Zeplin, 2006). In the following sequence, we outline our understanding of brand commitment and how brand-oriented leadership can support the development of brand commitment.

Brand Commitment through Leadership

In our understanding, a brand-oriented leadership -as characterized before- leads to an increase of employee commitment. More specifically, we propose that a directed brand-oriented leadership increases, not only organizational commitment, but also brand-

commitment. Following the considerations of Zeplin (2006), we first describe one of the most important commitment models of Allen and Meyer (1990), e.g. Meyer and Allen (1991).

The term commitment is broadly discussed within the organizational literature and different conceptualizations of the construct have been developed since. The most influential model of commitment relies on the conceptualization of Allen and Meyer (1990) and Meyer and Allen (1991) and involves three components: (1) affective commitment, (2) continuance commitment, and (3) normative commitment. This concept has received empirical support (Dunham et al., 1994; Hackett et al., 1994; Suliman & Iles, 1999; Hartman & Bambacas, 2000) and it has been tested successfully for homogeneity (Benkhoff, 1997).

The term *affective commitment* refers to an actor's attachment to, identification with, and involvement within the respective entity (Meyer & Allen, 1991). In the sense of psychological attachment, it includes a strong feeling of belonging to the target of communication (Hartmann & Bambacas, 2000). Some authors (see Meyer & Allen, 1997) argue that this target of communication can also be an organization, a project, a supervisor or a fellow worker, at least anything that bears importance for an employee. Thus, affective commitment can be understood as the emotional bounding to the organization. To develop affective commitment towards an organization, a wide range of variables has been studied and can be classified into the following three categories: 1) organizational characteristics, such as fairness of the company's policy, decentralization and policy communication in terms of amount of information given and sensitivity shown; 2) Personal characteristics such as the perceived competence (Mathieu & Zajac, 1990). Personal characteristics such as gender, age or the level of education did not have a significant influence on the development of affective commitment; and finally, 3) Other characteristics such as work experience, job challenge, degree of autonomy, variety of skills used, participation in decision making processes and personal fulfilment have proven to be the most relevant factors in the development of affective commitment.

Continuance commitment is more the rational part of commitment and refers to an awareness of the costs associated with leaving or abandoning the respective entity / organization (Meyer & Allen, 1991). These costs may not only be financial costs but also non-financial (Becker,

1960). The decision to stay in or leave the organization relies on a rational analysis in terms of costs and benefits. An employee stays in the organization if leaving it would increase the costs, e.g. because of the need to move or the loss of a certain position or of relevant social relationships. The development of continuance commitment has not been studied that intensively as the development of affective commitment. However, Meyer and Allen (1997) distinguish two sets of antecedent variables that have an influence upon continuance commitment: investments and alternatives. Meyer and Allen (1997) argue that investment includes various factors such as transferability of skills, retirement money, status, job security and the role of provider in one's family. Alternatives reflect the existing employment opportunities and the attractiveness of those opportunities.

The term *normative commitment* reflects much more a feeling of obligation to continue membership with the entity in question. Normative commitment describes if and how much a person is related to an organization due to a moral commitment (Jaros et al., 1993) and normative obligations. The feeling of obligation can be understood as the key factor of normative commitment. Wiener (1982) states that normative commitment should be viewed as "the totality of internalized normative pressures to act in a way that meets organizational goals and interests." The development of normative commitment can be described as a socialisation process. A new employee learns and experiences what is valued and what is expected from a newcomer by the company. This process of accepting certain expectations and behaving in a way that is in line with these expectations is called internalization (e.g. Meyer & Allen, 1997; Wiener, 1982).

Zeplin (2006) argues that the commitment concept of Meyer and Allen (1997) is only useful to explain the question of whether an employee stays in the company or is about to leave but gives no hint of how brand-oriented behaviour can be promoted. In her understanding, a commitment concept that is related to the development of a specific brand-related behaviour comprises the following three dimensions (O'Reilly & Chatman, 1996). Based on Kelman (1958), they distinguish between: 1.) Compliance or exchange, 2.) Identification or affiliation and 3.) Internalization or value congruence. These three points are subsequently conceptualized as follows:

1. Compliance or exchange: An employee is always in the status of exchange with the company by giving his or her individual working input and receiving gratifications, for example in terms of money. Relating to Adams “Exchange theory” (1965), each individual constantly makes a rational cost and benefit analysis and considers whether the relation between individual input and received output is still rational. From this point of view, increasing a brand commitment can be realized by positively reinforcing brand-oriented behaviour to the extent that the employees realizes that brand-conform behaviour brings the best individual output for himself or herself whereas non-conform behaviour can be ignored. This dimension, as Zeplin (2006) points out, is very similar to the continuance commitment component proposed by Meyer and Allen (1997). In contrast to the continuance commitment, compliance not only explains whether and why employees leave a company, but also how employees’ behaviour within a company can be directed in a brand-oriented way. Thus, compliance describes the aversion of brand-conform behaviour because the employees know that non-conform behaviour will be punished and conform behaviour will be positively sanctioned. From this point of view, compliance can be considered as the minimum condition a company can expect from its employees. In this way, it also exerts an impact on brand commitment. Zeplin (2006) argues that employees who only show compliance do not authentically live brand values. In this respect, their actions can even have a negative effect on the brand perception of the customers. As an example, Zeplin (2006) points out the behaviour of a call centre agent who only repeats her standardized reception text in a bored, monotonous, and unfriendly manner, thereby doing nothing to enhance the perception of the brand.

2. Identification: The term identification refers to the acceptance of social influences because of a strong feeling of belonging to an organization or company and the feeling of being personally deeply connected to the company's fate (e.g. Zeplin, 2006). Employees who feel such a strong identification with a company are able to incorporate the company's objectives, successes and challenges into their own identity. Related to the normative commitment component of Meyer and Allens (1997), identification also comprises aspects of loyalty and duty toward the company. The employee identification can positively be influenced by leadership that focuses on brand-oriented behaviour as mentioned above. In this

understanding, brand-oriented leadership strengthens the identification of employees with the company brand so that employees have the feeling of a personal duty to act in accordance with the brand values.

3. Internalization: The third dimension addresses the integration of brand related values into the self-concept of an individual. The self-concept of a person can be defined as the sum of all emotions, cognitions, and actions of an individual towards himself or herself. In this context, each person tries to live and act in congruence with her self-concept. Internalization is developed by socialisation, which means a newcomer in an organization learns and realizes what values are relevant and what behaviour is expected. In the case that these values are in accordance with his self-concept, the person will integrate them into his concept. Internalization is nearly equivalent with the affective commitment component (Meyer & Allen, 1997) and is characterized by the absolute acceptance of rules and values. Research on transformational leadership shows that especially leaders who are able to inspire and visually communicate their brand promises are able to promote the internalization of the brand values by their employees.

Conclusion

Based on these considerations, we sum up by proposing the following brand-oriented leadership model (figure 2):

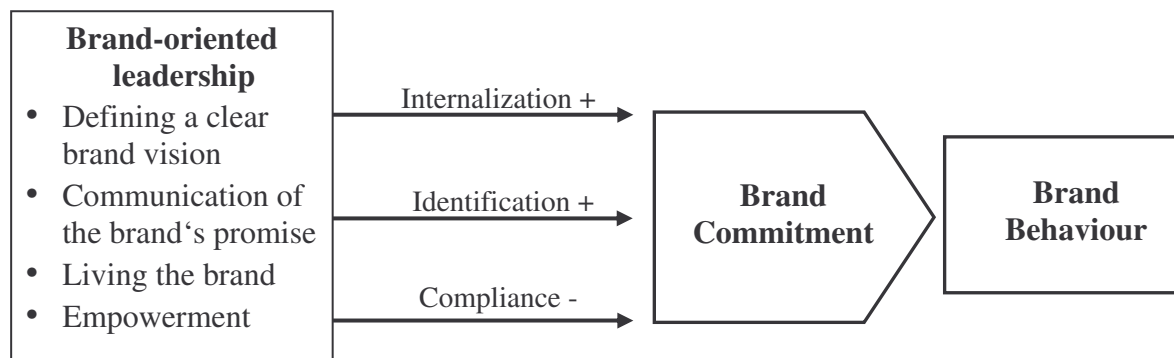


Figure 2: Brand-oriented leadership model

As discussed, we consider leadership to be the most influential factor in brand behaviour. In our understanding, a brand-oriented leadership style can be conceptualized by four relevant aspects. First of all, the brand vision has to be clearly defined. Based on that clear definition, leaders have to communicate the brand vision to their employees to ensure that all employees share the same understanding of the brand-values. In order to reinforce the importance of the brand values, a leader not only has to communicate these values but also has to live and act in concordance with these values. Lastly, all employees of the company have to be empowered to live the brand values themselves. Such a brand-oriented leadership leads to an increase in brand commitment by strengthening employees' identification with the company. This occurs by supporting the internalization of brand values into the employees' self-concept, and by avoiding negative effects of employees' compliance. By enhancing brand commitment, employees will be more likely to communicate and act in accordance with the brands value.

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