Mere compliance has a mainly negative impact on employee brand-building behavior.
How can managers elicit brand-building behaviors on the part of frontline employees? When comparing brand-specific “transactional” and “transformational” leadership styles, the latter clearly outperforms the former. Transactional leaders influence followers through a process of compliance, leading to increased turnover intentions and a decrease in in-role and extra-role brand-building behaviors. In contrast, brand-specific transformational leaders influence followers through a process of internalization, leading to decreased turnover intentions and an increase in in-role and extra-role brand-building behaviors. When combined, however, a medium level of transactional leadership maximizes the positive effects of transformational leadership.

**Contact Personnel’s Role for Service Brands**

Imagine a typical scene in a Starbucks café: teenagers, young mums, students, and professionals are sitting in cosy chairs, reading, talking, and working. The “baristas” are busy serving customers at the counter with a warm smile and take the time to have a friendly chat, while preparing their customers’ preferred drinks which they remember from last time’s order. This is Starbucks’ famous “third place” experience – feeling at home although you are not – which is mainly created by the dedicated staff.

This example shows that employee performance plays a vital role for the success of a service brand. Unlike pure product brands, where consumers’ perceptions of a brand derive predominantly from a product’s tangible features, customers’ perceptions of a service brand depend highly on the behavior of frontline staff.

Thus, the task of stimulating employees to build and strengthen an organization’s brand image – that is, motivating them to act as “brand champions” – is a challenge for service businesses in many industries. The question of how to promote brand-supportive behaviors on the part of frontline workers becomes increasingly relevant, which underlines the importance of a professional “internal brand management.” Among other inner-organizational variables, supervisory behavior is assumed to be one of the key driving forces in this effort.
How Frontline Employees Build Brands in the Minds of Customers

Customer experiences with frontline personnel have a strong impact on the perception and image of brands, especially in the field of services. Ideally, the contact persons act as “brand ambassadors”, “brand champions”, or “brand evangelists” and transform brand vision into brand reality. “Employee brand-building behavior” goes beyond employees’ delivering high service quality. It is their contribution (both on and off the job) to an organization’s customer-oriented branding effort which is reflected in various forms of behaviors:

- **Retention** refers to employees’ upholding their professional relationship with the corporate brand and its customers. In service business, a firm’s ability to maintain stability in its customer contact staff is crucial: frontline employees are a service brand’s humanization which enables customers to form an emotional connection to it. Long-lasting relationships are likely to spark feelings of closeness, affection, and trust of customers toward brand representatives, which pays into a brand’s competitive advantage. However, when customers are confronted with ever-changing contact personnel, they will struggle to develop such a valuable relationship with the corporate brand.

- **In-role brand-building behavior** refers to frontline employees consistently and dependably meeting the standards prescribed by their organizational roles as brand representatives (either written down, in behavioral codices, manuals, display rules, etc., or unwritten). Specifically in the service context, customers’ brand experience depends on frontline employees’ behavior.

Thus, it is crucial that representatives treat customers in a way that is consistent with the brand promise that the organization conveys through its public messages.

- **Extra-role brand-building behavior** refers to employees’ discretionary actions going beyond the prescribed roles for the good of the corporate brand. Of most interest in terms of branding efforts toward customers are participation (on-the-job) and positive word-of-mouth (off-the-job). First, employees who actively participate in brand development (e.g., by internally passing on branding-relevant customer feedback from customer touch points) provide a company with high-quality input for its brand management. Second, employees’ personal advocacy of the organization’s products and services outside the job context is a credible form of advertising for actual and potential customers.

Leadership Styles and Frontline Employees’ Brand-Building Behaviors

In internal marketing and brand building, the role of leaders has proven to be essential. Therefore different leadership styles are expected to have an impact on the aforementioned brand-building behaviors of frontline employees. In leadership research, two generic leadership philosophies are discussed: transactional and transformational leadership. Transactional leaders act differently from transformational leaders and activate different psychological processes on the part of their employees, which in turn trigger different brand-building efforts.

- **Brand-Specific Transactional Leadership (TRL)**
  TRL is founded on the idea that leader-follower relationships are based on a series of exchanges or implicit bargains in which followers receive certain valued outcomes on the condition that they act according to their leaders’ wishes. Typical manifestations of a transactional leadership style are “Contingent Reward Systems” and “Management by Exception”.

- **Contingent Reward** refers to a leader clarifying expectations for followers and offering recognition when goals are achieved. Rewards are contingent on effort expended and performance level achieved. In a branding context, it refers to specifying behavioral standards for appropriate exertion of followers’ roles as brand representatives and offering rewards when role-expectations are met.
Management by Exception describes a leader monitoring and reprimanding followers for deviances from prescribed performance standards, as well as taking immediate corrective action against poor performance. In a brand-specific context, Management by Exception means clarifying what constitutes ineffective performance of a brand representative and punishing for being out of compliance with standards. This implies closely monitoring for deviances, mistakes, and errors and then taking corrective action in case they occur.

Brand-Specific Transformational Leadership (TFL)
TFL implies aligning followers’ values and priorities with the organization’s goals in order to accomplish higher-order objectives. TFL is believed to surpass the impact of TRL on follower performance in that transformational leaders elicit extra-role behaviors in addition to in-role behaviors from followers. Typical behaviors reflecting a transformational leadership style in general, and in brand building in particular, are:

- **Charisma (Idealized Influence)** is the degree to which the leader behaves in admirable ways and causes followers to identify with him or her. In a branding context, it means acting as a role model in terms of authentically “living” the brand values.

- **Inspirational Motivation** refers to a leader’s ability to create a sense of collective mission among followers by articulating a compelling and differentiating brand vision, as well as arousing personal involvement and pride in the corporate brand.

- **Intellectual Stimulation** means that a leader provides followers with challenging new ideas that are supposed to stimulate rethinking of old ways of doing things. The leader makes followers rethink their jobs from the perspective of a brand community member, as well as empowering and helping followers to interpret their corporate brand’s promise and its implications for work in their individual ways.

- **Individualized Consideration** refers to coaching and mentoring while trying to assist each individual in achieving his or her fullest potential and to grow into their roles as brand representatives.
MEASUREMENT SCALES FOR BRAND-SPECIFIC LEADERSHIP STYLES:
“MY DIRECT SUPERVISOR...”

BRAND-SPECIFIC TRANSFORMATIONAL LEADERSHIP

Intellectual Stimulation
> ... re-examines critical assumptions of our brand promise to question whether they are appropriate.
> ... seeks differing perspectives when interpreting our corporate brand values.
> ... gets me to look at my job in terms of a branding task.
> ... suggests a brand promoter’s perspective of looking at how to complete assignments.

Inspirational Motivation
> ... talks optimistically about the future of our corporate brand.
> ... talks enthusiastically about what needs to be accomplished to strengthen our corporate brand.
> ... articulates a compelling vision of our corporate brand.
> ... expresses confidence that brand-related goals will be achieved.

Idealized Influence (Attributes)
> ... instills pride in me for being associated with our corporate brand.
> ... goes beyond self-interest for the good of the corporate brand.
> ... lives our corporate brand in ways that build my respect.
> ... displays a sense of power and confidence when talking about our corporate brand.

Idealized Influence (Behaviors)
> ... specifies the importance of having a strong sense of our corporate brand.
> ... talks about our most important brand values and his/her belief in them.
> ... considers the moral and ethical consequences of our brand promise.
> ... emphasizes the importance of having a collective sense of our brand mission.

Individual Consideration
> ... spends time teaching and coaching me in brand-related issues.
> ... treats me as an individual rather than just one of many members of [corporate brand name].
> ... considers me as having different needs, abilities, and aspirations from other members of [corporate brand name].
> ... helps me to develop my strengths with regard to becoming a good representative of our brand.

BRAND-SPECIFIC TRANSACTIONAL LEADERSHIP

Management-by-Exception Active
> ... focuses attention on irregularities, mistakes, exceptions and deviations from what is expected of me as a representative of our corporate brand.
> ... keeps careful track of mistakes regarding brand-consistency of my behavior.
> ... monitors my performance as a brand representative for errors needing correction.
> ... is alert for failure to meet standards for brand-consistent behavior.

Contingent Reward
> ... points out what I will receive if I do what is required from a brand representative.
> ... tells me what to do to be rewarded for my efforts for brand-consistent behavior.
> ... works out agreements with me on what I will receive if I behave in line with our standards for brand-consistent behavior.
> ... talks about special rewards for exemplary behavior as a brand representative.
How Different Leadership Styles Affect Employees’ Brand-Building Behavior

In order to employ leadership techniques correctly for brand-building efforts, it is necessary to understand the different psychological mechanisms by which the two leadership styles affect employees’ brand-building behavior and how they interact in producing such effects. For this purpose, a cross-sectional study with regular face-to-face, written, and/or telephone customer contact was conducted with 269 service employees of a large telecommunications company in Switzerland. Please refer to Box 1 for the measurement of the respective brand-specific leadership styles. Structural equation modeling was used to analyze the data.

Psychological Mechanisms Triggered by Transformational Leaders

Results show that brand-specific transformational leadership is more effective in enhancing brand-building behaviors among employees than brand-specific transactional leadership. The transformational approach works through a process of internalization which leads to an increase in employees’ in-role and extra-role behaviors such as participation in brand development, advocacy of the corporate brand, and a higher retention rate (see Figure 1).

That is, the effectiveness of a brand-specific transformational leader is based on his or her ability to make followers integrate a brand-based role identity into their self-concepts. This means that individuals have come to accept the brand values as their own and thus perceive value congruence between their own and the corporate brand’s values (for example, when Avis’ brand promise “We try harder” becomes a central facet in an Avis employee’s general code of conduct). The internalization process itself is triggered by the transformational leader serving followers’ basic psychological needs of (a) relatedness, (b) competence, and (c) autonomy. This is achieved by (a) emphasizing followers’ membership in the brand community, (b) teaching and coaching followers to enact their brand-based role identity, and (c) showing concern for subordinates’ feelings as individuals and therefore allowing choice and freedom in how to interpret and enact their role identity as brand representatives.

Psychological Mechanisms Triggered by Transactional Leaders

In contrast, the study shows that brand-specific transactional leaders influence their followers through a process of compliance, which has a mainly negative impact
Compliance follows from the transactional leader’s merely instrumental command and control approach: through prescribing detailed behavioral standards and sanctioning followers’ abidance, such leaders thwart the satisfaction of employees’ basic psychological needs which would be necessary for an internalization process to function optimally. As a consequence, followers do not fully “take in” the brand-based values and do not accept them as their own with the consequence of a decrease in brand-building behaviors and loyalty intentions.

**Interactive Effects of Brand-Specific Transactional and Transformational Leadership**

The results presented so far are significant given the fact that a transactional leadership style is still the most common practice among managers in charge of customer contact personnel (first and foremost sales managers). However, most managers will exert neither a purely transformational nor a purely transactional approach, nor will such an “either/or” decision be advisable, because both leadership styles have their merits. Therefore, interactive effects between the two leadership styles were tested by means of a nonlinear moderated regression analysis:

Brand-specific transactional leadership can function either as a “catalyst” or as a “neutralizer” for the positive effects of brand-specific transformational leadership (see Figure 2). When used at a low to moderate level, brand-specific transactional leadership “adds” to brand-specific transformational leadership, in that it strengthens the latter’s positive effects (“crowding-in effect”). However, when used at higher levels, brand-specific transactional leadership undermines the positive effects of brand-specific transformational leadership (“crowding-out effect”). Hence, the positive effect of brand-specific transformational leadership is strongest at an intermediate level of brand-specific transactional leadership.

**FIGURE 2:**
Effect of Brand-Specific TRL on the Effect of Brand-Specific TFL
Practically speaking, even highly transformational leaders are not assumed to be effective unless they also attend to the task-oriented management aspect of their function (such as Management by Exception and Contingent Reward). For example, a brand-oriented manager who engages in transformational behaviors while completely neglecting “hands-on” activities, such as clarifying tasks, setting goals, and defining standards for performance and compensation, is likely to be viewed by followers as too quixotic, as a “windbag”, with the consequence that his or her transformational efforts lose ground. In contrast, when used to the extreme, brand-specific transactional behaviors may undermine the effects of transformational behaviors: rigid behavioral prescriptions, strict control, and emphasis on “pay-per-performance” pertaining to brand-supporting behaviors contradict a leader’s transformational efforts with regard to satisfying followers’ needs for autonomy, competence, and relatedness in their roles as brand representatives. Consequently, too much emphasis on transactional behaviors causes followers to perceive their supervisor’s transformational behaviors as inauthentic, even manipulative, thereby foiling their positive effects.

Summary and Management Implications

So, what can supervisors do to enhance brand-building behaviors among frontline employees? This research suggests that managers should make a paradigm shift from the prevalent transactional to a more transformational leadership philosophy. At first glance, specifying behavioral codices and scripts for employees dealing with customers and then monitoring (e.g., through mystery shopping) and rewarding appropriate demeanor might seem to be an easy solution for obtaining adequate performance from employees representing the firm. However, such a highly transactional style seems counterproductive in terms of followers’ motivational condition. Managers would do much better by opening their minds to a more transformational approach, which would entail behaviors such as articulating a unifying brand vision, acting as an appropriate role model by living the firm’s brand values, giving employees freedom to individually interpret their roles as brand representatives, and providing individualized support by acting as a coach and mentor. This would allow employees to experience intrinsic motivation in their roles as brand representatives, which
Employ concrete standards for adequate brand behavior only in terms of helpful guidelines and consciously point to their interpretability.

Do not use evaluations and feedback regarding brand-consistent behavior as a form of control and reprehension, but as a basis for employees’ development.

Do not use awards and incentives to “buy” brand-consistent behaviors, but as symbols of true appreciation.

However, this is not to suggest that brand-specific transformational leadership on its own is a panacea and that supervisors should refrain completely from transactional leadership behaviors. It is difficult to conceive of an effective brand-oriented manager who would not at the same time clarify for employees their roles as representatives of the corporate brand, monitor their performance, and provide adequate compensation. Rather, this would be an important feature of brand-oriented leadership, bringing an otherwise too vague transformational style “down to earth”. However, when used to the extreme, transactional leadership may make employees feel like puppets dancing for the customer with their supervisors operating the strings backstage. In contrast, when used carefully and in a limited way, transactional behaviors are likely to be understood by subordinates as helpful guidance, fair and constructive feedback, and signs of appreciation, thus adding substantial value to a transformational leadership style. According to this research, managers will be most successful in turning their crew into brand champions with a combination of a high level of brand-specific transformational and a moderate level of brand-specific transactional leadership. In order to put this optimal mix into practice, managers can refer to the guidelines in Figure 3.

» A training and coaching intervention can significantly improve managers’ brand-specific leadership style as perceived by their subordinates in just a few months «
A Final Note: Leadership Training

In order to help managers apply this “leadership formula” in practice, the researcher team has developed a management training program for brand-specific leadership and evaluated its effectiveness by means of a field experiment with 60 managers and 302 direct reports in the financial services industry (please refer to study 2 in the original article). This study reveals that a training and coaching intervention can significantly improve managers’ brand-specific leadership style as perceived by their subordinates in just a few months, thereby suggesting that brand-specific leadership can indeed be learned. However, changing a leadership culture is a long-term project and the effects of training leaders to become more transformational are likely to be more pronounced if the existing culture is compatible to some extent with the new philosophy.

Finally, it is necessary to emphasize that the findings presented in this article have been derived from specific research contexts (i.e., telecommunication and financial services industry), and therefore further studies must be carried out in future to validate the general applicability to any other (business, cultural, etc.) context. It might be easier to develop “brand ambassadors” for strong brands than weak ones and for high involvement rather than low involvement products. Therefore further research is needed to clarify whether the impact of brand-specific transformational leadership is moderated by the quality and strength of a company’s brand image or the industry.

FURTHER READING


KEYWORDS:
Corporate Branding, Service Brand, Transformational Leadership, Frontline Employees, Social Identity