



Internal branding process: Exploring the role of mediators in top management's leadership–commitment relationship



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ABSTRACT

In high customer-contact services, employees are an imperative part of a company's service quality. While the effect of employee commitment on brand-supportive behaviors has already been studied, it remains unclear what drives employees' brand commitment. This study explores the brand-oriented leadership of top management as an important driver of internal branding process and an indirect predictor of employees' commitment. Moreover, three mediators are examined in relation to how brand-oriented leadership affects brand commitment. Using a sample of 226 hospitality employees working in a European hotel chain, our results indicate that employee brand knowledge, employee-brand fit, and psychological contract fulfillment fully mediate the relationship between brand-oriented leadership and brand commitment. The results support the importance of top management's leadership in internal branding and its role in achieving employees' emotional attachment to the brand. We also suggest that, for leadership to enhance commitment, leaders must compel employees to possess brand-relevant knowledge, share similar brand values, and perceive their psychological contract as being fulfilled.

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1. Introduction

In the field of hospitality, the service-dominant industry, employees are regarded as essential building blocks of service quality and a strong hotel brand. As they represent the interface between organization's internal and external environment, the alignment of their cognitions, perceptions, and attitudes with the brand becomes a crucial success factor. Moreover, with fiercer competition among hospitality organizations, there is a need for a more committed workforce to provide high quality services (Clark et al., 2009). Thus, an increasing amount of attention has been paid to exploring the antecedents of employee brand commitment, which is one of the main drivers of employee brand-building behaviors, authentic brand delivery, and consistent brand image of the organization (Burmam and Zeplin, 2005; Kim and Brymer, 2011; Punjaisri et al., 2009; Xiong et al., 2013).

Internal branding, in particular brand-oriented leadership, has been proposed to influence employee brand commitment (Burmam and Zeplin, 2005; Burmam and König, 2011). Brand-oriented leaders facilitate brand commitment by acting as role models and regularly communicating in a manner that supports

the desired brand identity. In drawing the line between this study and other (brand) leadership research, this study identifies the role of top managers and their brand-supporting leadership to achieve employees' emotional attachment to the brand, particularly in the hotel industry. While brand-oriented leadership has been conceptually and empirically linked to employee brand commitment, only a direct relationship was presupposed (e.g., Burmam et al., 2009). And although the behavior of top managers is perceived as one of crucial internal branding tools (Burmam and Zeplin, 2005; Vallaster and de Chernatony, 2006), there has been very little research exploring a distinctive role of top managers and how their brand-oriented leadership affects followers' level of commitment to the organizational brand.

Therefore, the first objective of this study is to integrate top management's brand-oriented leadership and employee commitment to the organizational brand in the context of the hospitality industry. Our research is the first empirical study to explore the role of top managers in the internal brand building process, whereas previous research addressed the impact of general brand-oriented leadership, with no in-depth investigation of how different leadership levels (for example, top management's level) influence employee commitment (e.g., Burmam et al., 2009; Morhart et al., 2009; Wallace et al., 2013). Moreover, our study explains how top managers influence employee brand commitment in the context of hospitality. By addressing the impact of top managers'

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brand-oriented leadership on employee brand commitment, we address very important issues: to what extent and how the behavior of top managers matters in the internal branding process.

In hospitality, where the brand experience is co-created by both customers and employees, frontline employees have a significant impact on how customers perceive the brand. Positive brand experience can be established by hospitality employees that are truly committed to the organizational brand and consequently enact pro-brand behaviors. Thus, there is a necessity of an internal structure that stimulates employees' positive brand attitudes (Xiong et al., 2013). Leaders, in particular top managers, are the primary influential models of the brand for every organizational member (Kim and Brymer, 2011). Management's support, role modeling, and inspiring communication allow employees to establish a bond with a brand (Wallace et al., 2013). If employees perceive that top managers believe in brand values and demonstrate consistent brand behaviors (i.e., "walk the talk"), it is more likely that employees will accept the brand and align their attitudes accordingly (Lee et al., 2013).

Employee buy-in (i.e., when organization's brand values are deeply rooted in the minds of employees) constitutes a sustainable competitive advantage for service organizations (Wallace et al., 2013; Wieseke et al., 2009). Since hospitality industry is particularly service and people oriented, the role of top management is a key success factor when managing human resources. Top managers provide guidance to their employees and act as role models (Kara et al., 2013). They are responsible for creating the brand culture, sharing brand vision, and instilling brand values among employees (Lee et al., 2013). Failure of adequate leadership in hospitality can be very costly. It can lead to employee distrust, low performance, customer dissatisfaction, and profit loss, which can severely endanger organization's success (Kara et al., 2013). Leaders are therefore indispensable in instilling an organization's brand values and vision to frontline employees (Wallace et al., 2013).

While past studies found a direct relationship between leadership and employee commitment, we expect to find an indirect effect of top management's leadership on employee brand commitment because the influence of top leaders is very different from the influence of direct supervisors and middle managers (Hart and Quinn, 1993; Katz and Kahn, 1978). Top management assumingly impacts frontline employees indirectly through different processes and levels, since they have fewer personal contacts with employees on a regular basis.

Second, we clarify the development of employee commitment to the organizational brand and provide additional insight into internal branding process. While past studies have emphasized the direct influence of brand-oriented leadership on employee commitment (Burmam and Zeplin, 2005; Burmam et al., 2009; Vallaster and de Chernatony, 2005; Vallaster and de Chernatony, 2006; Wallace et al., 2011, 2013), we propose fully mediated paths. We identify the potential role of three mediators: employee brand knowledge, employee-brand fit, and psychological contract fulfillment. We find support for the mediation model in the management literature, in which different mediators (for example, psychological empowerment, reduction of role stress, job satisfaction, and quality of working life) between leadership and employee commitment were found (e.g., Avolio et al., 2004; Dale and Fox, 2008; Kim and Brymer, 2011; Kara et al., 2013). Moreover, Miles and Mangold (2005) emphasize the importance of the critical mediators between internal branding and positive employee-related outcomes, such as employee commitment to the organizational brand.

Overall, this study contributes to the literature by conceptually and empirically showing that brand-oriented leadership of top management influences employee brand commitment indirectly via three very important mediators. The results of this research also add to a more comprehensive understanding of brand-oriented

leadership as it relates to employee brand commitment in the context of hospitality.

2. Theoretical background

2.1. Role of leadership in the hospitality industry

Leadership has a significant meaning as a management tool because, if used properly, it can enhance positive relationships with employees, influence their attitudes and behaviors, and increase service performance (Kara et al., 2013; Liao and Chuang, 2007; Vallaster and de Chernatony, 2005). In past research, managers' leadership behaviors have been linked to service quality (Church, 1995), employees' commitment (Avolio et al., 2004; Burmam and Zeplin, 2005; Clark et al., 2009; Kim and Brymer, 2011; Lok and Crawford, 1999; Wallace et al., 2013), organizational learning (e.g., Vera and Crossan, 2004), employee performance (e.g., Lowe et al., 1996; MacKenzie et al., 2001; Vigoda-Gadot, 2007), and brand-building behaviors (Morhart et al., 2009; Punjaisri et al., 2009). Moreover, leadership has been identified as a major element in the managerial roles of hospitality managers and related to many individual outcomes in the hospitality industry (Worsfold, 1989; Tracey and Hinkin, 1996).

A key element of success for a hospitality organization is for managers to motivate their employees to be engaged, to support the organizational goals, and to deliver on the expectations of customers (Kara et al., 2013). In their study, Testa and Sipe (2012) identify communication, role modeling, and inspiration among the essential leadership behaviors in the hospitality industry in order to successfully guide their employees. Hinkin and Tracey (1994) provide evidence that transformational leadership impacts employee satisfaction and clarifies the direction and mission of the organization. Thus, past research has clearly established the importance of leadership (in particular transformational leadership) in the hospitality industry (Asree et al., 2010; Brownell, 2010; Kara et al., 2013; Patiar and Mia, 2009; Tracey and Hinkin, 1996; Wang et al., 2014; Worsfold, 1989).

2.2. The model of the internal branding process

One of the early works on the internal branding process is a conceptual model by Miles and Mangold (2004, 2005). They argue that internal branding enables a company to clearly position its brand in the mind of employees and drives employee internalization of brand values. The foundation of the process is a well-defined brand identity that includes brand vision, values, and promises. Messages transmitted within the organization should clearly convey this brand identity and communicate the expected employee attitudes and behaviors. Messages should be delivered frequently and consistently through all channels. Authors propose several important sources of brand messages, among which are also leaders/managers. However, the purpose of their study was to conceptualize a general model of internal branding process, thus the impact of specific sources (e.g., leadership of top managers) on employees is still unclear.

Effective and consistent communication that reflects brand identity can accomplish the following. First, it enables employees to gain brand knowledge and understand the brand. Second, it upholds the psychological contract between the organization and the individual employee. Third, it drives employee internalization of brand values. While brand knowledge enables employees to understand the brand and desired behaviors, fulfillment of the psychological contract and internalization of brand values motivate employees to project the desired brand to customers. As a result of employee brand knowledge, upheld psychological contract,

and employee-brand fit, several favorable consequences at the employee level emerge (Miles and Mangold, 2005). These include enhanced employee commitment to the brand, increased employee satisfaction, reduced staff turnover, and consistent employee brand behavior.

2.3. Brand-oriented leadership of top management

There are several important sources of brand messages. Authors such as Burmann and König (2011), Miles and Mangold (2004, 2005), Morhart et al. (2009), and Vallaster and de Chernatony (2006) consider leadership to be an important source of internal branding. While management literature offers a wide range of leadership styles (Bass and Stogdill, 1990; Sosik and Godshalk, 2000), researchers in internal brand management propose transformational leadership with an emphasis on the brand as the most effective in implementing internal branding and generating brand commitment. Transformational leaders induce the alignment of employees' values and priorities with the brand's goals, provide inspirational vision, and motivate employees to transcend their own self-interests for the sake of the brand (Bass, 1985; Burmann and Zeplin, 2005; Morhart et al., 2009). Moreover, in highly complex and dynamic hospitality environment, Hinkin and Tracey (1994) consider transformational leadership style as an ideal way to lead frontline hotel employees because it influences major changes in employee attitudes and builds their commitment (Minett et al., 2009).

Based on transformational leadership theory (Bass, 1985) in connection to brand management, we define brand-oriented leadership as leaders' approach that motivates employees to act according to the brand by appealing to their values and emotions. These leaders display the 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 et al., 2009; Vallaster and de Chernatony, 2006; Wieseke et al., 2009).

During the brand-building process, leaders play an active role in "translating" the brand's promise into action. It is not only their verbal communication that influences internal branding but also non-verbal communication, expressed in their behavior and interactions. Managers frequently point out that talk does not count for much if not supported with the right behavior. Among crucial leadership behaviors managers recognize behaviors such as demonstrating commitment, living brand values, and exercising trust. Moreover, successful leaders consistently and repeatedly communicate messages to employees about the brand identity and commitment to living the brand's promise (Vallaster and de Chernatony, 2006). Open, non-contradictory, and reliable communication facilitates the development of trust and the credibility of the brand's promise (Stephenson, 2004).

Burmann and Zeplin (2005) emphasize that brand-oriented leadership for generating employee commitment should be encouraged on all levels; therefore the macro level that refers to top management should not be ignored. The consistent brand-oriented leadership of top managers can ensure that frontline employees understand organizational brand identity, accept brand values, establish a high level of trust and confidence in the organization, and consequently develop positive brand attitudes. Managers' on-brand behavior and strong, highly visible support are perceived as crucial internal branding tools that create the alignment with the organizational brand (Burmann and Zeplin, 2005; Miles and Mangold, 2005; Vallaster and de Chernatony, 2006).

Aaker and Joachimsthaler (2000) argue that internal role models are the best approach to verbalizing the brand identity. Personalities, such as a strong, visible CEO or top manager with a clear brand vision that perfectly represents the brand are powerful role

models. Employees only take internal branding efforts seriously if the process is supported by top management's words and actions. Therefore internal branding must start at the top with CEO and top managers believing in the brand and supporting the branding process (Burmann and Zeplin, 2005). As important role models top managers instill higher order ideals and values among followers (Lee et al., 2013). However, despite the arguments for the significance of top management, their role has been seldom explored in internal brand management.

Top management has even greater role in smaller, centralized organizations where interactions with employees are more common. If top management includes an identifiable set of people whose actions have a significant impact on employees, it makes sense to consider the perceptions employees have about top management's behavior. In a small, centralized organization where it is relatively easy to identify who makes what decisions, who creates expectations about the employment relationship, and who has the authority to fulfill the obligations, the organization and the top decision makers may be seen as equivalent. In such cases, employees have an opportunity to observe the behaviors of top managers and form perceptions that influence their attitudes and behaviors. However, in larger, more complex organizations, employees hardly ever have any interactions with top managers, thus it is much harder to assess which level of management made what decisions and how top managers behave. In such an instance, the organization may take on a life of its own in an employee's eyes as a referent of trust (Mayer and Davis, 1999).

2.4. Affective brand commitment

The conceptualization of brand commitment employed in this paper is derived from Allen and Meyer's definition of organizational commitment and is described as a psychological state that exemplifies an employee's relationship with the brand (Meyer et al., 1993, p. 539). Although Allen and Meyer acknowledge three distinct types of commitment (i.e., affective, normative, and continuance), we focus only on affective commitment, which is defined as employees' emotional attachment to the brand (Allen and Meyer, 1990). Previous studies have concluded that affective commitment has a stronger relationship with favorable employee behaviors than other types of commitment (Meyer et al., 2002). Affective commitment is based on positive emotions, shared values, and identification (Zhang and Bloemer, 2011).

In the present study, we explore the drivers of employees' affective brand commitment, because previous studies have already demonstrated the importance of the commitment in internal branding process (Burmann et al., 2009; Xiong et al., 2013). In high-contact services, employees represent the link between a brand's internal and external environment. Quality of service varies in terms of the extent to which employees deliver the brand promise and display authentic affection for the brand (Baker et al., 2014). Authentically expressed emotions and sincere interactions with customers, as a result of brand commitment, are much stronger drivers of service outcomes than internal policies that determine required behavior.

3. Hypotheses development

3.1. Mediating role of employee brand knowledge

Deriving from Keller's (1993) definition of brand knowledge and upgrading that definition through subsequent explanations in the branding literature, we define employee brand knowledge as a cognitive representation of distinct brand identity in

employees' memory (Baumgarth and Schmidt, 2010; Löhndorf and Diamantopoulos, 2014).

King and Grace (2012), Miles and Mangold (2005), and Miles et al. (2011) highlight that employees need to learn about and understand a brand in order to develop favorable brand attitudes and pro-brand behaviors. By forming brand knowledge, employees start to make sense of the brand and its values. Sensemaking is a socialization process (Vallaster and de Chernatony, 2005; Weick, 1995). In general, socialization is defined as a process by which people acquire various patterns of cognition, skills, and behaviors, which enable them to function as members within groups and society (Moschis and Moore, 1979; Ward, 1974). Organizations' top management and leaders, among other constituents, form a social environment for employees. Communication and the behavior of managers help employees to make sense of their brand experience. This develops their knowledge about brand identity (Chatman, 1991).

Our hypothesis is that brand-oriented leadership of top management enhances employee brand commitment, with employee brand knowledge as a crucial mediator. By implementing top-down brand communication and role modeling, leaders articulate brand identity to employees (Burmam and Zeplin, 2005). Employees become aware of and understand brand identity, brand values, and expected behaviors (Chatman, 1991). Moreover, they acquire knowledge about their role as brand representatives and align their brand cognitions with brand requirements (Ward, 1974). By adopting clear brand knowledge, employees are more likely to demonstrate positive brand attitudes and emotionally engage with the brand (King and Grace, 2010).

The findings of several researchers (e.g., King and Grace, 2010; Xiong et al., 2013) reveal that employees knowledgeable about the brand are more likely to exhibit positive, brand-aligned attitudes. Gaining clearer and more consistent brand knowledge influences employees to move from simply understanding brand values to emotionally engaging with the brand. We conclude that brand messages from top management contribute to employees' brand knowledge, which is necessary to engender employees' brand commitment (Miles et al., 2011; Xiong et al., 2013).

H1. Employee brand knowledge mediates the relationship between top management's brand-oriented leadership and employees' brand commitment.

3.2. Mediating role of psychological contract

Top management influences the basis on which the psychological contract is built by making strategic decisions and consistently sending messages with vision- and value-based content (Miles and Mangold, 2005). With their efforts toward internal branding, top management not only encourages the development of employee brand knowledge but also influences employee perceptions about the work environment. Several authors highlight the importance of considering internal branding process as part of employees' work environment and their relationship with their employer. As such, internal branding cannot be viewed in isolation and is likely to be unsuccessful if the work environment is not conducive to the employees and the brand values (Löhndorf and Diamantopoulos, 2014; Punjaisri and Wilson, 2011).

Psychological contract is defined as an individual's beliefs about the terms and conditions of a perceptual exchange agreement between an individual employee and the organization (Rousseau, 1989, 1995). The fulfillment of the contract is achieved when an employee perceives that the organization or management has fulfilled the promises that compose the contract (Morrison and Robinson, 1997; Turnley et al., 2003). Psychological contract is considered a central driver of employee motivation. If the

organization or management upholds the psychological contract, this enhances employees' trust in the employer, and employees are consequently motivated to develop the desired organizational attitudes and behaviors. Although the psychological contract forms as a perceptual process for each employee individually, the organization can influence employee perceptions and the basis on which the psychological contract is built (Miles and Mangold, 2005).

Employees form expectations that comprise their psychological contracts from several sources. These may be recruiters, HR specialists, supervisors, or top management (Turnley and Feldman, 1999). Turnley and Feldman (1999) argue that the promises and behaviors of supervisors and top managers have a more important influence on the fulfillment of the psychological contract than do the promises of other organizational representatives because leaders are perceived as central agents in the employment relationship. Although employees may perceive an exchange relationship between them and the organization, organizations in return cannot "perceive" and cannot "deliver the promises". As representatives of the organization, top managers are responsible for forming the expectations and fulfilling the promises of the psychological contract (Morrison and Robinson, 1997).

Effective and consistent transmittal of messages reflecting the organizational brand's values and vision can uphold the psychological contract that exists between the organization (or management) and employees. Contract is a central component of employee motivation and organizational life, thus is also central to the internal branding process in that the degree to which top management upholds the contract influences employees' trust in management and their motivation to support the organization and, by extension, the brand. Internal branding process enables management to positively influence and manage this perceptual exchange (Miles and Mangold, 2005).

Top management with brand-oriented leadership style aligns its own behaviors and communication with the brand's vision and values. This alignment facilitates the fulfillment of the employee psychological contract and motivates employees to demonstrate the desired brand attitudes, perceptions, and positive brand feelings. For example, a brand's essential value is team work, while top managers do not exhibit the value through their behaviors. Rather, they emphasize and reward individualism. When this discrepancy between "stated" and "real" values happens, the employee psychological contract is likely to be breached, and employees' trust in management is compromised. As a result, employees do not have the motivation to align their attitudes with the organization's brand (Miles et al., 2011). In terms of psychological contract theory, employees are motivated to reciprocate when they perceive the promises are being fulfilled by the management. Reciprocation may take the form of commitment (Sturges et al., 2005). A link between the fulfillment of the psychological contract and employees' commitment has been shown to exist (Bunderson, 2001; Coyle-Shapiro and Kessler, 2000; Lester et al., 2002).

We hypothesize that the relationship between brand-oriented leadership and commitment is mediated by the fulfillment of the psychological contract. The relationship can be explained by social exchange theory, which provides a general approach for understanding how employees are likely to respond when they perceive that top management has aligned its behavior and communication with the promises and has fulfilled employees' psychological contract (Turnley et al., 2003). A social exchange relationship exists between employees and top management (Robinson and Morrison, 1995). Each party engages in actions with the belief that the other party will reciprocate these behaviors (Homans, 1961). A social exchange relationship is built on trust, because obligations can not be specified ahead of time (Blau, 1964; Turnley et al., 2003). If top management fulfills the promises of the relationship, employees increase their trust in the management, which motivates them

to develop commitment to and align their values with the organizational brand. With commitment, employees reciprocate the positive actions of the top management that treats them fairly. Social exchange theory proposes that employees are motivated to engage in commitment when they perceive that their relationship with management is built on fairness and honesty (Coyle-Shapiro and Kessler, 2000; Turnley et al., 2003).

The underlying processes of social exchange relationships rely on the norm of reciprocity (i.e., give-and-take processes) and are based on employees' evaluations of the quality of the exchange relationship with the management (Dulac et al., 2008; Löhdorf and Diamantopoulos, 2014). With the implementation of brand-oriented leadership, top management adheres to the promises made to employees, which is reflected in employees' perceived fulfillment of psychological contract. Resulting in reciprocity-based motivation to support the organization, hence the brand, perceived fulfillment of the promises stimulates employees to develop commitment to the organization and, by extension, to the brand. Employees exhibit stronger emotional bonds with the organization when they perceive that their expectations have been reached.

H2. Perceived fulfillment of psychological contract mediates the relationship between top management's brand-oriented leadership and employees' brand commitment.

3.3. Mediating role of employee-brand fit

We propose another process through which the brand-oriented leadership of top managers affects employee brand commitment. That is the internalization of brand values. In order to successfully enhance commitment, employees need to internalize brand values as their own (Shamir et al., 1993). Congruence between an employee's personal values and a brand's values is referred to as employee-brand fit. The concept derives from Cable and DeRue's (2002) definition of a person-organization fit. We investigate employees' subjective perceptions of brand values, because their brand perceptions are likely to determine their attitudes toward the brand (Finegan, 2000).

Gagné and Deci (2005) emphasize that internalization process drives individuals to accept external values and display attitudes that are authentic. Internalization occurs when employees perceive that they share the same or similar values with the brand (Baker et al., 2014). However, for brand internalization to happen, leaders must consistently talk about the brand, act as role models and truly live the brand, and hence, model the brand by "walking the talk" (Zhu et al., 2005). Employees perceive greater value congruence when "a common message" is communicated about the values of the brand and when they experience regular interactions with the brand (Harris and de Chernatony, 2001; van Vuuren et al., 2007). We conclude that top managers' behavior, reflecting the brand's values, can fulfil a vital role in achieving affective brand commitment through employees internalizing the brand values.

Moreover, similarity-attraction theory (Byrne et al., 1966) suggests that if two individuals perceive that they share similar beliefs, they become strongly attracted (Zhang and Bloemer, 2011). In a brand context, employees who perceive a good value fit with a brand feel higher similarity with the brand and thus feel more attracted to the brand. Employee-brand fit leads employees to develop emotional attachment to the brand. Moreover, when employees believe that their values match a brand's values, they feel more involved with the brand's vision and beliefs, and they are more likely to emotionally connect with the brand (Cable and DeRue, 2002). Meyer and Herscovitch (2001) conclude that shared values are a fundamental basis for affective commitment.

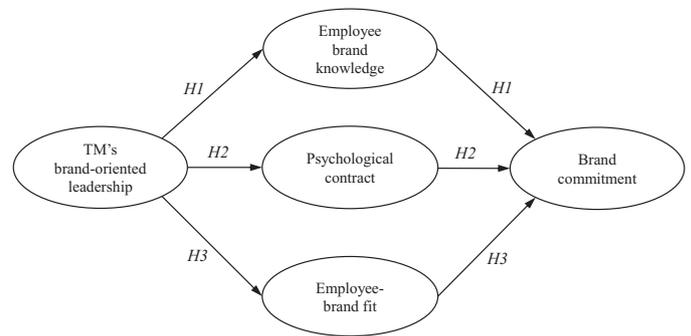


Fig. 1. Proposed research model.

H3. Perceived employee-brand fit mediates the relationship between top management's brand-oriented leadership and employees' brand commitment.

Drawing on the internal branding theoretical framework and theories of socialization, social exchange, and internalization, we proposed four hypotheses regarding how top management's brand-oriented leadership contributes to the development of employee brand commitment, with three key mediating mechanisms: employee brand knowledge, fulfillment of psychological contract, and employee-brand fit. The conceptual model is presented in Fig. 1.

4. Methodology

4.1. Sample and data collection

To test the hypotheses, we conducted an employee survey in a Slovenian international hotel chain that has a well-known hotel brand in the regional area. Due to confidentiality concerns, the organization's identity has been made anonymous in this paper. The hospitality sector was 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 insight into internal branding process from an employee perspective, these individuals are included in the study.

The sample consists of employees from one country working in five hotels that range from four-star to five-star hotels. They are situated in one place to form a large hotel complex. This hotel chain is in the market present under one brand; therefore, all employees are exposed to the same general branding efforts and organizational culture. Thus, we can exclude the possibility of effects related to distinct branding strategies and management. To encourage participation and avoid positively biased responses, the survey was anonymous.

Data was collected through a paper-based self-completing survey that was personally distributed to employees. We did not target our respondents during the high work season, when they are overloaded with work and do not have enough time to participate in a study. Therefore, we distributed questionnaires during a low season, when employees meet for educational purposes. Because employees attended the educational workshop in two groups, we gathered our data in two waves, always prior to the workshop. All employees that attended the workshop completed our questionnaire. Middle and top management did not attend the sessions, and because they were not our target group, we did not include them in the study.

The sample of this study consisted of employees from different areas of hotel operations: food and beverage (waiters and chefs), housekeeping, front office, wellness, reservations, maintenance, and administration (e.g., accounting). 227 employees participated

Table 1
Measurement items of constructs and standardized item loadings.

Construct	Measures	Std. loading
Brand-oriented leadership	1. Top management regularly talks about the most important brand values	.71
	2. Top management talks about his belief in brand values	.75
	3. Top management shares the future of the brand [name] with employees	.83
	4. Top management lives the brand values	.85
Brand commitment	1. I feel emotionally attached to the brand [name]	.77
	2. I feel a strong sense of belonging to the brand [name]	.85
	3. The brand [name] has a great deal of personal meaning for me	.88
	4. I feel like 'part of the family' at our organization	.79
	5. I really feel as if the brand's problems are my own	.77
Employee brand knowledge	1. I understand how our customers can benefit from our brand	.65
	2. I understand my role in delivering the brand's promise	.78
	3. I am well informed about the values of the brand [name]	.73
	4. I know how our brand is different from those of the competitors	.67
Psychological contract	1. Overall, my employer fulfills its commitments to me	.88
	2. My employer has fulfilled the promised obligations	.87
	3. In general, my employer lives up to its promises to me	.86
Employee-brand fit	1. The things that I value in life are very similar to the things that the brand [name] values	.94
	2. My personal values match values of the brand [name]	.92
	3. The brand's values and culture provide a good fit with the things that I value in life	.93

in the survey; one questionnaire was excluded due to excessive missing data, resulting in 226 usable questionnaires. The sample represented 54 percent of all employees working in this organization.

4.2. Measures

We measured brand-oriented leadership with four items from Morhart et al.'s (2009) brand-oriented TFL (transformational leadership) scale. Their original scale consisted of 20 items that covered 5 different dimensions: inspirational motivation, intellectual stimulation, idealized influence (behaviors and attributes), and individual consideration. Because we took a narrower view on top management' brand-oriented behaviors, we only included items that reflected top management's role modeling and supportive communication about the brand identity.

The four-item scale of employee brand knowledge was adapted from Baumgarth and Schmidt (2010) (Items 1, 3, and 4 in Table 1), Kimpakorn and Tocquer (2009), and King and Grace (2010) (Item 2 in Table 1). From Baumgarth and Schmidt's (2010) original scale that consisted of seven items we used three items that measured employees' knowledge about the brand identity and we included an additional item (Item 2) to better cover the construct's domain. Non-selected items from Baumgarth and Schmidt's scale were related to brand communication rather than to employee brand knowledge (i.e., *I am familiar with our brand style guide. I am familiar with our brand communication.*), thus were not relevant to the measurement of our construct.

The psychological contract was measured with three items. We used a global measure of Employer fulfillment containing two items proposed by Rousseau and Tijoriwala (1998) and used by Rousseau (2000). In order to better tap the construct domain, we added an additional item (*Overall, my employer has fulfilled the promised obligations.*) from a single-item scale also used to measure contract fulfillment (Robinson and Rousseau, 1994). The scale demonstrated sufficient reliability (Henderson et al., 2008).

Employee-brand fit was measured using an original three-item scale from Cable and DeRue (2002) and was adapted to the brand context. The scale has subsequently demonstrated good reliability (Löhndorf and Diamantopoulos, 2014). The measure for employee brand commitment was based on five items from Allen and Meyer's (1990) affective commitment scale. The scale was validated and

demonstrated good reliability by several studies (e.g., Fu et al., 2009; Xiong et al., 2013; Wallace et al., 2013). Although the original scale consisted of six items (Meyer et al., 1993), we excluded an item "*I would be very happy to spend the rest of my career at our brand.*" because it reflects loyalty more than it does commitment. Moreover, based on past research, the item suffers from lower loadings and cross-loadings with other types of commitment (Allen and Meyer, 1990; Dunham et al., 1994; Wallace et al., 2013). Respondents evaluated all items on a five-point Likert scale, from *strongly disagree* (1) to *strongly agree* (5), except for the employee-brand fit that was evaluated on a seven-point Likert scale.

We employed multi-item measures for all five latent construct and used existing and established scales; however, some of the measures were adapted to the branding context. To assure the adequacy of the scales in internal brand management, conventional scale development procedures were used (e.g., Netemeyer et al., 2003). We performed a comprehensive literature review, conducted in-depth interviews with hotel's frontline employees and hotel managers, and carried out refinements according to suggestions provided by expert judges (two academic scholars and one marketing manager). Additionally, to ensure content validity of the scales and comprehensibility of the questionnaire, revised scales were pretested with employees and managers.

5. Results

5.1. Characteristics of respondents

Of the 226 employees who participated in the study, 60.5% were female. The average respondent age was 41.8 years (SD = 11.3), with ages ranging from 18 to 63 years. The average respondent had worked for the employer for 13.5 years, with approximately half of the respondents working in the organization for 10 years or fewer. All educational levels were represented, with 10.3% having attained no higher than a primary education, 70.3% having completed a secondary education, and the remaining 19.4% having obtained a tertiary education. Since respondents held different positions, we report on those departments that were most heavily represented in the sample: 27% food and beverage (65.6% waiters and 34.4% chefs), 15% housekeeping, 6.2% front office, 4.9% wellness, 4% reservations, 3.1% maintenance, and 2.7% administration. 33.2% of the respondents did not provide information identifying

their position. Among the respondents that provided information about customer contact, 76.1% had daily customer contact, 17.8% had occasional contact, and 6.1% had rare or no customer contact.

5.2. Preliminary analyses

To test whether items loaded on the intended factors, an exploratory factor analysis (EFA) was performed. As recommended by Fabrigar et al. (1999), we used the maximum likelihood extraction method and promax rotation. First, an EFA on each construct was conducted. Items loaded at .64 or higher on a single factor, which is well above the .5 criterion suggested by Hair (2010). Second, we performed an EFA on all items simultaneously. As Gerbing and Anderson (1988) recommend, we took the solution with a number of factors that have eigenvalues larger than 1.0. The resulting exploratory solution showed a clear five-factor solution, explaining 65% of the variance. All items loaded strongly on the intended factors (loadings from .59 to .92) with no extremely high cross-loadings.

Given that we used the same respondents to measure all of the variables and self-reported measures were adopted, there was concern regarding the presence of common method variance (CMV) (Podsakoff and Organ, 1986). To reduce the potential effect of CMV prior to the study, we did not present independent and dependent variables in the hypothesized order. Moreover, to test for CMV after data collection, Harman's single-factor test (Podsakoff et al., 2003) was applied, demonstrating that a single factor explained less than 50% of the total variance (principal components factor analysis was used). EFA yielded five factors with eigenvalues higher than 1.0, with the first (largest) factor explaining less than 46% of the total variance. Lastly, correlation scores among all constructs were below .8 (highest correlation among factors in EFA is $r = .65$). Thus, CMV was not a major issue in our study, and variables used in the analysis were distinct from one another.

5.3. Confirmatory factor analysis

To rigorously assess the psychometric characteristics of all variables, we conducted confirmatory factor analysis (CFA) using maximum likelihood estimation in Mplus 7. The results of the CFA showed a good fit of the proposed measurement model to the data ($\chi^2 = 256.80$, $df = 142$, $p < .001$, $\chi^2/df = 1.81$, CFI = .96, TLI = .95, RMSEA = .06 with p -value = .08, and SRMR = .04). The measurement items showed high (well above .50) and significant loadings with p -values below .001, which designates that indicators loaded significantly on the intended latent variables. Thus, we provided evidence of convergent validity (Hair, 2010). The measurement items and standardized factor loadings are provided in Table 1.

Cronbach's reliabilities and composite reliabilities (CR) for all scales were above the recommended thresholds at .70 and .60, respectively (Bagozzi and Yi, 1988). Thus, all measures consistently indicated its internal consistency. Convergent validity was also achieved, since each construct had an acceptable value of average variance extracted (AVE) at .50 or above (Fornell and Larcker, 1981; Netemeyer et al., 2003), indicating that more than half of variances

in the constructs are explained by their corresponding measures rather than errors (Hair, 2010). Moreover, by comparing the AVE of each construct and the construct's squared correlations with other constructs, we found support for the discriminant validity for all constructs (Anderson and Gerbing, 1988; Fornell and Larcker, 1981). The AVE estimates were greater than the squared correlation estimates, demonstrating that each construct is distinct from the other constructs. In Table 2, we report the descriptive statistics, reliabilities, validities, and correlations.

5.4. Hypothesis testing

To test the proposed hypotheses, we applied structural equation modelling (SEM) using Mplus 7. SEM is considered appropriate for models with latent constructs, because it can identify the measurement errors as well as errors attributed to the model's lack of fit. With SEM, simultaneous testing rather than multiple regressions is possible. Therefore, SEM with maximum likelihood estimation was employed.

To assess the fit between the model and the data, we reviewed the goodness-of-fit statistics: $\chi^2 (146) = 296.05$, $p < .001$, $\chi^2/df = 2.03$, CFI = .95, TLI = .94, RMSEA = .067 and SRMR = .062. The structural model provided an acceptable fit to the data. Moreover, squared multiple correlations (R^2) showed the amount of variance explained by the antecedents. The model explains 43.2% of the variance in employee brand knowledge, 43.0% of the variance in psychological contract fulfillment, 45.4% of the variance in employee-brand fit, and 61.5% of the variance in employee brand commitment. First, we tested the direct effects. Estimated path coefficients of the relationships among constructs in the model are reported in Table 3.

To test proposed hypotheses, i.e., whether employee brand knowledge (H1), psychological contract fulfillment (H2), and employee-brand fit (H3) significantly mediate the impact of brand-oriented leadership on employee commitment, we examined the significance of the indirect effects using nonparametric bootstrapping. This procedure is proposed by Preacher and Hayes (2008) as superior to other alternative evaluations of mediating effects. Based on 1500 subsamples with 226 cases, the results demonstrate that the 95 percent confidence intervals for all indirect effects do not contain zero, which confirms the proposed constructs (i.e., employee brand knowledge, psychological contract fulfillment, and employee-brand fit) as mediators between top management's brand-oriented leadership and employee commitment.

Specifically, in support of H1, we find an indirect effect of brand-oriented leadership on brand commitment through employee brand knowledge significant and positive ($\beta = .17$, $p < .01$, z -value = 2.65). Moreover, the indirect relationship between leadership and commitment with psychological contract fulfillment as a mediator is positive and significant ($\beta = .21$, $p < .001$, z -value = 4.01), which supports H2. Finally, in support of H3, we find an indirect effect of brand-oriented leadership on brand commitment through employee-brand fit significant and positive ($\beta = .28$, $p < .001$, z -value = 4.99). Detailed results are presented in Table 4.

Table 2
Descriptive statistics, reliability and validity tests, correlation matrix.

Variables	<i>M</i>	<i>SD</i>	α	CR	AVE	1	2	3	4
Brand-oriented leadership	3.51	1.16	.85	.87	.62				
Brand knowledge	3.84	.99	.78	.80	.50	.62			
Psychological contract	3.86	1.15	.90	.90	.75	.61	.47		
Employee-brand fit	4.46	1.55	.94	.95	.87	.61	.56	.66	
Brand commitment	3.58	1.21	.90	.91	.66	.60	.61	.67	.72

Notes: Numbers in the matrix represent correlations between constructs. All correlations are significant at $p < .001$. Employee-brand fit was measured on a 7-point Likert scale, while others were measured on a 5-point Likert scale.

Table 3
Path coefficients of the model.

	Independent variable	Dependent variable	Estimates	(z-values)
H1	Leadership	Brand knowledge	.66***	(12.11)
	Brand knowledge	Brand commitment	.26***	(3.68)
H2	Leadership	Psychological contract	.66***	(13.84)
	Psychological contract	Brand commitment	.31***	(4.57)
H3	Leadership	Employee-brand fit	.67***	(14.28)
	Employee-brand fit	Brand commitment	.42***	(5.92)

Notes: Standardized path coefficients are reported.

*** $p < .001$.

Table 4
Indirect effects of Brand-oriented leadership on Employee brand commitment.

I.V.	Mediator	D.V.	Indirect effects bootstrapping		
			Estimates	95% CI's	
				Lower bound	Upper bound
Leadership	EBK	Commitment	.17**	.044	.291
Leadership	PC	Commitment	.21***	.105	.306
Leadership	EBF	Commitment	.28***	.171	.391

Notes: I.V. = independent variable; D.V. = dependent variable; EBK = employee brand knowledge; PC = psychological contract; EBF = employee-brand fit. Standardized path coefficients are reported. Confidence intervals (CI's) are based on 1500 bootstrap samples.

** $p < .01$.

*** $p < .001$.

Additionally, we ran alternative models in comparison to our proposed mediation model. First, we excluded all three mediators from the model and measured a direct effect of top management's brand-oriented leadership on employee brand commitment. The relationship was positive and significant ($\beta = .60$, $p < .001$). Second, we added all three mediators in the model. By adding mediators, the relationship between leadership and commitment became non-significant and close to zero ($\beta = .01$, p -value = .93), while other relationships between constructs (presented in Table 3) remained robust (there were two exceptions: a small change in knowledge–commitment relationship: $\beta = .25$, $p < .01$; and in employee-brand fit–commitment relationship: $\beta = .41$, $p < .001$). We also applied nonparametric bootstrapping to assess the statistical significance of a direct effect and indirect effects. The 95 percent confidence interval for a direct effect contained zero, which confirmed the non-significance of the relationship between leadership and commitment. In contrast, the 95 percent confidence intervals for all indirect effects did not contain zero, which supports the significance of all three indirect effects. In conclusion, brand knowledge, psychological contract fulfillment, and employee-brand fit fully mediate the relationship between brand-oriented leadership of top management and employee brand commitment.

6. Discussion

6.1. Theoretical implications

Because services prevail in the hospitality industry, employees are the main representatives of the brand. They are the ones who deliver the brand value to customers. Therefore, organizations have the need to adopt internal branding activities to align employees' attitude and behavior to the externally communicated brand. This way, organizations strive to deliver the brand promise and meet customer expectations about the brand (Punjaisri et al., 2009; Xiong et al., 2013). While most of the internal branding research has focused primarily on the outcomes of internal branding, insufficient attention was dedicated to the implementation and mechanisms that explain the relationship between internal branding activities and outcomes (Löhndorf and Diamantopoulos, 2014; Xiong et al., 2013; Xiong and King, 2015). The purpose of the present study was

to examine the linkage between brand-oriented leadership of top management (as a tool for internal branding) and employee brand commitment.

While the existing literature acknowledges the importance of different leadership levels in internal branding, the influence of each of the levels on employees has not been adequately addressed (Burmam and Zeplin, 2005; Vallaster and de Chernatony, 2006; Wallace et al., 2011). In our paper, we focus specifically on the role of top management and their brand-oriented leadership. Top management is primarily responsible for building the internal structure and systems that enable internal branding. Moreover, top managers are the primary influential models of the brand for every organizational member because they have a large influence on employees' brand perceptions. Internal branding efforts will be taken seriously only if they are supported by top management's words and actions (Burmam and Zeplin, 2005; Kim and Brymer, 2011). Employees will accept the brand and align their attitudes accordingly if they perceive that top managers truly believe in brand values and demonstrate brand-consistent behaviors (Lee et al., 2013). In order to achieve the success of internal branding, the process needs to start at the top with management believing in the importance of strong brand and the brand identity concept (Burmam and Zeplin, 2005).

Since hospitality industry is particularly service and people oriented, the role of top management is a key success factor when managing human resources. Top management members comprise several important leadership roles including vision setters and motivators (Hart and Quinn, 1993). The vision setter role is related to articulating organization's basic purpose and future directions. The motivator role refers to creating a sense of excitement and vitality to motivate employees to accomplish the organization's goals and live by organization's values (Wang et al., 2011). Therefore, top managers provide guidance to their employees and act as role models (Kara et al., 2013). They are responsible for creating the brand culture, sharing brand vision and instilling brand values among employees (Lee et al., 2013).

Our findings suggest the following main conclusions. While previous studies have emphasized the direct influence of brand-oriented leadership on employee brand commitment (Burmam and Zeplin, 2005; Burmam et al., 2009; Vallaster and de

Chernatony, 2005; Vallaster and de Chernatony, 2006; Wallace et al., 2011; Wallace et al., 2013), our study shows that top management's brand-oriented leadership influences employee commitment through fully mediated paths, with knowledge, psychological contract fulfillment, and employee-brand fit as mediators. There are two reasons for our findings.

First, to the best of our knowledge, our study is the first in internal branding to consider a particular level of brand-oriented leadership, i.e., top management. Although the influence of indirect and more senior leaders on employees is very different from the influence of direct supervisors and middle managers, the impact of each of the levels in internal branding has not been empirically assessed in past research (Burmam and Zeplin, 2005; Hart and Quinn, 1993; Vallaster and de Chernatony, 2006; Wallace et al., 2011). Top management mostly impacts employees indirectly through different processes and levels, since they do not work with frontline employees on a daily basis. The results of our study support this assumption as we found an indirect influence of brand-oriented leadership of top management on employee commitment, through mediators of employee knowledge, fulfillment of the psychological contract, and employee-brand fit.

Second, the findings from leadership research show that transformational leadership of direct supervisors only moderately or non-significantly influences employee commitment, while indirect transformational leadership of top managers has a much stronger effect. This provides evidence that transformational leadership at the indirect level has a greater impact on employee commitment than at the direct level. Avolio et al. (2004) presuppose that close followers are more likely to see inconsistencies in leaders' behavior, which may affect their level of commitment. Moreover, leadership practices at lower organizational levels are usually more institutionalized and little leadership is needed, while leadership at higher levels involves the embellishment and operationalization of formal structural elements (Katz and Kahn, 1978). Sharing of brand vision, values, and inspiration may also differ across different leadership levels. For example, lower-level leaders may feel that their job is to take care of the day-to-day routine management (such as making sure that all of the guests' needs are taken care of), while top management (as the one who takes care of the brand strategy) is more likely to share brand values and vision and inspire employees (Avolio et al., 2004).

In this study we have begun to explore how brand-oriented leadership influences employees and their brand commitment by demonstrating that employee brand knowledge, fulfillment of the psychological contract, and feelings of value congruence mediate the relationship between brand-oriented leadership and brand commitment. Our results suggest that differences in employee levels of commitment may be explained by the differences in how knowledgeable employees are about the brand, how similar they perceive themselves to be with the brand and how they perceive the fulfillment of the psychological contract, all with respect to the brand-oriented leadership of top management. Effective and consistent transmission of brand messages by top management enables the organization to clearly position the brand in the minds of employees, drives employee internalization of brand values, and contributes to upholding of the psychological contract between the organization and the employee.

Our findings are in line with the theory of Miles and Mangold (2004, 2005) who emphasize the importance of the critical mediators between internal branding and positive brand-related outcomes (e.g., employee commitment). However, the purpose of their study was to conceptualize and empirically test a general model of internal branding process; therefore the impact of specific internal branding sources (e.g., leadership of top managers) on employees was left unexplored. Also, we find support for the mediation model in the management literature, where mediators

between leadership and commitment were found (e.g., Avolio et al., 2004; Dale and Fox, 2008; Kara et al., 2013).

6.2. Managerial implications

The study also offers significant managerial implications. It highlights the crucial role of top management and their brand-oriented leadership in achieving brand success. Leaders are powerful energizers for internal brand building (Vallaster and de Chernatony, 2006). If employees perceive the alignment between top leaders' behavior and the organizational brand, this stimulates their commitment to the hotel brand. However, the impact of top management's leadership on frontline employees is not straightforward. Top managers should actively work to stimulate commitment through their brand-oriented leadership that enhances employee brand knowledge, employee-brand fit, and perceived psychological contract fulfillment. Importantly, their leadership style should be based on transformational leadership with the emphasis on the brand. This comprises internally communicating brand values and vision, acting as role models (living the brand), and "walking the talk" to achieve higher understanding of the brand among employees, stronger congruence between the employee and the brand, and perceived fulfillment of psychological contract. Through these mediating processes, top management can induce higher emotional attachment of frontline employees.

In addition, hotel firms should constantly monitor their employees' level of brand knowledge. Generally, employees are very knowledgeable about the visual elements of the brand identity (i.e., name, logo, slogan, and symbols) as these elements are easy to remember, while they often lack expertise on non-visual elements that form the very essence of the brand (e.g., brand's values, promises, vision, and distinctive advantages) (Konecnik Ruzzier and de Chernatony, 2013). In their communication to employees, top leaders should emphasize the non-visual part of the brand identity, such as brand's core values, what the brand stands for, and what differentiates it from competitors. Moreover, managers can use brand-oriented training programs and internal and external communication, such as brand books, storytelling, and advertising messages. Use of symbols, for example traditions, myths, metaphors, heroes, and physical setting can provide compelling images of what the brand represents (Löhndorf and Diamantopoulos, 2014).

6.3. Limitations and suggestions for further research

In the current study, a single respondent approach was applied, as only employees were invited to participate. For future research in internal brand management, we recommend a multilevel study with members of top management as respondents. Although, according to the test we applied, CMV is not a threat to our study, we could reduce the potential effects of CMV and single-source bias by collecting the data from different sources within the same hotel organization. By including leaders as respondents, we would acquire a different perspective on internal branding implementation. From answers given by employees, we learn their perspective on internal branding practices, while data from top managers would unveil the actual or planned internal branding activities.

Our study is somewhat adversarial to previous research in internal brand management, because it supports the hypothesis that brand-oriented leadership of top managers indirectly affects employees' brand commitment, while past studies proposed the direct effect of brand-oriented leadership. Therefore, further research is needed. We recommend comparing the effect of direct supervisors that daily work with customer-contact employees versus the effect of top management that typically influences employees indirectly. We postulate that differences derive from

the regularity of leader-employee personal contact and structural distances (Avolio et al., 2004).

In our study we explored the development of affective employee commitment because it has the strongest and most favorable relations with desirable employee behaviors among all three types of commitment (other two are normative and continuance commitment). However, Meyer et al. (2002) also suggest normative commitment to be associated with desirable outcomes, such as employee in-role and extra-role behaviors. In relation to our research, normative commitment that reflects a perceived obligation to remain with the employer (Meyer and Allen, 1991) is possibly closely related to psychological contract. If organization fulfills or even exceeds its promises to the employee, it may cause employees to feel obliged to reciprocate by committing themselves to the organizational brand (Sturges et al., 2005). Moreover, Wallace et al. (2013) explored a direct effect of leadership behavior (in particular, consideration and initiating structure) on normative commitment, but did not investigate role modeling as possible leadership behavior. Therefore, in further research, we suggest to explore the role of top management's leadership in enhancing normative commitment and the mediating role of psychological contract fulfillment.

Since the current study was conducted among employees from one company, the findings lack generalizability, and further empirical verification of the proposed hypotheses is therefore needed. We recommend conducting a study in other high-contact services, such as the banking or insurance industries. Additionally, the measurement of employee brand knowledge requires further improvement. In our study, employees self-evaluated their brand knowledge, while advancement to measure employee brand knowledge could be made by introducing an objective measure or a performance test. Because the concept is still in its developmental stage, additional conceptual and empirical improvements are required.

Overall, this study contributes to the literature by conceptually and empirically showing that brand-oriented leadership of top management influences employee brand commitment indirectly, via three very important mediators; i.e., employee brand knowledge, psychological contract, and employee-brand fit. The results of this research also add to a more comprehensive understanding of brand-oriented leadership as it relates to employee brand commitment in the context of hospitality.

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