

Aligning employee service recovery performance with brand values: the role of brand-specific leadership

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Exploring trust-based management in the service recovery context: the employees' perspectives

Abstract

This paper presents, and empirically tests a conceptual model of relationships between brand-specific transformational and transactional leadership, trust in leader and in corporate brand, brand identification, and service recovery performance from employees' perspectives.

Results from a study of 246 customer-contact employees show that brand-specific transformational leadership has a positive impact on all variables studied, while brand-specific transactional leadership is ineffective in fostering brand-supportive behaviours. More specifically, brand-specific transformational leadership's effects on employees' service recovery performance are mediated by trust in the leader, trust in the corporate brand, and employees' brand identification. Implications and directions for future research are discussed.

Summary statement of contribution

This study is the first to assess how brand-specific leadership can influence employees to perform successful service recovery, aligned with its brand promise. By incorporating leadership theory and social identity theory, we extend existing theory development regarding employees' service recovery performance. Trust is the crucial concept that ties the proposed framework. The study suggests that leadership's effects on service recovery performance are mediated by trust and brand identification of employees.

Keywords:

Leadership, trust, identification, service recovery, structural equation modelling

Introduction

In recent years, researchers have paid particular attention to brand orientation. Brand orientation is the inside-out approach that seeks to protect brand identity through an internal understanding of core brand values central to brand identity (Urde, 1999). A brand-oriented organisation is able to generate and sustain a shared sense of what it stands for, to create superior value for stakeholders, and ultimately superior organisational performance (Ewing & Napoli, 2005).

Baumgarth (2010) argues that brand orientation includes values, norms, artefacts, and behaviours. Brand values reflect basic understanding of the brand, which are interpreted by employees and become norms, or rules that guide employee behaviour during interactions with external stakeholders. This highlights the role of employees as key deliverers of brand values.

When the company is the primary brand, as the case for service organisations (Berry, 2000; Berry & Lampo, 2004), the perspective changes from the product or service as the brand to a more holistic corporate view (Morsing & Kristensen, 2001), referred to as the corporate brand. In services settings employees are considered synonymous with the brand by customers and other external stakeholders (Berry, Lefkowitz, & Clark, 1988). As such, the important task of managing employees to reinforce brand values becomes an important and persistent challenge for leaders.

Managing employee behaviour is a key task for leaders. Therefore, within the branding literature, leadership at top management- and line manager-levels has been considered a crucial antecedent of employees' brand-supporting behaviours (e.g. Miles & Mangold, 2004; Wieseke, Ahearne, Lam, & van Dick, 2009). While top management set the tone and vision for the corporate brand (Vallaster & de Chernatony, 2005), it is line managers who are proximal to employees, and thus have a critical role in filtering, interpreting, and enacting

visions and values for employees (Ruiz, Ruiz, & Martinez, 2011). Therefore, line managers are the key agents through which senior management influence employees' behaviours and attitudes (Mayer, Kuenzi, Greenbaum, Bardes, & Salvador 2009). The term 'leader' ('leadership') in this study is treated as synonymously with 'line manager' ('leadership through line manager').

Due to the characteristics of services, such as heterogeneity and simultaneity, service brands are often challenged with service recovery, as a result of service failures. Little theory development has occurred regarding the influence of leadership on employees' performance in service recovery. This is at odds with literature that suggests that service recovery can restore customers' satisfaction levels, and is an important factor in overall company performance (e.g. De Matos, Henrique, & Rossi, 2007; Evanschitzky, Brock, & Blut, 2011; Magnini, Ford, Markowski, & Honeycutt, 2007).

When service failure happens, employees are required to act in a timely manner, to resolve customer problems. Due to the pressure to respond, employees may be unable to consult leaders for guidance on specific actions and rely on shared understanding of brand values. Therefore, without effective leadership to ensure shared understanding of brand values, employee service recovery performance may deviate from the expectations or aspirations of the corporate brand.

A key mechanism, through which effective leadership is translated into brand-supporting behaviour, is employee trust. Research differentiates between employees' trust in the leader and trust in the corporate brand (e.g. Colquitt, Conlon, Wesson, Porter, & Ng, 2001; Dirks & Ferrin, 2002), and shows that trust leads to brand identification (van Knippenberg & Sleebos, 2006). Despite the importance of employees in service delivery, the services marketing literature has not sufficiently explored trust from an employees' perspective. Since employees' attitudes and behaviours influence customers' perceptions and experiences of the

brand (Schneider & Bowen, 1985), it is of significant importance to assess the role of trust and identification in mediating the impact of leadership on the service recovery performance of employees.

The proposed conceptual framework that underpins this study, integrates the role of leadership, employee trust and identification, and brand-supporting behaviour. It draws on literature from leadership theory, social identity theory, and empirical studies of trust. More specifically, this study investigates how two fundamental approaches to leadership, transactional leadership (TRL) and transformational leadership (TFL) (Bass, 1985), mediated through two facets of employee trust and brand identification influence employees' service recovery performance.

The remainder of the paper is organized as follows. First, the extant literature is discussed and key terms are introduced. Based largely on leadership and social identity theory, a conceptual model is developed. Using data from 246 customer-contact employees of a bank, we uncover the key role of brand-specific transformational leadership in influencing service recovery performance, mediated by employee trust and identification. Finally, theoretical and managerial implications are discussed, and opportunities for further research in this important area are presented.

Literature overview

Before deriving hypotheses, we discuss the current state of the literature and provide definitions of the key terms of the model.

Employees' service recovery performance (SRP)

Service recovery performance is defined as the performance of a service employee who directly handles customer complaints in rectifying the deviation and/or recovering customer satisfaction after service failures (Liao, 2007). Based on Boshoff & Allen (2000), service

recovery in this study focuses on employees' perception of their performance in recovering customers who have experienced a service failure (Liao, 2007; Motowidlo, 2003). This definition is argued to place service recovery performance in the realm of job performance (Boshoff & Allen, 2000); this is in line with Lin (2011) who argues that service recovery performance should be part of overall employee performance.

Customer-contact employees are directly responsible for the delivery of services, and influence how customers experience the corporate brand and core brand values (e.g. Heskett, Sasser, & Schlesinger, 1997; Schneider, Ehrhart, Mayer, & Saltz, 2005). However, in service recovery, while customer-contact employees that deal with customer complaints may not directly be accountable for service failures, they have a key role to enact service recovery activities (Sparks & McColl-Kennedy, 2001). Hence, employee performance during service recovery impacts on how customers evaluate the corporate brand.

Hart, Heskett & Sasser (1990) contend that while identifying a service problem quickly is essential, employees have to act fast for service recovery to be effective. Therefore, in a brand-oriented firm, leaders seek to provide conditions within which employees perceive service recovery as an integral part of service delivery; and do so in ways that are aligned with brand values that encompass brand identity.

Empirical studies in this area present a number of employee service recovery actions such as acknowledgement, explanation, apology, urgent reinstatement, management intervention, empathy, symbolic atonement, compensation, discounts, replacement, refund, and follow-up (Bell & Zemke, 1987; Boshoff, 1997; Johnston, 1995; Kelley, Hoffman, & Davis, 1993). Johnston & Fern (1999) posit that use of these actions should be appropriate to customers' perceived service failure, suggesting service recovery behaviours are context-specific.

As mentioned earlier in this section, employee service recovery performance is influenced by leadership. Therefore, we next discuss two distinct types of brand-specific leadership, transactional leadership (TRL) and transformational leadership (TFL).

Brand-specific TRL and TFL

Based on the leader characteristics of TRL and TFL (Bass, 1985; Podsakoff, MacKenzie, Moorman, & Fetter, 1990), brand-specific TFL is defined as ‘a leader’s approach to motivating his or her followers to act on behalf of the corporate brand by appealing to their values and personal convictions’ (Morhart et al., 2009: 123). Here, we adopt Morhart et al.’s definition that brand-specific TFL will act as a) a role model in living the brand, b) articulate a compelling and unique brand vision that will arouse personal involvement and pride in the corporate brand, c) inspire followers to represent brand values in work situations, including service recovery and d) teach and coach followers to grow into job roles as brand representatives.

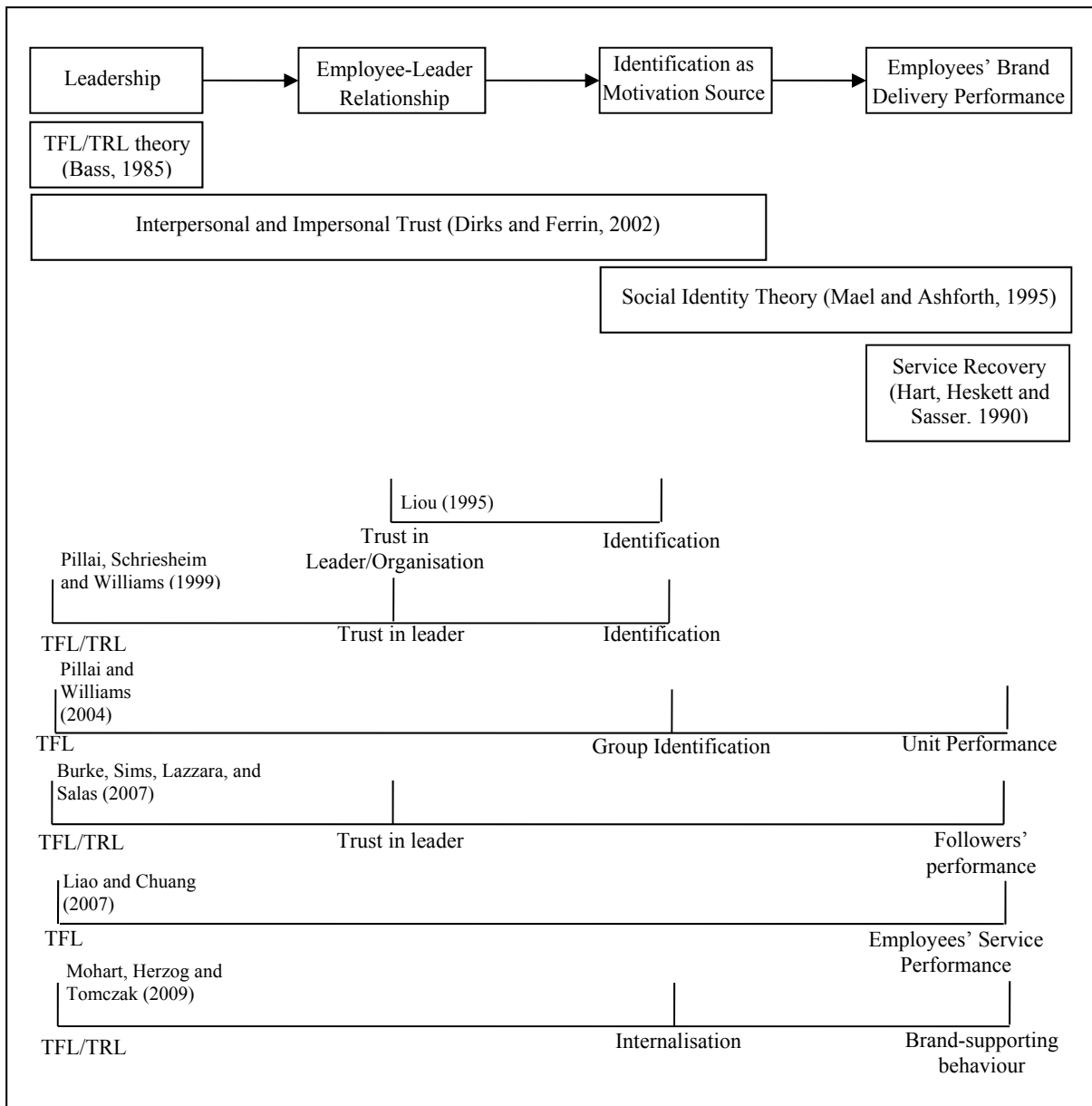
In contrast, brand-specific TRL is defined as a leader’s approach to motivating followers to act on behalf of the corporate brand through contingency rewards (Morhart et al. 2009). We argue that brand-specific TRL would possess such characteristics as a) specifying behavioural standards as brand representatives for all situations and specifying rewards when role expectations are met, and b) clarifying what constitutes ineffective performance, and punishing employees for not being aligned with brand standards set by core brand values.

As brand-specific leadership is identified in the literature as a source of motivation that drives brand-supporting behaviours (Morhart et al. 2009), our study examines the mechanism by which brand-specific leadership affects employees’ service recovery performance, aligned with the corporate brand.

The conceptual framework derived in the next section, integrates several streams of literature i.e. leadership (TRL/TFL) theory, trust, social identity theory, and service branding

(service recovery). Figure 1 provides an overview of relevant theories and connections used to develop the conceptual model presented in Figure 2.

Figure 1: Overview of relevant theories and connections



Conceptual model and hypotheses

Authors in the services branding literature highlight the importance of employees, particularly those that interface directly with customers. Similarly, brand orientation literature underlines the important role of employees in protecting brand identity. This places an emphasis on the leaders, whose behaviours affect employees' understanding of brand values encapsulated by brand identity (Urde, 1999).

Existing studies focus on overall employee performance of service delivery, but do not examine service recovery performance; although it is argued to be part of their role and inevitable and complex in nature (Hart et al., 1990). Often, service recovery requires spontaneous and impromptu actions from employees (e Cunha, Rego, & Kamoche, 2009), hence leaders should ensure that spontaneous and impromptu actions from employees are aligned with brand values and brand identity. This study assesses brand-specific leadership within the context of service recovery.

Brand-specific leaderships and employees' trust

Brand-specific TFL is one of the antecedents of trust in an organisation setting, promoting trust between members and leaders, and between employees' and the organisation (e.g. Dirks & Ferrin, 2002). Indeed, Atkinson & Butcher (2003) indicate that trust exists at the impersonal (corporate brand) level, and the inter-personal (leader) level. Other studies argue that employees distinguish between the impersonal and interpersonal levels when making assessments (e.g. Colquitt, Conlon, Wesson, Porter, & Ng, 2001) regarding relationships with leaders and the corporate brand.

Studies have documented the effect of TFL on trust. For example, Brower, Schoorman, & Tan (2000) argue that TFL is founded on a social-exchange relationship that provides a basis for trust to grow. Burke, Sims, Lazzara, & Salas (2007) posit that TFL has strong predictive power explaining employee trust in leader. TFL behaviours such as role-modelling (Rich,

1997), inspiring followers to involve with the corporate brand, charismatic ways to influence followers' emotional identification (e.g. Jung & Avolio, 2000; Dirks & Ferren, 2000) and value articulation (Gillespie & Mann, 2004), have been found to have a significant impact on trust in leader. Hence, as effectiveness of leadership should be task-specific (Mullen & Kelloway, 2009), the following hypothesis is proposed:

H1: Brand-specific TFL positively influences trust in (a) leader and (b) corporate brand.

Due to an emphasis on contingent rewards and punishment, brand-specific TRL causes employees to perceive their relationship with the corporate brand as an outcome of an economic exchange contract. While Pillai, Schriesheim, & Williams (1999) find no relationship between TRL and employee trust in organisation and leader, other studies (e.g. Gillespie & Mann, 2004; Shamir, 1995) found a positive relationship between TRL and employee trust. Studies finding positive relationships, argue that because brand-specific TRL consistently fulfils contingent rewards and punishments, employees perceive that they are recognised and rewarded fairly and as such develop trust in their leader (Bass, Avolio, Jung, & Berson, 2003).

Furthermore, when employees believe they are treated fairly, they tend to trust the system and the leaders who implement decisions (Brockner & Siegel, 1995; Burke et al., 2007; Vanhala, Puumalainen, & Blomqvist, 2011). This study, thus, argues that brand-specific TRL will enhance employees' trust in leader as well as in corporate brand. We suggest, however, that the effect of brand-specific TRL is weaker than its TFL counterpart. Hence, the following hypotheses are proposed:

H2: Brand-specific TRL positively influence employee trust in (a) leader and (b) corporate brand; the hypothesized effects are smaller than those for brand-specific TFL.

There is agreement in the literature that trust in a leader enhances trust in the corporate brand to which the leader is affiliated (e.g. Brockner, Siegel, Daly, Tyler, & Martin, 1997; Martinez & Dorfman, 1998; Perry & Mankin, 2007). Empirical research also finds a hierarchical relationship of trust, positing that trust starts at the inter-personal level (e.g. Mayer, Davis, & Schoorman, 1995; Strong & Weber, 1998). Hence, when the trustees, i.e. leaders, are highly visible, they are able to imprint personal trustworthiness on the corporate brand; at the impersonal level. Stated more formally:

H3: Trust in leader positively influences trust in corporate brand.

Relationships between trust and brand identification

Trust is defined as the willingness to be vulnerable to another party, when that party (e.g. leaders and corporate brand) cannot be controlled or monitored (Mayer & Gavin, 2005; Rousseau, Sitkin, Burt, & Camerer, 1998). When trust exists, employees become dependent on their trustee and demonstrate concern about the trustee's welfare (e.g. McKnight, Cummings, & Chervany, 1998).

Derived from social identity theory (Ashforth & Mael, 1989), employees who identify with the corporate brand, tend to perceive their fate as intertwined with it. They define themselves by the same attributes that define the corporate brand, thus striving to maintain brand identity that is shared. Thus, identified employees are likely to share the same values as the corporate brand, enabling them to be engaged with behaviours that support brand identity. Furthermore, when employees believe in the honesty and integrity of a leader, they believe

the accuracy of information received from that individual (Avolio, Gardner, Walumbwa, Luthans, & May, 2004; Dirks & Ferrin, 2002). Therefore, they are likely to be motivated by, and commit to, corporate brand goals articulated and communicated by the leader. This suggests the link between trust and the social identity concept.

Studies have documented the effects of trust on employees' identification with the organisation (e.g. Dirks and Ferrin, 2001; Ho, Kuo, & Lin, 2012; Pillai et al., 1999). For example, Dirks and Ferrin (2001) provide empirical evidence that supports a link between trust and identification. They posit that when trust exists, employees are motivated to engage in behaviours that help them acquire rewards and achieve organisational goals. Indeed, over time, trust evolves into what has been termed identification (Lewicki and Bunker, 1996), suggesting employee emotional engagement with the leader or corporate brand. Hence, the following hypothesis is proposed:

H4: (a) Trust in leader and (b) trust in corporate brand positively influence brand identification.

Additionally, a study by Dirks & Ferrin (2001) suggests that impersonal trust exerts a stronger impact on employees' identification than trust in leader; corroborating the work of Pillai et al. (1999). Indeed, trust in corporate brand reflects acceptance of goals and values, and a strong desire to identify with the corporate brand (Kramer, 1993; Perry and Mankin, 2007). Both trust in, and identification with, the corporate brand are considered institutional-level commodities. Therefore, this study argues that trust in corporate brand exerts more impact on brand identification than trust in leader.

H5: The impact of trust in leader on brand identification is smaller than the impact of trust in corporate brand on brand identification.

Based on social identity theory, highly identified individuals are more likely to behave in ways that are aligned with corporate brand values and interests (Dutton, Dukerich, & Harquail, 1994). The effects of brand identification on employee brand-supporting behaviours are well documented (e.g. Punjaisri, Evanschitzky, & Wilson, 2009). Morhart et al. (2009) indicate that when employees accept and adopt brand values, in-role performance and other positive brand-supporting behaviours are enhanced. Indeed, other empirical studies in this area concur that identification leads to better performance at the team level (e.g. Lembke and Wilson, 1998) and at the organisational level (e.g. van Dick and Wagner, 2002). Additionally, Hughes & Ahearne (2010) support that when salespeople identify with the brand they expend more effort, leading to better brand performance.

Within a service recovery context, Ashill, Carruthers, & Krisjanous (2005) suggest that identification at the organisational level has a positive effect on employees' service recovery performance. Hence, we argue that employees that identify with corporate brand expend effort to recover service failures within the remit of their corporate brand values.

H6: Brand identification positively influences service recovery performance.

Previous studies indicate the effects of trust on employees' behavioural outcomes, including in-role performance and organisational citizenship behaviours (Mayer & Gavin, 2005; Pillai et al., 1999; Schaubroeck, Lam, & Peng, 2011). Dirks (2000), identifies a strong and significant correlation between trust in leader and team performance. Hence, when

employees trust their leader, they are willing to carry out tasks and strategies set by the leader, and work towards a common team goal.

However, Dirks and Ferrin (2001) observed that trust may not affect behavioural outcomes directly. Their study clarifies that trust has a small, but significant relationship with job performance, but a substantial impact on attitudinal outcomes. As such, we argue that brand identification mediates the relationship between trust in leader and service recovery performance. We therefore propose:

H7: Brand identification mediates the link between (a) trust in leader and service recovery performance, and (b) trust in corporate brand and service recovery performance

Leadership effects on service recovery performance

Studies from the organisational management literature (e.g. Pillai et al., 1999; Podsakoff, MacKenzie, & Bommer, 1996; Schaubroeck, Lam, & Peng, 2011) provide evidence to support the positive influence of TFL and TRL on employee performance. However, these studies consider team performance as outcome as opposed to individual employee performance (de Jong, de Ruyter, & Lemmink, 2005; Lepine, Piccolo, Jackson, Mathieu, & Saul, 2008). Findings generally show that TFL's effects on team performance are stronger than TRL's effects (MacKenzie, Podsakoff, & Rich, 2001).

Teams in the management literature typically refer to groups of organisational employees with different skills and talents, who work towards a common purpose or goal (Lee, Cheng, Yeung, & Lai, 2011). This study logically extends 'team' towards 'corporate brand', reflecting employees within the corporate brand, that work collectively towards protecting corporate brand values central to brand identity; even in the time of service failure.

The only study from the branding literature so far (Morhart et al., 2009) has provided evidence for the effects of brand-specific TFL and TRL on employees' brand-supporting behaviours, which have positive effects on their in-role and extra-role performance. Still, the authors consider more general brand-supporting behaviours. Our study extends and clarifies the impact of leadership on one specific brand supporting behaviour: service recovery performance.

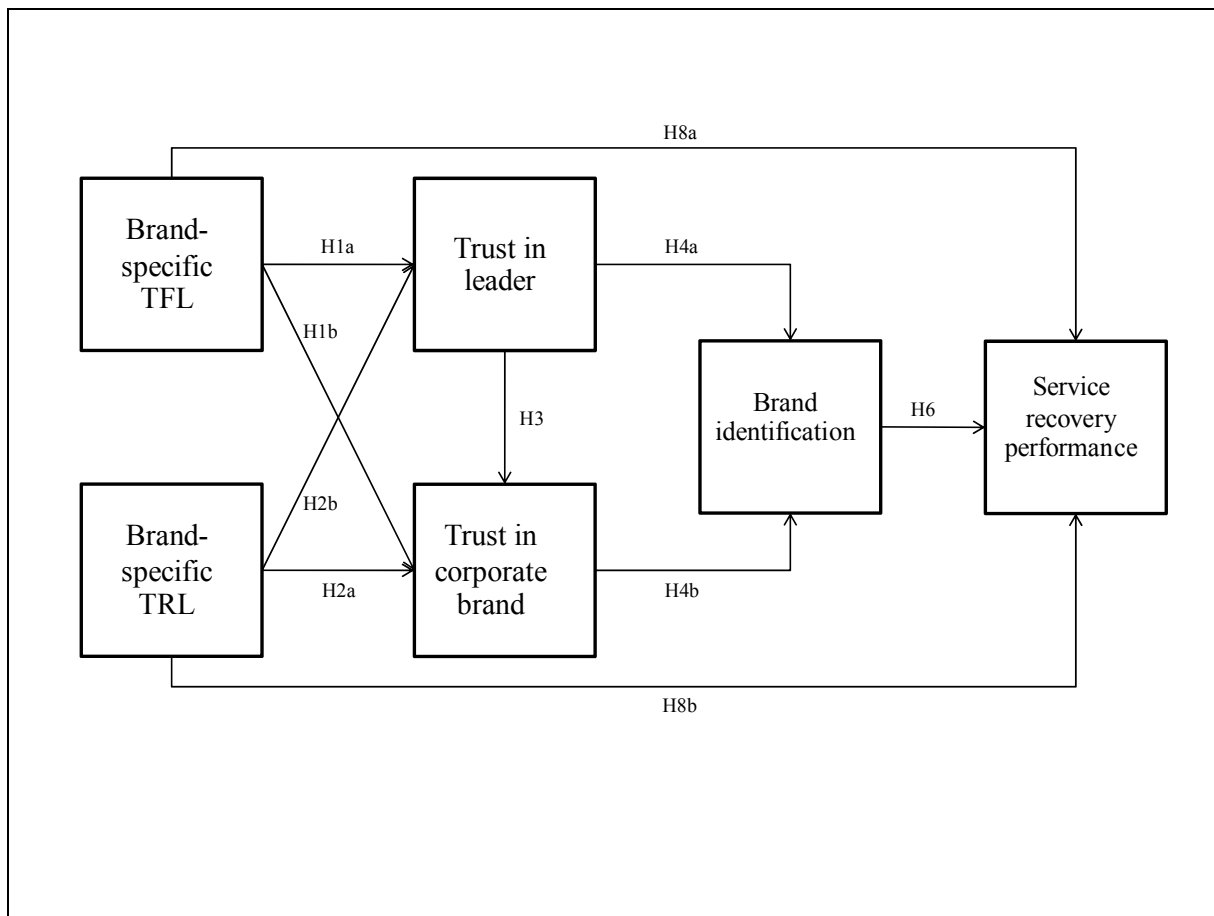
Within the services marketing literature, there is a dearth of research that has explored the role of leadership on employees' service delivery performance. In line with Liao and Chuang (2007), Clark, Hartline, & Jones (2009) identify characteristics of brand-specific TFL that affect employees' service quality. Similarly, Lin (2011) highlights the positive and direct effect of TFL characteristics on employees' service recovery performance.

Although studies in other domains of research have investigated the effects of TFL and TRL, it is apparent that the service literature is yet to develop theory regarding the effects of brand-specific TFL and TRL on important services outcomes. However, based on studies from the organisational management literature that suggest a positive and direct effect of leadership on important employee outcomes, we posit:

H8: (a) Brand specific TFL and (b) Brand specific TRL positively influence service recovery performance.

Figure 2 shows the conceptual model underlying this research.

Figure 2: Conceptual Model



Research methodology

Data collection and sample

To test the conceptual model, a survey was conducted with customer contact employees of a multi-branch retail bank. Participants were randomly sampled from 15 branches of a reputable corporate bank in Thailand. The participating bank was deemed appropriate as it demonstrates an attempt to “living the brand promise”, thereby striving to convert dissatisfied customers to the satisfied ones.

312 questionnaires were distributed to 15 sampled branches across the capital city and other main metropolitan areas for a good representation of the overall population. 246 questionnaires were returned and usable, for a response rate of 79%. The high response rate is due to the interest of senior management in this research.

Measure development and assessment

A preliminary interview with senior management was conducted to help the authors gain insights into its corporate brand values and service recovery standards. These insights were useful to adapt existing measure from the literature to the specific context of the bank-setting.

The 20 items measuring brand-specific TFL were adopted from the study of Morhart et al. (2009) who adapted their measurement from the multifactor leadership questionnaire form 5X (MLQ: Avolio & Bass, 2004). This study used homogeneous item parcelling, which is recommended by Coffman & MacCallum (2005), to model brand-specific TFL as a single-factor construct with five indicators (one parcel per dimension).

The 8-item brand-specific TRL scale was also adopted from Morhart et al. (2009) who adapted it from the MLQ form 8Y of Bass & Avolio (1993). Again, homogeneous item parcelling was employed to model the scale as a single-factor construct with two-indicator (one per dimension).

The 7-item trust in the leader (TL) (e.g. Mayer & Davis, 1999; Mayer & Gavin, 2005; Schoorman & Ballinger cited in Schoorman, Mayer, & Davis, 2007), the 5-item trust in corporate brand (TCB) (e.g. Hess & Story, 2005; Vanhala et al., 2011), the 8-item brand identification scale (e.g. Mael & Ashforth, 1992; Shamir, Zakay, & Popper, 1998; Punjaisri et al., 2009) and the 12-item scale measuring service recovery performance (SRP) (Ashill et al., 2008; Lin, 2011) were adapted from previous studies, complemented with insights from the preliminary interview with senior management.

All constructs have been measured with reflective measurement models, suggesting that the latent constructs cause the measured variables (Hair, Black, Babin, Anderson, & Tatham, 2006). All items are measured on 5-point Likert scales ranging from 'strongly disagree' to 'strongly agree'. To assess the validity of the scales, a confirmatory factor analysis (CFA) was performed, leading to some item-deletions. Overall reliability and validity of the measurement instrument is good: critical ration (CR) ranges from 0.81 to 0.95; average variance extracted (AVE) is between 0.52 and 0.72; discriminant validity was satisfied as none of the squared correlations between pairs of constructs exceeded AVE of the two constructs (Fornell and Larcker, 1981).

Appendix 1 provides items as well as psychometric properties of the measures. Table 1 provides the correlation matrix of all constructs studied.

Table 1: Correlation Matrix of Studied Constructs

Correlations						
Brand-specific transformational leader (TFL)	1					
Brand-specific transactional leader (TRL)	0.830	1				
Trust in leader (TL)	0.421	0.349	1			
Trust in corporate brand (TCB)	0.460	0.436	0.359	1		
Brand identification (BI)	0.509	0.383	0.330	0.627	1	
Service recovery performance (SRP)	0.447	0.362	0.382	0.309	0.521	1

Results

To test the conceptual model and its hypotheses, the authors used structural equation modelling (SEM). The resulting overall fit measures indicate that the hypothesised model is a good representation of the empirical data: $\chi^2(394) = 836.776$, $p = .000$; CFI = .917; TLI = .909; RMSEA = .068; AIC = 978.776.

Based on the hypothesised model, H2a-b and H8b were rejected as brand-specific TRL was found not to influence trust in leader (TL) and corporate brand (TCB), nor service recovery performance (SRP). The links with regard to TL ($\beta = -0.03$) and to TCB ($\beta = 0.17$) were statistically non-significant ($p > .05$). Similarly, the link between brand-specific TRL and SRP was found non-significant ($\beta = 0.01$, $p > .05$).

With regards brand-specific TFL, results suggest that it has a positive influence on TL ($\beta = 0.432$, $p < .05$) and TCB ($\beta = 0.298$, $p < .1$). Therefore, H1a and H1b are supported. The results also lend support to H3, indicating that TL has a positive effect on TCB. H4a-b and H5 were also supported; the results suggest that both TL ($\beta = 0.215$, $p < .05$) and TCB ($\beta = 0.619$, $p < .001$) exert a positive effect on brand identification (BI); and that the effect of TL on BI is significantly smaller than TCB on BI, as indicated by a significant improve in chi-square when moving from a restricted model (the two paths are constrained to be equal) to an unrestricted one ($\Delta\chi^2(1) = 5.857$, $p < .05$).

In turn, BI has a positive influence on SRP ($\beta = 0.309$, $p < .001$). H8a is also supported as the results suggest that brand-specific TFL has a positive influence on SRP, albeit marginal ($\beta = 0.250$, $p < .1$). The indirect effect of brand-specific TFL on SRP was investigated and was found significant ($\beta = 0.161$, $p < .05$). Therefore, the results suggest that brand-specific TFL

directly and indirectly influences SRP. Table 2 presents the path coefficients of the hypothesised model.²

² We cross-validated findings using HLM as the 246 observations are nested in 15 branches. Results however reveal very low intraclass correlations: on average about 5% of variation lies between the 15 branches whereas 95% lies between individual employees. Moreover, HLM results are fully consistent with those obtained with SEM, with the exception of the relationship between brand-specific TRL and employees' TCB, which was found marginally significant ($\beta = 0.224, p < .1$).

Table 2: Path Coefficients of the Hypothesised Model

Path	Conceptual Model	Hypothesis
Brand-specific TFL → Trust in leader	0.432***	H1a
Brand-specific TFL → Trust in corporate brand	0.298*	H1b
Brand-specific TRL → Trust in leader	-0.030	H2a
Brand-specific TRL → Trust in corporate brand	0.176	H2b
Trust in leader → Trust in corporate brand	0.246**	H3
Trust in leader → Brand identification	0.215**	H4a
Trust in corporate brand → Brand identification	0.619***	H4b
Brand identification → Service recovery performance	0.309***	H6
Brand-specific TFL → Service recovery performance	0.250*	H8a
Brand-specific TRL → Service recovery performance	0.005	H8b

Note: *Significant at 0.1 level, **Significant at 0.05 level, ***Significant at 0.01 level

To formally test the mediating effect of BI on the TL-SRP- (H7a) and the TCB-SRP-relationships (H7b), the authors followed Baron and Kenny's (1986) procedure. Testing step 1 and 2 were satisfied; TL was found to have a significant relationship with SRP ($\beta = 0.240$, $p < .05$) when BI was not included in the model. When BI included, the results reveal that the link between TL and SRP remains significant, suggesting partial mediation; the total ($\beta = 0.313$), indirect ($\beta = 0.095$), and direct ($\beta = 0.218$) effects of TL on SRP were all significant at $p < .05$. Therefore, H7a is partially supported. On contrary, BI was not found to mediate the TCB-SRP-relationship. When testing the effects of TCB on SRP without BI, the relationship was found none-significant ($\beta = 0.076$, $p > .1$). Therefore, H7b is rejected.³

Discussion

Key findings and theoretical implications

Very little theory development has occurred regarding the important influence of leadership styles on employees' service recovery performance. Additionally, few empirical studies address the mediating influence of employee brand identification in the relationship between employee trust and employee service recovery performance; despite citations of theoretical relevance in the service recovery literature, calls for further work in this area, and also the central importance to practice (Schaubroeck et al., 2011). Our study presents insights into this theoretical gap, through a novel conceptualisation of the concepts of interest and empirical testing of hypothesised relationships.

Our findings suggest that in service recovery settings, brand specific TFL is of primary importance. Indeed, brand specific TFL impacts directly, positively and significantly on employee service recovery performance, employee trust in leader and employee trust in corporate brand. This is distinct from brand specific TRL, that does not have any significant

³ We also employed the Satorra-Bentler scaled chi-square statistic to assess mediation (2001) When added the direct effects of TLM and TCB on SRP, the model fit significantly improved ($\Delta\chi^2(2) = 7.51$, $p < .05$). These results are in line with those obtained through the traditional Barron & Kenny procedure.

impact on employee service recovery, employee trust in leader or employee trust in corporate brand.

Additionally, we find that employee trust in leader and corporate brand has a significant, direct and positive impact on employee brand identification. In line with existing theory, employee brand identification was found to have a direct, positive and significant impact on employee service recovery. These important theoretical findings are discussed in more depth below.

The results emphasise the importance of brand specific TFL in service recovery settings, supporting previous work in this area (Pillai et al., 1999). TFL apparently motivates followers 'by fostering a climate of trust and inducing followers to transcend self-interest for the sake of the organisation' (Pillai et al., 1999: 898). Hence, through behaviours such as role-modelling and attempts to inspire involvement with the corporate brand, brand-specific transformational leadership may increase both employee trust in leader and also employee trust in corporate brand; additionally service recovery performance is enhanced. As such, employee performance, even during service recovery relies on overall perceptions towards leaders.

Brand-specific TRL had no significant effect on employee service recovery performance, employee trust in leader or trust in corporate brand. These findings are in line with Bycio, Hackett, & Allen (1995) and Pillai et al. (1999) who found no relationships between TRL and trust in leader and job performance.

It is possible that the non-significant findings in our study can be explained by the country in which data was collected. Indeed, empirical evidence suggests that leadership style effectiveness is dependent on context and as such may influence results (Ling, Simsek, Lubatkin, & Veiga, 2008). Our study was conducted in Thailand, where collectivism is dominant (Hofstede, 1983; Hofstede & Bond, 1988). Here, employees are likely to wish to be

regarded as part of a family or community. Hence, brand specific TFL that positively influences a sense of brand community (Morhart et al., 2009) is more likely to impact positively on employee trust in leader and corporate brand than a brand-specific TRL approach.

Our findings present insights into the relationships between employee trust in leader, employee trust in corporate brand and employee brand identification. Both levels of employee trust impact positively on employee brand identification. In particular, this study indicates that trust in corporate brand exerts a stronger impact on employee brand identification than trust in leader. This is an important finding, as brand identification is found to increase employees' service recovery performance. The key argument is that when employees identify with the brand, they perceive their fate as being intertwined with the corporate brand. They, then, become motivated to exert an effort to solve any service delivery failure that will adversely affect its corporate brand.

The opposite is true for trust in leader. When employees trust the leader they are less concerned about decisions that the leader might make. Hence, they are likely to share sensitive information including service delivery defects that enable service failures to be rectified effectively. This finding supports the work of Dirks & Ferrin (2002), whose meta-analysis suggests that trust in the leader is more strongly related to job performance than trust in the organisation.

A direct, significant and positive relationship between employee trust in the leader and employee trust in the corporate brand was identified. Hence, trust in the leader can be leveraged towards trust in the corporate brand. While inter-personal trust between employees and the leader is of primary importance, employees, over time, may interpret the actions of leaders as the actions of the corporate brand. Therefore, in line with existing literature, leaders could imprint their personal characteristics on the corporate brand, whereby trust in

the leader could influence trust in the corporate brand. Based on a social exchange relationship (Rousseau & Park, 1993), brand-specific TFL will demonstrate characteristics such as charisma, inspirational motivation, and consideration thus providing a solid base from which social exchange relationships may foster trust in the leader. Then, brand-specific TFL, who is perceived by employees as representing the corporate brand, could leverage this personal social exchange relationship towards employee trust in corporate brand (Konovsky & Pugh, 1994).

Managerial implications

This study provides practical implications for how a service firm could affect employees' service recovery performance, aligned to corporate brand values through leadership behaviours. First and foremost, leaders should consider being brand-specific when interacting with their employees. This study has indicated that transformational leaders who are brand-specific in their behaviours facilitate employees to attribute their trust towards the corporate brand. Thus, leaders are encouraged to constantly articulate the brand vision and values to their employees and interpret them into specific behaviours expected from employees, including in an event of service failures.

Brand-specific transformational leaders should also seek to tie their actions and behaviours to the brand values at all time in order to ensure that employees perform their tasks in ways that are in line with the corporate brand values at all interactions they have with customers. Other behaviours such as living the brand, and facilitating employees to rethink their jobs from a perspective of a brand representative should also be adopted by brand-specific leaders. This will enable employees to understand their role in relation to the brand and transcend their self-interest for the corporate brand's welfare.

Furthermore, although the result of this study suggests that trust in corporate brand influences employee brand identification more than trust in leader does, the former does not

exert an impact on service recovery performance as strong as the latter. Therefore, for leaders who wish to bring about behavioural outcomes such as service recovery performance, adopting brand-specific transformational leadership behaviours is encouraged.

However, trust in corporate brand is more prominent when an organisation wishes to have employees identifying with the corporate brand. Trust in the corporate brand may not exert an impact on service recovery performance as strong as trust in the leader. However, its impact on brand identification as found in this study could still be valuable to enable employees to recover service failure in ways that will not tarnish the corporate brand identity. This is because trust in the corporate brand enhances employees' willingness to share and possess the corporate brand values that are central to its identity.

Moreover, management who focuses on work-related outcomes should place emphasis on enhancing employees' trust in the leader, rather than trust in the corporate brand. When employees trust the leader, they are more open and willing to accept service failures and involve in actions to recover them. Although trust in the leader may have a lower impact on brand identification than trust in the corporate brand, management could influence their employees' brand identification via this route. Over time, brand-specific TFL could transcend employees' trust in the leader for the trust in the corporate brand, whereby employees' brand identification is amplified.

Finally, this study suggests that management could improve their employees' service recovery performance directly by embracing the transformational characteristics of brand-specific leaders. Management are encouraged to identify the right level and conditions for transformational 'and' transactional styles. Indeed, firms, particularly the service ones, could seek to improve leader development programmes that enhance leaders' qualities and behaviours in this way. Ultimately, management should try to provide an organisational culture and climate in which brand-specific TFL can prosper.

Limitations and future research directions

It is important to view research findings in the light of limitations. The chosen sample was from a single organisation in one country. This is likely to restrict the generalisability of the findings. This study included employees from different departments where there are customer-employee interface. According to Morgeson, DeRue, & Karam (2010), teams may have different unique needs, which influence the role of the team leadership. Therefore, customer-facing staff may have some characteristics that differ from those working in other departments, thereby influencing relationships between the variables.

Furthermore, this study highlights the role of brand-oriented leaders. The organisation that was sampled is a reputable corporate brand and demonstrates an attempt to deliver on its brand promise that encapsulates the core brand values and brand identity. As such, brand-specific leaders could be more readily accepted in the company. It is interesting to understand whether and how brand-oriented leaders would be appreciated in companies whose brands are not as strong and/or prominent. Under this light, future studies could extend our study by including samples from diverse departments from different organisations, possibly customer-facing teams.

As this study was cross-sectional in nature, we have to be cautious about possible time-lag effects and causal inferences. Therefore, further studies should apply a longitudinal approach to assess the temporal interplay between the key variables studied. Quite possibly, the effect of trust on brand supporting behaviours becomes more pronounced over time.

Furthermore, more studies are encouraged to help establish the relationship between trust in leader and trust in corporate brand; for example, future research could determine whether trust in management mediates the link between leadership behaviours and employee trust in corporate brand, and what other variables could be involved.

Finally, this study has indicated that a total effect of brand-specific TFL and TRL was mediated by different variables. However, they were not completely independent. More precise and distinct identification of causal paths should be carried out by more studies in order to develop models of leadership and service recovery performance.

Conclusion

Turbulent markets challenge organisations to constantly assess and reassess their market offers, in search of a competitive advantage. Service-based differentiation between competitors is often seen as a more sustainable and profitable approach to long-term business survival, with more and more businesses incorporating service-based offerings into their portfolios.

However, it is unrealistic to believe that mistakes will not occur, and some degree of service failure will befall any service-based organisation, whether experienced in this area or not. Evidence suggest that service failure in itself can, and will, be forgiven by customers, but service recovery performance, has a significant impact on a range of financial and non-financial indices; both in the long and short-terms.

While empirically grounded advice is available to practitioners regarding service recovery, little theory development has occurred to address leadership issues relating to this important driver of competitive success. Our findings provide much needed theoretical development and practical insights. The central role of brand-specific transformational leadership is highlighted and its importance to service recovery performance, mediated by employee trust and brand identification is emphasised.

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Appendix 1: Reliability and Validity of Construct

Item	Factor	Loading	CR	AVE
Intellectual Stimulation (Parcel)		0.761		
Inspirational Motivation (Parcel)		0.849		
Idealised Influence (Attributes) (Parcel)	TFL	0.901	0.926	0.715
Idealised Influence (Behaviours) (Parcel)		0.902		
Individual Consideration (Parcel)		0.806		
Management by exception active (Parcel)	TRL	0.816	0.839	0.723
Contingent reward (Parcel)		0.883		
I would tell my leader about mistakes I've made on the job, even if they could damage my reputation.		0.614		
I would share my opinion about sensitive issues with my leader, even if my opinion were unpopular.	TLM	0.656	0.808	0.516
If my leader asked why a problem happened, I would speak freely, even if I were partly to blame.		0.791		
If my leader asked me for something, I respond without thinking about whether it might be held against me.		0.794		
X does what it takes to make me happy in a fair manner.		0.687		
I believe that management of X makes every effort to resolve employees' problems in a well-founded manner.		0.864		
I believe that X has resources and procedures in place that are very responsive to employees' issues.	TCB	0.852	0.912	0.677
X is committed to keep the brand promise they made to me and to customers in order to achieve the corporate brand's goal.		0.905		
I believe that my corporate brand stands behind its vision, values, and identity.		0.790		
I am proud to tell others that I am part of this corporate brand (X).		0.797		
I feel a sense of ownership for X rather than being just an employee.		0.767		
I view the success of the brand as my own success.	BI	0.861	0.951	0.707
X is like a family to me.		0.877		
All in all, I am glad to belong to X.		0.885		
When I talk about this corporate brand, I usually say 'we' rather than 'they'.		0.830		
When someone praises X, it feels like a personal compliment.		0.869		
Working for X is an important part of who I am.		0.834		
Considering all the things I do, I handle dissatisfied customers quite well.		0.766		
I do not mind dealing with complaining customers.		0.749		
No customer I deal with leaves with problem unresolved.	SRB	0.691	0.874	0.538
Satisfying complaining customers is a great thrill to me.		0.628		
Complaining customers I have dealt with in the past are among today's most satisfied and loyal customers.		0.745		
Considering all the things I do during service recovery, I manage to stay true to X values.		0.809		