Organization Participation in Place Branding: From Institutional Perspective

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Abstract. Faced with increasingly fierce global competition, place branding has become an important strategic tool to obtain regional competitive advantage. As a public brand, place brand needs all organizations in the region to build participation beliefs and to achieve specific participation behavior. From the perspective of institutional theory, this paper argues that the internal driving force of organization participation in place branding derives from the regulative, normative and cultural-cognitive pressure of institutional legitimacy of place branding. These three pressures will encourage organizations in the region to build the belief of place branding and achieve participation behavior, gaining institutional legitimacy.

Introduction

In recent years, brand strategy is applied to the practice of regional development to achieve place branding, which has become the significant strategy of regional economic development. However, the difference between the place brand and the common brand is that place brand has the "publicity", but not for common brand, and the process of place brand building is the result of synactic efforts of all the organizations. If organizations in the region actively participate in the place branding, the identity and reputation of place brand will be continuously improved under the joint action of relevant organizations. Conversely, if organizations in the region consider maximizing the interests as their goal, opportunistic behaviors like "free-rider" will occur, resulting in huge "implicated effect." Thus we have to think about how to constrain the behavior of relevant organizations in the region, letting organizations in the region participate in the place branding?

From the perspective of institutional theory, place branding is also the process of place institutionalization; a region should build an institutional environment based on legitimacy of place branding. For a region, the organization in the region is not only the builder of regional institutional environment, but also the activists under the influence of the regional institutional environment. Under the reasonable guidance and normative management, organizational behavior will gradually form an institutional environment based on place branding legitimacy, then the latter organization will be subject to the regulatory, normative and cultural-cognitive institutional environment pressure and behave in a "homogeneous" manner, that is, they identify the legitimacy status of "place branding". As the basic theory of organizational decision-making and competitive advantage, institutional theory explains organization's behavior motives and influence factors from the sociological perspective. Therefore, the
institutional theory will help us to get a clear understanding of organizational behavior in place branding.

At present, it’s still at the initial stage for the place branding research at home and abroad, and the existing place branding research mainly focus on case studies and lack of the theoretical framework combined with the knowledge of relevant disciplines. From the perspective of the institutional theory, this paper explores the driving factors and influence mechanisms of organization participation behavior in place branding, and puts forward research model and propositions to provide valuable guidance for place branding.

Theoretical Background

The Definition of Place Brand

At present, there’s yet no consensus view in the academia on the definition of place brand. Rainisto argues that place brand is an additional attraction of the region and that the core issue in shaping the place brand is to build place brand identity [1]. According to Kavaratzis, place brand is a multidimensional combination of a series of unique associations of features, emotions, relationships and strategic elements formed by working together in the public mind [2]. Allen believes that the place brand is a product or service brand under the political/geographic framework [3]. Xiao et al. hold that the place brand is the regional industry image and common brand with a high visibility and reputation, and this is generally formed based on the industrial clusters, and is the comprehensive reflection of the industry chain aggregation and synergies in the market [4]. It can be seen through the comprehensive viewpoints of the scholars that the place brand is with regional, branding, industrial and public characteristics.

Organization Participation in Place Branding

Organization participation is an extension of the customer participation. Customer participation refers to the behavior and involvement in terms of the spirit and material aspects of customers in the process of accepting products or services [5]. Most scholars believe that customer participation can be divided into multiple dimensions, including mainly the customer's efforts and inputs in mental, intellectual, physical, emotional and other aspects [5, 6]. To sum up, we can largely divide the customer participation into two major aspects of customer participation psychology and customer participation behavior, the customer participation psychology mainly refers to the psychological process of cognition and emotion [7], participation is the behavior commonly created value behavior through the cooperation with the relevant departments [8]. In this paper, the organization participation is similar to customer participation, place branding is the process of regional marketers to manage the relevant organizations in the region and affect their psychological cognition and behavior. Institutional theory holds that belief is the template of behavior and the “axiom and criterion of deciding the mode of action”[9]. In the process of place branding, organization participation belief is the value lead to inspire the organization to participate in the brand building, and the organization participation behavior is the ultimate goal of encouraging the organization to establish the participation belief. Therefore, we divide the organization participation in place branding into two aspects of organization participation belief and organization participation behavior.
Institutional Theory

Institutional theory was originated in the study of the field of sociology, economics and politics in the 19th century, emphasizing that organizational decision-making and behavior would be affected by the institution. From the perspective of economics, institutional theory attributes the main reasons causing the differences in economic efficiency to the impact of the institutional environment on economic activities and organization behavior, and that institution is essentially a "rule", which is man-made constraints (such as laws, regulations, etc.) used to limit and regulate the behaviors between each other of the human, and also including informal constraints (such as customs, moral constraints, etc.)[10]. The institutional theory from the perspective of organizational sociology suggests that institution is a multifaceted and durable social structure made up of symbolic factors, material resources, and social activities, and rules and necessary conditions must be observed by the organization in order to obtain legitimacy from the environment[11,12]. It can be seen that both institutional theory from the economic perspective and the institutional theory from organizational sociology perspective highlight the institutional environment constitutes the pressure requiring to obeying for organization survival. The institutional pressures are the social concepts, rules, norms, or culture-cognitive forces that make organization structures and behavior to be reasonable and accepted or easily supported [13].

Model and Propositions

Figure 1 shows the model and propositions that are investigated in this research.

Figure 1. Institutional Pressure-driven Organization Participation in Place Branding.

Institutional regulation is the core part of the underlying elements, including coercive violence, rewards and punishments, and equity strategy responses, stemming from the formal or informal pressures that other organizations or socio-cultures expect to impose on the organization [9]. The institutional regulation intervenes in the beliefs and behaviors of organization through punishment, restraint, inducement, encouragement, and others, thereby increasing certainty and predictability of organizational activities. For regional organizations,
regulatory convergence is mainly from the government organizations. The government organization has the power and resources, and it may make the organization to conform to the government’s strategic goal through the power coercion and resources induction. When the government and other institutions find that the organization’s behavior in the region is detrimental to place branding, then its coercive power can be used to regulate the behavior of these organizations. The organization will be subject to sanctions if there’s any disobedience, the potential cost will be significantly increased, the obeyed organization will receive the corresponding resources of the government incentives, and the expected benefits will be greatly increased. Therefore, the organization in the region will tend to follow the convergence role of government organizations, thus to participate in place branding.

P1. Regulatory pressure has a positive effect on the organization participation in place branding.

The normative nature of the institution includes values and norms. The normative elements of the institution incorporate values and norms into the actions of the relevant organizations, making them become the basis of management [9]. We argue that in the process of place branding, normative pressure of institutional environment mainly comes from the certification of professional organizations in the region such as the industry associations. The certification of professional institution can increase the organization’s credibility and reliability, so that it will get the appropriate resources. However, the professional organization’s certification process requires a lot of inputs and efforts. If the behaviors detrimental to place branding are adopted after getting certification, this will not only make the organization’s credibility and reliability established through a lot of efforts plummeted, but also will be subject to sanctions of relevant certification body. As a result, organizations are more likely to obtain certification from a professional organization in order to obtain the appropriate resources and regulate their behavior. Organizations in the region are becoming more homogeneous under the certification of professional organizations, thereby increasing the potential influence of intensity of norms on organization participation.

P2. Normative pressure has a positive effect on the organization participation in place branding.

The culture-cognitive elements lie at the deepest level of the institution. They constitute a common understanding of the nature of social reality, and constitute a cognitive framework of meaning, which is disseminated in social interaction through imitative mechanisms [9]. Cultural-cognitive elements affect the individual behavior preferences, value identity through the recognized cognitive template and meaningful system, thereby affecting the organizational activities. Therefore, the meaning is considered as the fundamental points of understanding all individual behaviors, and collective actions. For place branding, the cultural-cognitive elements of institution make the organization in the region understand sign system and the meaning system gradually, and reach the consensus to form the common belief, and then affecting their behavior. The participation behavior of the organization in the region considered as the process of the place branding. Therefore, the importance and necessity of perceiving the place branding on the level of cultural-cognition has a great impact on the organization participating in place branding.

P3. Culture-cognitive pressure has a positive effect on the organization participation in place branding.
Organization participation belief refers to subtle and invisible force that promotes organizations to consciously participate in place branding on the basis of process identification and value identification, deep and unswerving thoughts, mentions and ideas on place branding. Organization participation behaviors refer to all objective actions of integrating place branding into the daily behavior of an organization. It involves the development of an organization’s vision of place branding to the specific plans and strategies that make that vision a reality. Belief is organizational core value concept at the bottom of psychological cognition. In place branding, the organizations participate into the establishment of belief provides the legitimacy basis for the organization participation behavior. It will prompt the organizations to formulate specific strategies, adjust organization structure, allocate related resources, and show unremitting efforts to realize participation behavior. Therefore, organization participation belief is the values lead to stimulate the organization participation behavior, while the organization participation is the ultimate goal of organization participation belief.

P4. Organization participation beliefs have a positive effect on organization participation behavior in place branding.

Summary

From the perspective of institutional theory, this paper proposes research model of institutional pressure-driven organization participation in place branding, and draws two conclusions: First, the regulation pressure, normative pressure and culture-cognitive pressure are inner diving forces for the organization to participate in place branding. The organization participation in place branding can be divided in to two dimensions of the organization participation belief and the organization participation behavior. The organization participation behavior comes from the establishment of organization participation belief under institutional pressure.

In this paper, the research model of institutional pressures driving the organization to participate in place reveal the inner driving force and mechanism for organization participating in place branding, which provides a theoretical basis for understanding and grasping the organization participation in place branding, offering the strategic guidance for promoting organization participation. Specifically, there are several aspects as follows: First, strengthening the participation of relevant organizations in the region, the relevant departments should build place branding institutional environment from the three aspects of the regulation, norm, culture-cognition, thus to lead the regional organizations to establish place branding belief, and participate in the place branding process through practical action. Second, the relevant departments can start from two aspects: guiding the organization to establish place branding belief and promote their place branding participation behavior. Administrator of a region should turn to form the consistent convergence pressure through the convergence role of allocation and management of the resources.

References


