Brand Culture: Its Antecedents and Relationship to SME Brand Performance

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ABSTRACT

Background: The study develops and empirically tests a model of the antecedents of brand culture and its effects on brand performance in Malaysian small and medium-sized enterprises (SMEs). Objective: In this study, three research questions are addressed: (1) What effects do organizational internal factors (i.e. corporate supportive resources and market orientation) have on brand culture? (2) What effect does brand culture have on brand performance? (3) To what extent brand culture mediate relationship between organizational internal factors and brand performance? Results: Findings confirm the validity of the model. It also indicates brand culture, appears to be a key mediator in the web of relationships among organizational internal factors and brand performance. Conclusion: Corporate supportive resources and market orientation enhances brand performance indirectly via brand culture.

INTRODUCTION

Brand culture is important in enhancing brand management of a firm towards the success of Small Medium Enterprises (SMEs). Brand culture relates to the set of common values and beliefs which assist the members of the organization in understanding the functions of that organization and set norms for their behaviour in the organization [1]. The literature has highlighted the significance of system-level behavioural expectations and empirical studies have found the patterns of behaviour consequences from common values. [2] claimed that when brand values are consistent with company values and organisational culture they will create credibility in the eyes of key stakeholders.

However, while it is generally agreed that brand culture contributes to brand performance [1]; [3]; [4]; [5]; [6]; [7]; little is known about the drivers of brand culture and how those drivers operate via brand culture to collectively influence brand performance. Therefore, the present study makes a further contribution to this field. Our objective is to develop and empirically test a model of the antecedents and relationship of brand culture to SMEs brand performance. Besides its contribution to the theory of SMEs branding, the study allows practitioners to better understand the benefits of brand culture.

Researchers highlight the importance of corporate supportive resources for competitive advantage [8]; [9]. Likewise, they emphasize the importance of market orientation [10]; [11]. While the positional advantage of firms has been suggested to be a function of corporate supportive resources, market orientation and brand culture, no study has examined the linkages among these constructs in an integrated manner. As such, it is not known how these constructs interact to influence brand performance. The present study aims to shed new and important light on these constructs and the interrelationships among them. Specifically, a theory-based structural equation model that links these constructs together was developed. A survey-based study of SMEs was then conducted to assess the validity of linkages postulated in the model. Therefore, it is anticipated that in this study the SMEs’ brand performance will be examined from perspective of corporate supportive resources, market orientation, and brand culture to extend the knowledge of brand management.

The study begins by examining how brand culture has been related to performance and organizational adaptation in the context of related theoretical viewpoints. Next, it assesses the plausibility of corporate supportive resources and market orientation as antecedents to brand culture and offers a collection of associated...
hypotheses. In the methods section, the study sample of 163 SMEs is discussed and the construct measures are evaluated. Next, the relationships among these constructs are assessed and discussed.

2. Background And Hypothesis:

Norms, values, and beliefs are reflected by culture can strengthens behaviours and eventually lead to brand performance. Once particular orientations are embedded in organizational culture, the intensity and consistency of resultant behaviours are improved across situations, groups, and persons within the firm. A culture that supports the execution of a strategy is difficult to match hence can turn into a sustainable competitive advantage [12].

The main question addressed in this paper is how each of key antecedents and brand culture are related and how they jointly empower the business to adapt and perform. These factors are studied in depth to highlight relationships among them and their association with brand performance. The relationships proposed among the constructs examined here are demonstrated in Fig. 1.

Fig. 1: Conceptual Model of Study

Brand culture is operationalized as CEO's brand interest, brand manager system, brand manager's power, brand information sharing and employee's branding motivation which are borrowed concepts from [13]. Brand culture is assumed to be shared across all employees within an organization and that this shared culture is conveyed through employees’ actions and behaviours within an organization [14]. An identity of a company is formed by culture which directs the actions of the organization that produce different organizational results [15]. On the other hand, brand performance follows the definition [16] which concerns brand success in the market. It will be measured by using subjective measures such as brand awareness, brand desired image, loyalty and reputation which proposed as vital performance of a brand.

In the strategic management literature, researchers have studied brand culture [17]; [18]; [19]; [20]; and [21]; and a mutual explanation of culture consistently surfaces to be defined as a complex set of values, symbols, philosophies and beliefs that describe the way in which a firm conducts its business [11]; [22]; [23]) [24]. Mainly, all authors have similar views that culture need to materialize from a learning process [25]. [1] describes brand culture as a set of shared beliefs and values which support the organization member to understand the functions of that organization and set customs for their behaviour in the organization. In addition, [26] found that brand culture has a great effect on the employees’ that can enhance the productivity and firm’s performance. Meanwhile, [27] found evidence in more than 60 research studies conducted between 1990 and 2007, which cover more than 7600 small business units that cultural has a positive impact on firm performance.

Based on the above discussion, it can be concluded that the elements in brand culture are imperative in enhancing brand management of a firm. These findings imply that imposing brand culture in firms’ marketing strategies could enhance the overall marketing performance. Thus:

H1: Brand culture is positively related to brand performance.

2.1. Corporate Supportive Resources and Brand Culture:

[28] define corporate supportive resources as tangible resources (for example financial resources and human resources) that would be available for brand development. In this study, corporate supportive resources are referred as the willingness of the firm to assign more resources to the brand and tangible resources assigned to the brand. Whereas, [9] examine the significant roles of corporate supportive resources in the processes or development of brand management which contributes to improved brand performance. They propose that firms should have the readiness to delegate these resources to brand management and bring together adequate resources. [29] highlighted the importance to acknowledge the critical resources and capabilities to develop, when to invest in them, how much and the expected results from such investments particularly for SME owners/managers who intend to pursue superior performance.

Numerous studies have proposed that resource distinctiveness affects superior performance [29]. Undeniably, the first and foremost critical tangible resources in any organization would be the corporate cultures. Additionally, brand culture is increasingly critical and important in achieving and improving superior
brand performance. Empirical evidences validate the important influence and significance of brand culture to enhance firm’s efforts [30]. In particular, scholars propose that corporate culture, particularly brand culture enables businesses to achieve enhanced performance in actions performed [3]; [31]; [32]; [6]. Focus of these studies is the impression that interactions between individuals and networks of relationships can expedite the value creation within firms. Therefore, this paper anchor the theorized model in a firm’s resource based view in which corporate supportive resources, and its constituent elements, are considered inimitable, valuable and non-substitutable assets that underpin values and key processes – in this case brand culture - that lead to competitive advantage [33]. The advantages of corporate supportive resources are not merely demonstrated in growth developments but also in more intense business processes. Thus, we examine the mediating effects of brand culture. [34] and [35] reveal positive relationship of corporate supportive resource and brand culture in an organization. Similarly, researches focusing on corporate supportive resources demonstrate the significance of support for brand culture in both developed and developing regions [36]; [37]; [38]; [39]; held that brand culture of firm is consists of both organizational resources and human resources. [9] argues that in planning a brand strategy without sufficient resources, implementation of any brand strategy would be unattainable. It has been broadly recognized by researchers that corporate supportive resources would support cooperative behaviour, consequently facilitating brand culture development. This discussion leads to our second hypothesis.

H2: Corporate supportive resource is positively related to brand culture.

2.2. Market orientation and brand culture:

[10] define market orientation as a set of ongoing behaviours and activities related to generation, dissemination, and responsiveness to market intelligence. To some degree, this position is shared by [40] who views market orientation as ongoing behaviours or processes via market sensing and buyer linking. [41] state market orientation, as a corporate culture, characterizes an organization’s disposition to deliver superior value to its customers continuously. [42] finds that market orientation is important for corporate success. On the other hand, brand culture is viewed as an essential value-creating capability that propel the market orientation–brand performance relationship [43]. Notably, [44] suggested a strong relationship between market orientation and brand culture for attaining superior business performance outcomes. Additionally, findings of [6] suggest that, it is essential for a company to develop high-quality products that are distinctive to customer needs by promoting a culture to achieve and maintain superior performance. Specifically, a customer-oriented culture should be developed before they attempt to become competitor oriented. Likewise, [45] emphasized research findings that recommend that market orientation impacts to new product success. Nonetheless, [46] acknowledged that market orientation has a positive impact to competitive advantage. Recent studies by [47] found evidence that those companies that are more market and brand-oriented have stronger brands than those firms which are not inclined towards markets and brand building. The basis for developing good image and greater brand loyalty lay down by better brand performance. Consequently greater brand performance provides high ROI. Thus, managers should focus on brand building activities and market sensing. They should recognize that brands are strategically vital assets through which businesses can achieve market-driven competitive advantage. Therefore, the study hypothesizes,

H3: Market orientation is positively related to brand culture.

Methodology:

3.1 Data Collection:

The sampling frame of 300 SME firms in the food and beverage (F & B) industry was drawn from the most comprehensive list of Federation of Malaysian Manufacturers (FMM) directory 2012. The owners/ brand managers were used as key informants in assessing all the constructs described above, an approach applied in numerous studies (e.g., [48]; [49]; [50]; [51] and follows [52] guidelines on how to get quality data from single informants. Following the completion of a pre-test with seven academics and seven owners/managers of SMEs and a pilot study of 50 respondents to assess the quality of the research design, self-administered questionnaires were distributed via mail, internet survey and site visit to the entrepreneurs and SME fairs. A total of 163 usable samples were used for the analysis.

3.2 Measurement Instrument:

The constructs of the study, which were from established scales, were measured on a 5-point Likert-type scale anchored by “strongly disagree” and “strongly agree.” The instrument for measuring corporate supportive resources is based on [53]; [53]. It consists of four items with emphasis on the tangible resources allocated to the brand and willingness of firm to assign more resources to the brand. To measure market orientation, the scale of [11] was used. Following refinement, it consisted of 15 items based on a perspective of organization culture suggesting that market orientation should integrate inter-functional coordination within a
firm. Brand culture was quantified using the five items which are related to CEO's brand interest, brand manager's power, brand manager system, employee's branding motivation and brand information sharing [13]. Finally, the scale for brand performance based on work by [16] and [47] measured brand reputation, brand awareness and brand loyalty as well as general performance and, following refinement, consisted of five items.

3.3 Data Analysis:

Data was analysed using the two-step approach recommended by [55]. The measurement models are assessed for adequate validity and unidimensionality before commencing to structural model effects and interaction modelling to test the research hypotheses. Data analysis was performed using Partial Least Squared (PLS), a structural equation modelling technique that uses a component based approach [56]. After computing the path estimates in the structural model, a bootstrap analysis was performed to assess the statistical significance of the path coefficients.

Results:

Table one and two summarize the findings. The model provides a good fit to the data (GoF value of 0.537, exceeds the cut off value of 0.36 for large effect size of R²) and all hypothesized relationships were supported. Specifically, with regard to H1, brand culture is positively related to business performance (P < .01). Corporate supportive resources is positively related to innovativeness, H2, (P<.01). Market orientation is positively related to brand culture, H3, (P<.01).

Table 1: Direct and Total Effects Hypothesis

<table>
<thead>
<tr>
<th>H</th>
<th>Path</th>
<th>Beta</th>
<th>Standard Error (SE)</th>
<th>T-value</th>
<th>Decisison</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Brand Culture -&gt; Brand Performance</td>
<td>0.224</td>
<td>0.094</td>
<td>2.573</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>Corporate Supportive Resources -&gt; Brand Culture</td>
<td>0.169</td>
<td>0.069</td>
<td>2.444</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>Market Orientation -&gt; Brand Culture</td>
<td>0.591</td>
<td>0.080</td>
<td>7.371</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Table 2: Indirect and Total Effects Hypothesis

<table>
<thead>
<tr>
<th>H</th>
<th>Mediating Effect</th>
<th>Beta</th>
<th>Standard Error (SE)</th>
<th>T-value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H4a</td>
<td>Corporate Supportive Resources-&gt;Brand Culture-&gt;Brand Performance</td>
<td>0.0633</td>
<td>0.0221</td>
<td>2.860</td>
<td>Mediation</td>
</tr>
<tr>
<td>H4b</td>
<td>Market Orientation-&gt;Brand Culture-&gt;Brand Performance</td>
<td>0.131</td>
<td>0.0618</td>
<td>2.1198</td>
<td>Mediation</td>
</tr>
</tbody>
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In Table 2, the indirect effects of the entire antecedent constructs on brand performance are presented. Results suggest that brand culture mediates the relationship between corporate supportive resources and brand performance and between market orientation and brand performance. Hence, corporate supportive resources and market orientation must be mediated by some other construct, such as brand culture, in order to have an impact on brand performance.

5. Discussion And Implications:

This study attempts to examine the impact of brand culture on brand performance and key antecedents to brand culture in an empirically verified and comprehensive model. It consequently fill an important gap in understanding brand culture, the form of interactions between brand culture and main variables that drive it and the influence of brand culture on brand performance. Numerous inputs to several research issues are worth mentioning. First, our findings emphasize the significance of a more compositional and unified method to the study of the influence of brand culture and antecedent orientations on brand performance. This technique may be more successful and practical than previous methods of investigating bivariate associations between each of the constructs independently.

Subsequently, empirical outcomes validate brand culture as a significant factor of brand performance. This indicates that in general, brand culture is imperative for SME to succeed. Hence, managers are recommended to develop brand culture of their businesses in their endeavours to achieve greater brand performance. Furthermore, findings generally suggest that brand culture contributes significantly to financial performance [12], relationship between brand culture and market performance [3]; [4]; [1]; [5]; [6]. Brand culture theorists also support the position of a positive relationship between brand management and performance. It is consistent with the work of [57] which suggests that, although brand culture is very difficult to change, it can enhance goal-oriented activities. More remarkably, while brand culture is an important direct driver of brand performance, it also acts as an essential mediator of the linkage between corporate supportive resources, market orientation and brand performance. Explicitly, without a strong brand culture, corporate supportive resources and market orientation may provide little or no value to achieve brand performance objectives.
Conclusion:

The findings presented in this paper suggests that the interrelationships among the integrative aspects of corporate supportive resources and market orientation, their impact on brand culture, and the consequent influence of brand culture on brand performance serve to offer sustained advantage to organizations and are thus imperative to comprehend. Brand culture in particular, seems to be a key mediator in the cluster of relations among the constructs. The management task is to formulate and employ an organizational culture that exemplifies corporate supportive resources and market orientations. To increase brand performance, it is crucial that an organizational structure be planned in which these often distinct areas be incorporated within a synchronized framework to ensure that brand culture obtain the advantages that corporate supportive resources and market orientation can offer. Results may proceed to enhance managerial practices and future studies that probe more intensely into these constructs and their interrelationships in diverse circumstances among firms.

REFERENCES


