Institutionalized place branding strategy, interfirm trust, and place branding performance: Evidence from China☆

Weihong Zhao [a],*, Ru Sun [a], Nakaya Kakuda [b]

[a] *School of Business, Jiangxi Normal University, PR China*
[b] *Santai International Trading Co Ltd., Japan*

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ABSTRACT

This study investigates the relationships among institutionalized place branding strategy, interfirm trust, and place branding performance. Findings indicate that each of the institutionalized place branding strategies (regulatory, normative, and cultural-cognitive) has positive effects on interfirm trust. The relative predictability of these dimensions on interfirm trust also falls into a particular order: Normative is most predictable, followed by cultural-cognitive, then regulatory. Cultural-cognitive strategy can not only directly drive interfirm trust but also negatively moderate the effects of regulatory and normative strategies on interfirm trust. Finally, interfirm trust has a positive effect on place branding performance. These results altogether provide valuable insights into the effect of institutionalized place branding strategies on interfirm trust, which encourages firms to be collaboratively involved in place branding strategies.

1. Introduction

Unbalanced economic development arising from the uneven strategic resource endowments has led to increasingly fierce competition among cities, regions, and countries. Place branding, which enables a city, region, or country to be distinguished from their competitors – similar to marketing strategies for consumer products – has become a crucial part of regional development (Kaplan, Yurt, Guneri, & Kurtulus, 2010; Pike, 2009). For example, "Jingdezhen: China's Porcelain Capital", "Switzerland: Kingdom of Clocks", or "Hollywood: Global Film Center" are world-renowned, powerful place brands that lend significant competitive market advantages and positive economic performance. However, the Horsemeat Scandal of 2013 shattered consumer confidence in European brands, for example. Swill-cooked Dirty Oil in 2014 substantially impacted Taiwanese brands. The Volkswagen Exhaust Scandal in 2015 created a German brand crisis, and Mitsubishi'"'s 2016 Fuel Test Scandal severely influenced the brand image of Japanese automobiles. Ample anecdotes testify that discrediting and/or opportunistic behavior on the part of firms, particularly leading firms, tends to cause significantly negative effects on the entire surrounding region's brand images and economy. Thus, scholars in this field increasingly stress the importance of interfirm collaboration at the city, region, or national level to sustain place brands (Kavaratzis & Hatch, 2013; Pasquinelli, 2014).

This study investigates how institutionalized place branding strategies enacted by the government can establish interfirm trust, which is the cornerstone for interfirm cooperation, and then enhance place branding performance. Specifically, this study attempts to address two research questions: (1) What are the dimensions of the institutionalized place branding strategy and how they build interfirm trust accordingly? and (2) How can interfirm trust enhance place branding performance? To answer these research questions, this study investigates the role of institutionalized place branding strategy in promoting interfirm trust and branding performance based on subdimensions of regulatory, normative, and cultural-cognitive place branding strategies.

The theoretical contributions of this study are two-folds. First, it finds that institutionalized place branding strategies (e.g., regulatory, normative, and cultural-cognitive) can effect interfirm trust, which, through interfirm cooperation in the region, enhances place branding performance. Second, this study also finds that Cultural-cognitive strategies negatively moderate the effects of regulatory and normative strategies on interfirm trust, which implies that the government should enact policies that ensure the fit between the regulations and local cultures.

2. Conceptual model and hypotheses

2.1. Conceptual model

Marketing researchers believe that a geographic location such as a city can build a brand in a way similar to a product or service; the

name of the location typically serves as the brand name (Keller, 1998; Kotler, Haider, & Rein, 1993). "Place branding" is defined as a process of forming a series of unique associations with the place through presenting the functions, emotions, relationships, and strategic elements to the public (Anholt, 2010; Kavaratzis, 2005). An effective place branding strategy should be able to not only build a promise to the external world, but also to establish belongingness and goal-sharing related to the location. This creates an overarching expectation of endorsement that tacitly encourages local firms to get involved in the place branding regime, thus forming a "cultural community" that grows and solves problems collaboratively through trust, resource-sharing, and cooperation (Kavaratzis & Hatch, 2013).

In this sense, interfirm trust, which leads to interfirm cooperation within the location, is the foundation for establishing a place brand. Trust is the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action in favor of the trustor, irrespective of the trustor's ability to monitor or control the trustee (Mayer, Davis, & Schoorman, 1995). Such a flexible governance mechanism can serve to cement relationships among firms thus improving the efficiency of their collective actions (Luhmann, 1979). However, given the market uncertainty and competition, it is difficult for a firm to make a "benevolent" judgment of another firm to work together to build a place brand that actually overarches their common interest. According to Zucker (1986), trust may also emerge from an institutionalized arrangement that provides assurance for cooperation. This study proposes a concept of institutionalized place branding strategy, which, to this effect, can guarantee interfirm trust and cooperation in order to build a strong place brand.

Institutions serve as a kind of power that an organization takes its shape by material resources (e.g., technology) as well as by social and cultural systems (e.g., norms, cultures, and shared beliefs). Its persistence stems from the regulatory, normative, and cultural-cognitive pillars (Scott, 2008). An institutionalized place branding strategy defines its scope based on such regulatory, normative, and cultural-cognitive dimensions accordingly, and can provide guarantees for firms to develop trust therewith. The regulatory place branding strategy, based on the legal restraints, describes what an organization can or cannot do (Scott, 2008); it provides legal guarantees for the firms within a region at the government level, thus preventing firms from engaging in opportunistic behavior (which allows firms to trust that other firms will not engage in such behavior). The normative place branding strategy depicts the requirements for the fulfillment of goals, visions, beliefs, values, rules, and social expectations; it dictates, simply, what people should do or should not do (Eden & Miller, 2004; Scott, 2008). It provides a normative guarantee for the firms at the industrial level, further enabling the firms to trust that other firms will not engage in illicit behavior. The cultural-cognitive place branding strategy describes its root in the shared knowledge, conventions that are "taken for granted" and customs within a specific industry (e.g., managerial practices) as shaped by external cultural frameworks. This also relates to business knowledge that has developed over time through repeated social interactions and is rooted in cultural concepts unique to the region (DiMaggio & Powell, 1983; Kostova & Roth, 2002; Scott, 2008). The conceptual model which includes the above three dimensions is presented in Fig. 1.

2.2. Research hypotheses

2.2.1. Institutionalized place branding strategies and interfirm trust

A regulatory institution stems from formal or informal pressures imposed by other organizations or social cultural expectations and is responsible for mandatory violence, rewards and punishments, and strategic equity responses (Scott, 2008). A society typically has its general cognition and awareness of behavioral expectations in regards to regulations and laws. Businesses and other organizations falling under the regulatory institution also must abide by the law; sanctions are available if the law is violated (Luhmann, 1979). The regulatory place branding strategy functions to deter firms from misconduct via supervision (and punishment, if necessary) according to laws and regulations, thus providing a structurally sound, predictable business environment (McKnight, Cummings, & Chervany, 1998) and promoting transactional integrity (Cai, Jun, & Yang, 2010). As constitutors of regulations and laws, as well as the distributor of resources, governments may compel firms to follow certain strategic goals through legal resources, thus establishing interfirm trust in a sense that firm will behave properly in the collaborative environment (Anderson, 2007; Cai et al., 2010). For instance, China promulgated a series of regulations to strengthen the supervision of dairy products after the Toxic Milk Power Scandal in 2008 in an effort to rebuild the country's trust in the dairy industry. To sum up, a regulatory place branding strategy can provide legal protection for the firms within the region being branded at the government level, thus enabling the firms to trust that their partners will not engage in opportunistic behavior.

H1. In the context of place branding, regulatory place branding strategy has a positive effect on interfirm trust.

Normative institutions include values represented by rules of thumb, professional standards, and operational procedures collectively made by members of an industry as a result of self-governance (DiMaggio & Powell, 1983; Scott, 2008). They require that firms behave in accordance with social norms to function in harmony with society; there are social or industrial organizational sanctions for those who violate these norms (DiMaggio & Powell, 1983; March & Olsen, 1989). Normative institutions are mainly manifested as industry associations and professional organizations. They can strengthen interfirm trust and collaboration through establishing and endorsing social responsibilities. Although these industrial organizations usually lack regulatory power, they possess social power. Normative institution factors, such as industry associations, economic system structures, product certification criteria, and community norms and processes help to build and maintain interfirm trust (Bachmann & Inkpen, 2011). For instance, not

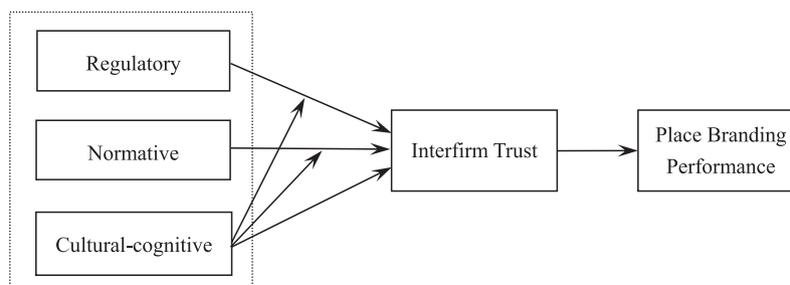Institutionalized Place Branding Strategies

Fig. 1. Conceptual model.

all the standards established by the German Institute for Standardization (DIN) are mandatory but they have significant influence nonetheless. A normative place branding strategy can restrict firm behavior and enhance its predictability, thus promoting interfirm trust via reward and punishment mechanisms. We believe that normative place branding strategy can provide a guarantee for the firms within the region being branded at the industrial level that their partners will not act maliciously.

H2. In the context of place branding, normative place branding strategy has a positive effect on interfirm trust.

Cultural-cognitive elements constitute a common understanding of society. They influence individual behavior preferences and values through the socio-cognitive framework of common beliefs, feelings, lifestyles, values, conventions, and reactions. Their legitimacy may be taken for granted (Scott, 2008). They can indeed exert notable influence on business practices (James, 2005). The common beliefs developed via osmosis create the environment within which firms are discredited for opportunistic or inappropriate behavior; they also create an environment within which honesty and trustworthiness are prized. This environment and the shared value system it represents not only put pressure on firms to behave appropriately (and hence promote interfirm trust) but also puts pressure on regulatory and normative institutions to remain socially and culturally relevant. It weakens the functions of the regulatory and normative institutions, but strengthens the subjective motivations of firms involved in place branding. For example, *guanxi* in Chinese society compels individuals and firms to prioritize reciprocity and mutual benefit rather than mandatory laws (Lee, Pae, & Wong, 2001; Shou, Guo, Zhang, & Su, 2011). This study believes that the cultural-cognitive place branding strategy will foster a common cognition and identification with the region being branded at the societal level, which directly acts upon interfirm trust; it will also negatively moderate the effects of regulatory and normative place branding strategies on interfirm trust.

H3. In the context of place branding, cultural-cognitive place branding strategy has a positive effect on interfirm trust.

H4a. In the context of place branding, as cultural-cognitive awareness of place branding increases, the effect of regulatory place branding strategy on interfirm trust decreases.

H4b. In the context of place branding, as cultural-cognitive awareness of place branding increases, the effect of normative place branding strategy on interfirm trust decreases.

2.2.2. Interfirm trust and place branding performance

It may be difficult for a collaborative management team to achieve place-branding goals due to the multilateral, dynamic, and non-contractual relationships among firms. Interfirm trust can lead to favorable behaviors (cooperation) or choices (Woolthuis, Hillebrand, & Nooteboom, 2005), can prevent opportunism and risk-taking behavior, and can reduce the high cost of protective mechanisms (complex agreements, supervisory organizations) thus forming flexible and efficient competitive advantages (Cheng, Yeh, & Tu, 2008; Gaur, Mukherjee, Gaur, & Schmid, 2011; Lewis & Weigert, 1985). In addition, the extensive communication and information-sharing that comes with interfirm trust decreases the necessity to safeguard the firm's own resources or defend against unfamiliar resources; this promotes valuable co-creation and improves the abilities of all firms involved to learn and innovate (Gaur et al., 2011; Jain, Khalil, Johnston, & Cheng, 2014). For example, the high level of interfirm trust in Silicon Valley has allowed the vast diffusion of technical capacity and tacit knowledge, thus accelerating development throughout the region as a whole (Saxenian, 1994). This study believes that interfirm trust arising from institutionalized place branding strategy can promote place branding performance.

H5. In the context of place branding, interfirm trust has a positive effect on place branding performance.

3. Methodology

3.1. Construct operationalization and measures

This study used a survey method to test its model and hypotheses. The survey instrument was developed by identifying appropriate measurements from a comprehensive literature review and in-depth interviews. To further ensure the content validity of these measures, the researchers made personal trips to conduct 30 in-depth interviews with middle-senior managers in parts of China where place branding strategies are currently being implemented. On the basis of their assessment of the relevance and completeness of the measures, the researchers revised a few of the questionnaire items to enhance clarity. This study also conducted a pilot study with 70 managers in which the respondents both answered the questionnaire and provided feedback on the design and wording of the questionnaire. The researchers modified several items in line with the feedback from the pilot study in order to align the survey as well as possible with the Chinese context.

3.1.1. Institutionalized place branding strategy

This study adopted Kostova and Roth's approach (2002) to develop an instrument to measure the three perceived institutionalized strategies, from the firm manager perspective, in the context of place branding. First, this study operationalized the regulatory strategy in terms of the extent of formal and informal strategization perceived by virtue of the competitive conditions, requirements, and incentives from local governments and industry associations; this measurement item reflects regulatory processes such as rule setting, monitoring, and sanctioning activities (Scott, 2008). This study used feedback from in-depth interviews with senior managers combined with a literature review (Liang, Saraf, Hu, & Xue, 2007) to select three items most relevant to the regulatory aspects of place branding strategy. These items pertain to local government, industry association, and competitive condition requirements. Second, this study operationalized the normative strategy in terms of the perceived extent to which firms with dyadic relationships had responded to place branding in their own areas, as well as the extent to which governments and industry agencies promoted place branding strategies in those areas. This measurement scale reflects moral legitimacy, i.e., acting in accordance with rules, standards, responsibilities, and valuations of society (Scott, 2008). Again drawing from the feedback from in-depth interviews with senior managers and the literature review (Liang et al., 2007), this study selected three items most relevant to the normative aspects of place branding; these items pertain to the extent to which the firm's partners, customers, and government respond to the branding strategy. Third, this study operationalized the cultural-cognitive strategy in terms of the extent to which firms took for granted the place branding strategy promoted by governments and industry agencies in their own areas. This measurement scale reflects social legitimacy perceived through subconscious social interactions, i.e., cultural cognition such as shared beliefs, values, conventions, and cognitive framework (Scott, 2008). Again, based on feedback from the interviews, this study selected the four items most relevant to the cultural-cognitive aspects of place branding strategy. These items pertain to sharing values, theoretical cognition, conventionality, and task assignments.

3.1.2. Interfirm trust

This study operationalized interfirm trust in terms of the extent to which firms express trust towards other firms involved in a given place branding strategy. Five items were selected from the scale developed by Brunetto and Farr-Wharton (2007) for this purpose and modified to fit the Chinese context. This study assessed the level of interfirm

trust through questions about trust disposition and experiences with business relationships. These items pertain to the firm's expectation that other firms will share resources, cooperate in business ventures, and reciprocate the same level of trust; they also measure the firm's perception of the benefits of cooperating with other firms.

3.1.3. Place branding performance

This construct was operationalized in terms of the consumer's identity and intention towards the brand in competitive markets (Justin, Clay, & Peter, 2008; Pike, 2007). This study selected five items from a scale developed in a previous study and again modified them to fit the Chinese context. These items pertain to a two-dimensional construct consisting of brand identity and consumer intentions: Brand identity is a series of associations the consumer makes with the brand that distinguishes it from its competitors (Aaker & Joachimsthaler, 2000; Bhimrao, 2008); consumer intention refers to the consumer's tendency to purchase the brand's products and provide favorable word-of-mouth for the brand (Arnett, German, & Hunt, 2003; Chang & Chen, 2008).

3.2. Data collection and sample characteristics

This study tested its research model and hypotheses on a sample of Chinese firms which were selected through three criteria. First, this study ensured that the areas in which sample firms are located have been implementing a place branding strategy continuously. Second, this study ensured that the firm selected is not limited to any specific industry, size, or form of ownership. Third, we ensured that the sample firm has been operating for more than five years in the context of a place branding strategy. This study e ultimately selected the Poyang Lake Eco-economic Zone (Jiangxi Province), the Yellow River Delta High-efficiency Eco-economic Zone (Shandong Province), and the Gansu Recycle-economic Development Model Zone (Gansu Province) as data-collection areas. These sampling areas were the first strategic, functional areas of regional development established by the Chinese government. Each has been supported by place branding strategies for six years, which ensures the sample's representativeness.

To prevent sampling bias, this study distributed the questionnaire at random to middle-senior managers and employees of 150 firms across several diverse industries, as well as business administration department staff in local governments. The reason this study selected middle-senior managers and employees as key informants is that their decision-making and other behaviors play a critical role in the firm's involvement in place branding. The reason this study chose business administration department staff in local governments as informants is that they can provide relevant data from a government managerial perspective.

The researchers explained the content and purpose of the survey by contacting the respondents in the field or by phone, then distributed the questionnaires either in the field or by e-mail. This study adopted a 5-point Likert scale from "completely disagree" to "completely agree" to collect the respondents' judgments. Of the 1450 questionnaires distributed, 1160 questionnaires were returned and 176 questionnaires were invalid and excluded; 984 questionnaires were finally used for the data analysis, showing an effective response rate of 67.9%. All subjective information in the questionnaire (e.g., perceived institutionalized place branding strategy, interfirm trust, and place branding performance measures,) was based on data from multiple respondents. Respondents offered data only regarding the measurement items they believed they had the ability to evaluate. The mean confidence scores for knowledge regarding local institutionalized place branding strategy and interfirm trust were 4.21 (SD = 0.68) and 4.29 (SD = 0.68), respectively. The respondent demographics are shown in Table 1.

4. Analyses and results

4.1. Measurement assessment

To test the proposed research model and hypotheses, similar to Gerbing and Anderson (1988), this study assessed the adequacy of each multi-item scale by checking its reliability, convergent validity, and discriminant validity.

First, this study conducted a principle component factor analysis with Varimax rotation for variable distinctions and deleted items in which factor loading was cross-loaded or <0.50. The resulting Barlett's test sphericity ($p = 0.000$; <0.05) indicates the statistical probability that there is significant correlation among at least some of the variables in the correlation matrix. The Kaiser-Meyer-Olkin results (0.93; >0.5) indicate sampling adequacy. The five factors had no cross-construct loadings above 0.5, indicating good discriminant validity. The instrument also demonstrated convergent validity with factor loadings exceeding 0.5 for each construct apart from one cultural-cognitive strategy construct which was deleted. After deleting the weak item, the results showed that each of the five constructs was unidimensional and factorially distinct, and that all items used to operationalize any particular construct were loaded onto a single factor effectively. The factor loading t value was between 9.13 and 14.95, and each measurable variable reached significance (Gerbing & Anderson, 1988). Final measurement items for this study and their factor loading estimates (with t-values) are listed in Table 2.

This study next checked three indices of construct reliability: Cronbach's α, which measures internal consistency reliability; Bagozzi's (1980) composite reliability (CR), which is a measure of the proportion of shared variance to error variance in the construct; and Fornell and Larcker (1981) average variance explained (AVE) criterion, which measures the average variance extracted from the items by each construct. As shown in Table 3, the Cronbach's α of the five constructs ranged from 0.78 to 0.91 – all above the 0.7 level recommended by Nunnally and Bernstein (1994). The composite reliability of each construct was between 0.86 and 0.91, above the 0.6 level recommended by Fornell and Larcker (1981). All estimates ranging from 0.55 to 0.67

Table 1
Demographic characteristics of the questionnaires.

Classification		Frequency ($n = 984$)	%	Classification		Frequency ($n = 984$)	%
Gender	Male	531	54.0	Occupation	Manufacturing	225	22.9
	Female	453	46.0		Food/Services Industry	189	19.2
Age	Under 30	179	18.2		Trading/Commerce	125	12.7
	30– 40	264	26.8		Agricultural Industry	202	20.5
	41– 45	335	34.1		Government Sector	243	24.7
	Above 45	206	20.9	Duty	Senior Manager	117	11.9
Level of education	College graduate	224	22.7		Middle Manager	270	27.4
	University graduate	337	34.3		General Staff	354	36.0
	Postgraduate	270	27.4		Government Official	103	10.5
	PhD graduate	153	15.6		Government Member	140	14.2
Area	Nanchang Region	314	31.9	Continued to the left	Dongying Region	109	11.1
	Jiujiang Region	203	20.6		Lanzhou Region	124	12.6
	Jinan Region	131	13.3		Jinchang Region	103	10.5

Table 2
Final measurement items.

Constructs/items	Factor loading	t-Value
Regulatory strategy		
1. The local government requires our firm to respond positively to the place branding strategy.	0.85	13.25
2. The industry association requires our firm to respond positively to the place branding strategy.	0.83	13.18
3. The competitive conditions require our firm to respond positively to the place branding strategy.	0.78	9.13
Normative strategy		
1. Our suppliers have made positive response to the promoted place branding strategy.	0.77	10.32
2. Our customers have made positive response to the promoted place branding strategy.	0.73	10.21
3. The government and industry association's promotion of their place branding strategy strongly influences our firm.	0.82	13.46
Cultural-cognitive strategy		
1. Our firm is willing to share the place branding values promoted by the local government and industry associations.	0.75	11.56
2. Within our cognitive framework, the place branding strategy promoted by the local government and industry agencies are taken for granted.	0.73	11.35
3. We know our role and relevant tasks to be completed in the place branding context.	0.79	13.17
Interfirm trust		
1. We trust other firms in the network enough to share our good faith after jointly tendering the local place branding strategy.	0.82	14.15
2. It's not difficult to participate in local place branding strategy with other businesses because they are trustworthy.	0.79	13.69
3. It normally takes me a long time to trust other firms even after jointly tendering a place branding strategy. (Reversed)	0.85	14.95
4. Our business benefits from tendering the local place branding strategy together with other firms.	0.78	13.72
5. Our firm joined the local place branding strategy because other firms we trusted suggested it.	0.80	14.05
Place branding performance		
1. The region has distinct characteristics and a favorable image.	0.85	14.82
2. The characteristics of the region are unique.	0.79	14.09
3. If possible, I want to travel in the region or purchase products specific to the region.	0.72	13.53
4. I'll recommend the region or regional products to friends.	0.68	11.20
5. I'll encourage others to travel to the region or purchase products in the region.	0.66	11.04

Notes: Suppress absolute values < 0.50; total variance explained (72.98%); $p < 0.01$.

achieved an AVE of >0.50 as recommended by Fornell and Larcker (1981), as well. In short, all constructs were measured reliably. All of the factor loading estimates were significant ($p < 0.01$) and ranged from 0.78 to 0.85 for regulatory strategy, 0.73 to 0.82 for normative

strategy, 0.73 to 0.79 for cultural-cognitive strategy, 0.79 to 0.85 for interfirm trust, and 0.66 to 0.85 for place branding performance, thus providing evidence for convergent validity.

Finally, this study ran a confirmatory factor analysis (CFA) in AMOS 20.0 to test the discriminant validity among measures in which the modification index was set above 10. According to Fornell and Larcker (1981), discriminant validity exists when the AVE in the items by the construct exceeds the square of the Φ coefficients representing its correlation with other constructs. This criterion was met across all possible pairs of constructs (Gerbing & Anderson, 1988). Table 3 reports the discriminant validity results in detail.

4.2. Hypothesis testing

After confirming the adequacy of each multi-item scale in capturing its construct, this study calculated structural equations in AMOS 20.0 (Arbuckle & Wothke, 2000) to test the proposed research model and hypotheses. As shown in Table 4, the overall fit of the structural model was indeed statistically reasonable; the completely standardized path estimates indicate significant relationships among constructs. All modification indices reached acceptable levels.

H1 proposes that regulatory institutionalized place branding strategy positively influences interfirm trust within the place branding context. The structural equation model (SEM) results support this hypothesis ($t = 4.15$, $p < 0.01$). H2 postulates that normative institutionalized place branding strategy positively influences interfirm trust in the place branding context; the SEM results also support this hypothesis ($t = 8.05$, $p < 0.01$). H3 suggests that cultural-cognitive institutionalized place branding strategy positively influences interfirm trust in the place branding context; this hypothesis was again supported by the SEM results ($t = 10.36$, $p < 0.01$). According to Baron and Kenny (1986), the empirical results also support H4a and H4b in that the cultural-cognitive strategy decreases the effects of regulatory and normative strategies on interfirm trust ($t = 2.15$, $p < 0.01$; $t = 2.01$, $p < 0.01$). Finally, H5 indicates that interfirm trust positively influences place branding performance; this hypothesis was also supported by the SEM results ($t = 15.47$, $p < 0.01$).

5. Findings and discussion

5.1. Theoretical implications

Place branding is a differentiation strategy that cities, regions, and nations can utilize to establish globally competitive advantages. Within

Table 3
Measurement model results.

	Model fit							
	χ^2	df	p	RMR	GFI	AGFI	CFI	RMSEA
Measurement model	298.14	165	0.004	0.03	0.92	0.91	0.98	0.02

			Cross-construct correlations				
Scale	Mean[a]	SD	1	2	3	4	5
1. Regulatory strategy	4.03	0.62	1.00				
2. Normative strategy	3.87	0.63	0.28*	1.00			
3. Cultural-cognitive strategy	3.45	0.57	0.42*	0.35*	1.00		
4. Interfirm trust	3.65	0.71	0.36*	0.29*	0.35*	1.00	
5. Place branding performance	3.67	0.43	0.06	0.13	0.15	0.31*	1.00
Construct reliability			0.85	0.89	0.83	0.76	0.90
Average variance extracted			0.56	0.61	0.59	0.55	0.67
Cronbach's α			0.82	0.91	0.88	0.78	0.87

Notes: [a] All were on a 1 to 5 scale. $n = 984$. * $p < 0.05$.

Table 4
Standardized structural estimates of proposed model.

Hypothesized paths	Standardized coefficients (t-value)	Hypothesis supported or not supported
H1: Regulatory institutionalized strategy (RIS) → Interfirm trust	0.36 (4.15)***	Supported
H2: Normative institutionalized strategy (NIS) → Interfirm trust	0.47(8.05)***	Supported
H3: Cultural-cognitive institutionalized strategy (CIS) → Interfirm trust	0.53 (10.36)***	Supported
H4a: RIS × CIS → Interfirm trust	-0.15 (2.15)**	Supported
H4b: NIS × CIS → Interfirm trust	-0.08 (2.01)**	Supported
H5: Interfirm trust → Place branding performance	0.69 (15.47)***	Supported

Model fit indices: $\chi^2 = 321.25$, df = 173, $p = 0.004$, RMR = 0.03, GFI = 0.92, AGFI = 0.91, CFI = 0.98, RMSEA = 0.02.
Notes: ** < 0.05, *** < 0.01; coefficient (t-value); RMR = root mean square residual, GFI = goodness-of-fit index, AGFI = adjusted goodness of fit index, CFI = comparative fit index, RMSEA = root mean square error of approximation; sample size: $n = 984$.

an uncertain competitive environment, however, firms are more likely to conduct opportunistic and inappropriate business practices for their economic efficiency (Oliver, 1997). Fostering interfirm trust in order to encourage firms to be collaboratively involved in place branding strategies is highly challenging from a managerial perspective (Kavaratzis & Hatch, 2013; Pasquinelli, 2014). Based on the institutional theory and sample data from China, this study proposed a conceptual model for institutionalized place branding strategy supported by interfirm trust. This study empirically tested the causal relationships between institutionalized place branding strategy, interfirm trust, and place branding performance. This study obtained several interesting findings.

First, based on Scott's institutional theory, the institutionalized place branding strategy includes three dimensions: regulatory, normative, and cultural-cognitive. Each has positive and significant effects on interfirm trust within a region. This study found that institutions can strengthen the perceived control among firms and reduce the perceived risk of the trustor, thus contributing to establishment of interfirm trust in the context of place branding. These findings are consistent with those of Zucker (1986), Shapiro (1987), Rousseau, Sitkin, Burt, and Camerer (1998).

Second, this study empirically shows that the relative predictability of these dimensions of institutionalized place branding strategy on interfirm trust falls into a particular order: Normative is most predictable, followed by cultural-cognitive, then regulatory. In effect, interfirm trust in place branding is mainly an effect of industrial norms and behavioral rules established by the industry associations or professional organizations. The cultural-cognitive atmosphere of an industry can also significantly encourage interfirm trust. The effect of government-level regulatory forces (e.g., laws and rules) on interfirm trust is largely embodied in the internalized, isomorphic functions of normative and cultural-cognitive forces. As opposed to Western countries' tendencies to focus on strict, legal regulations, the Chinese culture prioritizes control over behavior via "soft power" such as *mianzi* (shame culture) or *guanxi* (relationship culture), i.e., moral rules and traditional codes of conduct. In the context of Chinese culture, fostering interfirm trust requires not only legal protection but also the functions of values, behavior rules, and cultural concepts that are ubiquitous throughout society (Cai et al., 2010). This study found that cultural-cognitive strategy in the institutionalized place branding context can not only directly drive interfirm trust but also negatively moderate the effects of regulatory and normative strategies on interfirm trust. This further suggests the "internalized isomorphism" function of cultural-cognition in controlling individual behavior. In the context of place branding, the cultural-cognitive strategy internalizes the isomorphism from regulatory and normative strategies into a "cultural atmosphere" within the region being branded. The cultural atmosphere enables interfirm trust to be a fact taken for granted; even a tacit expression of the survival mode of firms within a region (Sabel, 1993). Thus, cultural-cognitive isomorphism may reduce or substitute the roles of regulatory and normative isomorphisms in driving interfirm trust to some extent. This is a novel discovery that has not been discussed in the extant literature: Cultural-cognitive isomorphism indeed is crucial to drive interfirm trust in the place branding context.

Finally, the results also verify the positive and significant effect of interfirm trust on place branding performance. Hereto, this study proposed an institutionalized solution for the managerial challenge of place branding. Opportunistic behavior on the part of the trustor at the expense of the trustee damages place branding performance; an effective institutional place branding strategy deters opportunistic behavior. Our contributions to place branding theory include identifying the dimensions of the institutionalized place branding strategy, as well as empirical confirmation of the positive effect of these dimensions on interfirm trust and place branding performance.

5.2. Managerial implications

For region administrators, building a strong place branding requires a very large input of capital. Dishonest or opportunistic behavior on the part of firms damages the place brand. It is crucial to establish interfirm trust within the region in order for firms to collaboratively participate in place branding. The findings suggest that interfirm trust should be established not only at the firm level, e.g., through common characteristics of both parties and their previous experiences, but also at the regional institutional level, which secures interfirm relationships through governmental, industrial, and societal regulations; this allows the firms to feel safe from opportunism on the part of other firms. In the context of place branding, which involves various stakeholders, guaranteeing trust via institutions is more reliable and sustainable long-term. Regional administrators should establish an institutionalized place branding strategy from regulatory, normative, and cultural-cognitive aspects. This allows them to form multiple guarantees for interfirm trust at the governmental, industrial, and societal levels. Governments, trade organizations, and the cultural atmosphere play key roles in driving interfirm trust in the context of place branding.

Managers are especially tasked with the important role of cultural-cognitive strategizing in driving interfirm trust in the context of place branding. This study found that the effects of regulatory and normative place branding strategies on interfirm trust decrease as the cultural-cognitive level of place branding increases. In fact, the regulatory and normative place branding strategies deter opportunistic firm behavior by means of supervision and punishment. Although deterrence-based management can drive interfirm trust to some extent, firms may passively conform to relevant regulations or norms rather than self-motivated. Thus, regional managers should focus on establishing the firm's "belongingness" to the region and prioritize goal-sharing and mutual benefit; this transforms the passive "isomorphism" based on coercive pressure into an active "self-discipline". Relevant regulations and norms must be established to gradually become cultural-cognitive flexible constraints on the firms, and ultimately form an atmosphere of interfirm honesty and trustworthiness within the region. This atmosphere, under which firms collaboratively participate and continually promote the place branding strategy, considerably improves place branding performance.

5.3. Limitations and research directions

There were several limitations in this study worth mentioning. First, although the conceptual model and hypotheses for institutionalized place branding strategy, interfirm trust, and place branding performance are supported by institutional theory and empirical evidence from the Chinese data, their validity and generalization merit further investigation. The place branding performance data, for example, were obtained only from the sample firm side and lack the perspective of external firms. Further, the respondents' understanding of and experience with place branding may have affected the integrity of the conclusions. In future studies, data could be gathered from a wider array of more representative firms and from the public, then aggregated appropriately. A bilateral approach to data collection would strengthen the results. Second, the use of single-dimension items to measure the three institutionalized place branding strategies (regulatory, normative, and cultural-cognitive) were valid for statistical analysis, but new approaches and scales could fully reflect the institutionalized place branding strategy framework. In future studies, a more comprehensive scale should be developed to describe institutionalized strategy by means of grounded research in the context of place branding. Finally, while this study controlled the operating time (at least five years) that sample firms had participated in place branding, firm size and form of ownership were not controlled. Certainly, a large or leading firm would have perceived institutional pressures of place branding and its opportunistic effects differently than a small firm. Similarly, firms with different ownerships perceive institutional pressure differently within the place branding context and thus have differing awareness of interfirm trust. In the future, it would be worthwhile to consider these moderating

variables to investigate the impact of institutionalized place branding strategy on interfirm trust and place branding performance.

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