

Nation Branding: Resources, Management, and Performance

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ABSTRACT

Nation Branding is imperative as nations compete in inviting inward investment, strengthening images, attracting talents, winning export markets, and garnering the trust of the population towards the ruling government. This study integrates the Resource-Based View (RBV) theory and Anholt's hexagon model in order to examine the nation branding efforts in Kuwait from the perspectives of business communities. Quantitative analysis was performed to measure suitable variables for the Kuwait nation branding as a way of meeting the research objectives. The research is founded in the theoretical framework of the five main constructs namely Reputation Resources (investment, export, and tourism), Governance (power relation, region stability, and fair trade), Psychographic (attitude, cultural values, and behavior), Snowball sampling was carried out using the 210 usable data which were collected from businessmen from various cities of Kuwait. Partial Least Squares-Structural Equation Modeling (PLS-SEM) was utilized in analyzing the data. The results indicate a significant relationship between reputation resources and governance on branding performance with the mediation of the role of branding management. However, the psychographic aspects of the people which were hypothesized to influence the nation branding were found to be insignificant. The findings shed light on existing nation branding knowledge stock and provide valuable insights for the government in improving its Nation Branding Strategy.

KEYWORDS: Nation Branding Management; Nation Branding Performance; Kuwait Nation Branding Model.

1. INTRODUCTION

The concept of Nation branding has been used by many countries in both domestic and international markets to represent the face of the nation in the competitive global business environment (Bolin and Ståhlberg, 2015). Countries use nation branding as a strategy to attract tourists, boost export trade, attract skilled personnel and stimulate inward investments (Matiza and Oni, 2013).

Based on the Global Competitive Index (2018), Kuwait was ranked fifty-four, falling behind its neighbors Saudi Arabia and Qatar. Abu Dhabi, Saudi Arabia, and Qatar have managed to position themselves as competitive nations by enhancing their brand image. Without integrative, holistic, effective, and measurable efforts of nation branding, Kuwait will not be an attractive country for foreign investments and tourism. Kuwait has traditionally relied on its vast oil resources to manage its economy and develop itself as a nation, just like many of its neighbours in the Middle East. However, it is equally true that some of its neighbours, such as Qatar, Dubai, and Abu Dhabi have managed their economies equally well, if not better, than Kuwait (Gulf News, 2016). These countries have improved their brand image on the world stage through ambitious construction programs and other cultural events and as a result, have been able to draw substantial numbers of tourists to their own countries. Kuwait understands it must be able to project itself as a favourable investment or tourism destination for its competitiveness and economic sustainability. In the years 1998 and 2015, all oil-exporting nations, like Kuwait, are faced with a new problem –diminishing oil prices (World Economic Forum, 2016). Since the revenues earned from oil exports are falling drastically, all nations in the region have to curtail government expenditure and look to alternative sources of revenue. In global competitiveness, the overall oil-dependent situation has hurt Kuwait's prospects, especially in comparison to its neighbourhood (Qasem and Baharun, 2012).

Kuwait controls a sizeable market of world crude oil. It possesses ten percent of the world's oil reserves contributing to its gross domestic product. For instance, in 2018, Kuwait's oil revenue was 40.6 Billion USD for 2017/2018 (Hajoub, 2018). The country is well known for oil that contributes significantly to its income. Although the country consists of more oil reserves as compared to other countries in the world, it suffers from other challenges. Unemployment rates in the country are high due to scarce job opportunities. The over-reliance on oil reduces the expansion of other sectors of the economy. Over relying on oil is dangerous because the fluctuation of oil prices and the development of future renewable energy may negatively affect the world's dependency on oil and employment. The challenges facing Kuwait, such as the discussed

economic situation, the inadequacy of education to the labor force, and the uncompetitive infrastructure, such as ports and airports, maybe similar around the world (Cheon et al., 2015). Kuwait suffers from capturing market share, whereby the failure is attributed to its nation branding (Hoggarth, 2016). Its levels of productivity and innovation are behind those of other countries (Jarkas and Horner, 2015). Consequently, Kuwait's government needs to develop its nation branding for the country to develop opportunities outside its borders strategically. Additionally, placing a greater emphasis on nation branding will challenge the negative stereotypes and perceptions that are derailing the progress of the country.

2. LITERATURE REVIEW

Perhaps the broadest form of branding is nation branding, in which intangible assets of the country such as its history, culture, physical and intellectual landscape, economics, political and investment environment, overall business scenario, and many other factors are sought to be promoted. Interestingly, nation branding although accepted by many governments as crucial for the economy has not been strongly discussed with empirical pieces of evidence and validated models. It has been suggested that the extension of the product or corporate brand framework into a nation brand requires some modification because there are numerous and powerful stakeholders in a nation that seek to influence a diverse set of events (Dinnie, 2015). Application of the brand concept would require the creation of a set of values that would create a unique and welcoming experience of the nation, and also a consistent delivery of those values by the institutions and citizenry of the nation. These enable the nation to compete in the world particularly in attracting foreign direct investment (Anholt, 2010). Nation branding requires the identification of key stakeholders who will promote the brand, and these might include government officials, chambers of commerce, various not-for-office and promotional agencies, tourism bodies, and media. Each of these stakeholders should set objectives and articulate their ideas on how they can achieve a shared vision. They should hold meetings to discuss these ideas and their assumptions on the promoted values and promised experiences, and a coordinating committee should resolve any differences so that the process develops without interruptions (Dinnie, 2008).

Similar to product brand equity, a nation brand also enjoys equity that can be explained with the help of an asset-based model. The nation brand equity consists of all tangible and intangible, external and internal assets or liabilities of a nation. Internal assets are innate to the nation and consist of its geography, iconography, and culture; while external assets may consist of its image perceptions, portrayals of its culture on the world stage, and its branded exports.

The interpretation of RBV theory has been in its strategic approach terms. The approach describes the different abilities and diverse competencies of the organization. It can be used to explain the economics of the organization and to test the value addition that a firm is supposed to perform theoretically (Mahoney and Rajendran, 2006). The other theory is the hexagonal theory of nation branding. It was proposed by Anholt (2010) to bring the ideas of branding services and products to the national level. The dimensions of the hexagon model include investment and immigration, governance, culture and heritage, export brands, tourism, and people. Its objective is to assign the same mass of meanings in the nationwide perspective that is used regularly to help the country present itself as a significant player on the international stage or as a beautiful destination, and also in the case of a single service or product. In this study, 5 constructs or latent variables would be studied and they are as follows:

REPUTATION RESOURCES: People often associate countries with a set of attributes that significantly affect the success of their business, Export, foreign investment, and tourism initiatives, as well as their economic relations with other nations (Anholt, 2007; Nuttavuthisit, 2007). In other words, a country's reputation is described by the collective beliefs of people about its image and identity, which represents or predicts its future behavior and performance (Mercer, 1996). In this study, the factor refers to the nation's reputation resources that can be utilized to create a strong image and economy. This includes strong infrastructure, natural resources, educated talents, and quality products.

GOVERNANCE: According to Mann (1984), governance means the ability of government to amend and implement laws, as well as delivering services, irrespective of whether it is a democratic one or not. Governance includes power relations, regional stability, and fair trade (Anholt, 2007). In this study, governance refers to the perception of Kuwaiti business people to nation governance like national stability, power relations, fair trade, human rights, and unity.

PSYCHOGRAPHIC: Psychographic involves attitude, behavior, and cultural values. It describes the way people of a nation think, feel, and behaves. Items like attitudes, behavior, and cultural values are essential elements of any marketing and brand campaign. For example, it has been observed that people who are generally helpful and have a hospitable attitude are likely to contribute positively toward the creation of a strong nation brand (Kumar and Nayak, 2014).

NATION BRANDING MANAGEMENT (NBM): NBM is a brand-building campaign involving the positioning activity of a nation through activities such as creating slogans that highlight the core brand proposition, appointment of brand ambassador, and other branding activities (Davis, 2010). Brand management is concerned with planning, governance, or the economic development of a nation (Anholt, 2008).

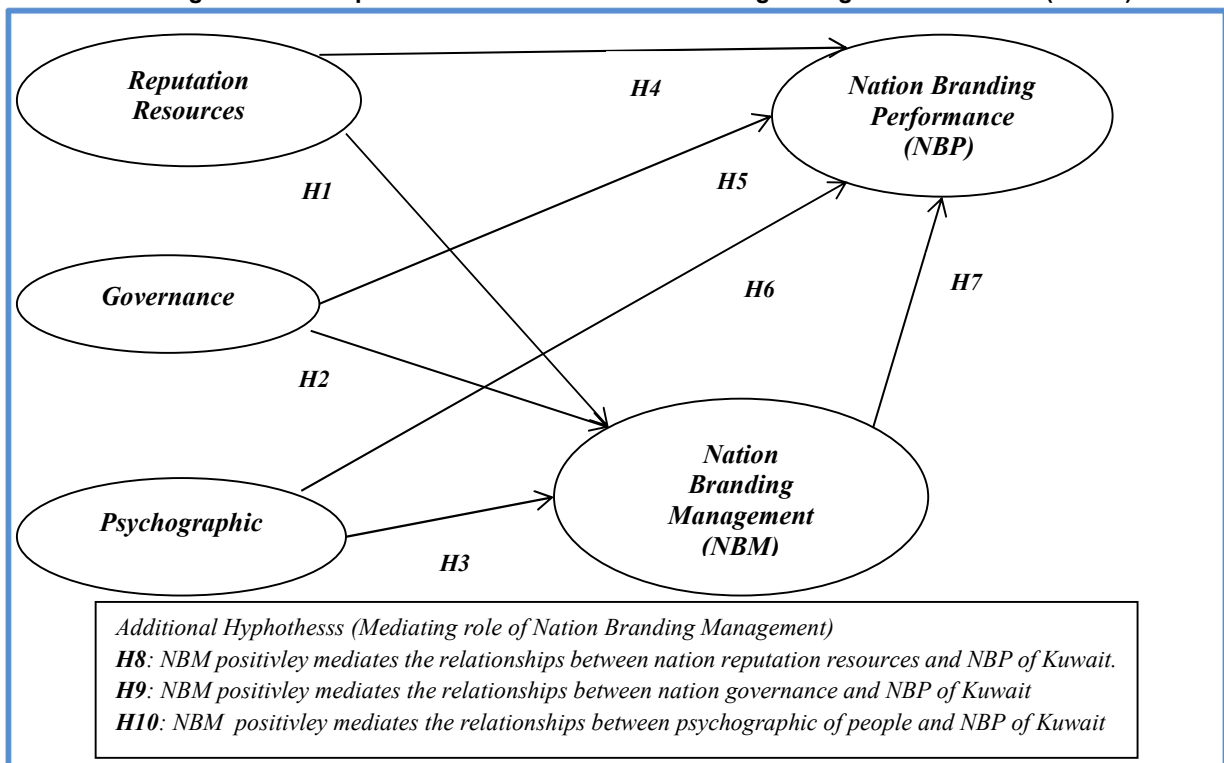
NATION BRANDING PERFORMANCE (NBP): This is an indication of how well the national brand is performing to create a positive impression at regional and global levels (Dinnie, 2016). The construct of nation branding performance is about nation awareness, national associations, and perceived quality of nation products, county loyalty, and national competitiveness. These attributes together would indicate how well the nation brand is performing to create a positive impression at regional and global levels (Baalbaki and Guzmán, 2016). Nation branding is crucial in inviting inward investment, strengthening images, attracting talents, winning export markets, promoting tourism, and garnering the trust of the population towards the ruling government's efforts in improving the economy. Consequently, the conceptual framework for the research is developed as illustrated in the following Figure 1.

3. METHOD(S)

The study used a survey questionnaire to gather information about nation branding from the business community. In this regard, the targeted businessmen are appropriate respondents as most have a proper understanding of the relevant information in branding and can provide perspective on the chosen constructs and consequences. Upon careful review of the constructs and a thorough expert validation process, some of the adapted questions were revised to avoid inadequate phrasing or ambiguity. Based on the pilot test, the result of the alpha Cronbach's test confirmed the reliability of all measures ($\alpha > 0.7$). Since all the values ρ_c^{CR} values were higher than ρ_c^{AVE} values, the result of the pilot test confirmed the convergent validity for the study constructs: Reputation Resources (0.851), Governance (0.938), Psychographic (0.904), NBM (0.835), and NBP (0.742)

The population size for this study is based on a list from the Kuwaiti Chamber of Commerce which suggested that there were 1,051 businesspeople registered as of the end of April 2018. Businesses in Kuwait can be classified into several prominent segments such as construction, oil production, import/export, etc. in the area of Kuwait cities. However, for this research, inferences will be drawn from all businesspeople residing in Kuwait. Snowball sampling technique was used and carried in all Kuwait cities by identifying few businessmen who are significantly engaged in promotional activities or are otherwise considered to be highly knowledgeable. Approximately 321 businesspeople in Kuwait were located in this manner and their answers were used for further analysis. From the 321 questionnaires distributed, only 283 questionnaires were collected, and 210 questionnaires are used in this study which excluded respondents from a pilot study. The study used Smart PLS software for its statistical analysis and model validation. The PLS algorithm uses ordinary least squares regressions to estimate the partial regression relationships in the model so that the sample size requirement is not substantially dependent on the actual complexity of the model being estimated (Peng and Lai, 2012).

Figure 1: Conceptual Framework of Nation Branding Management of Kuwait (NBMK).



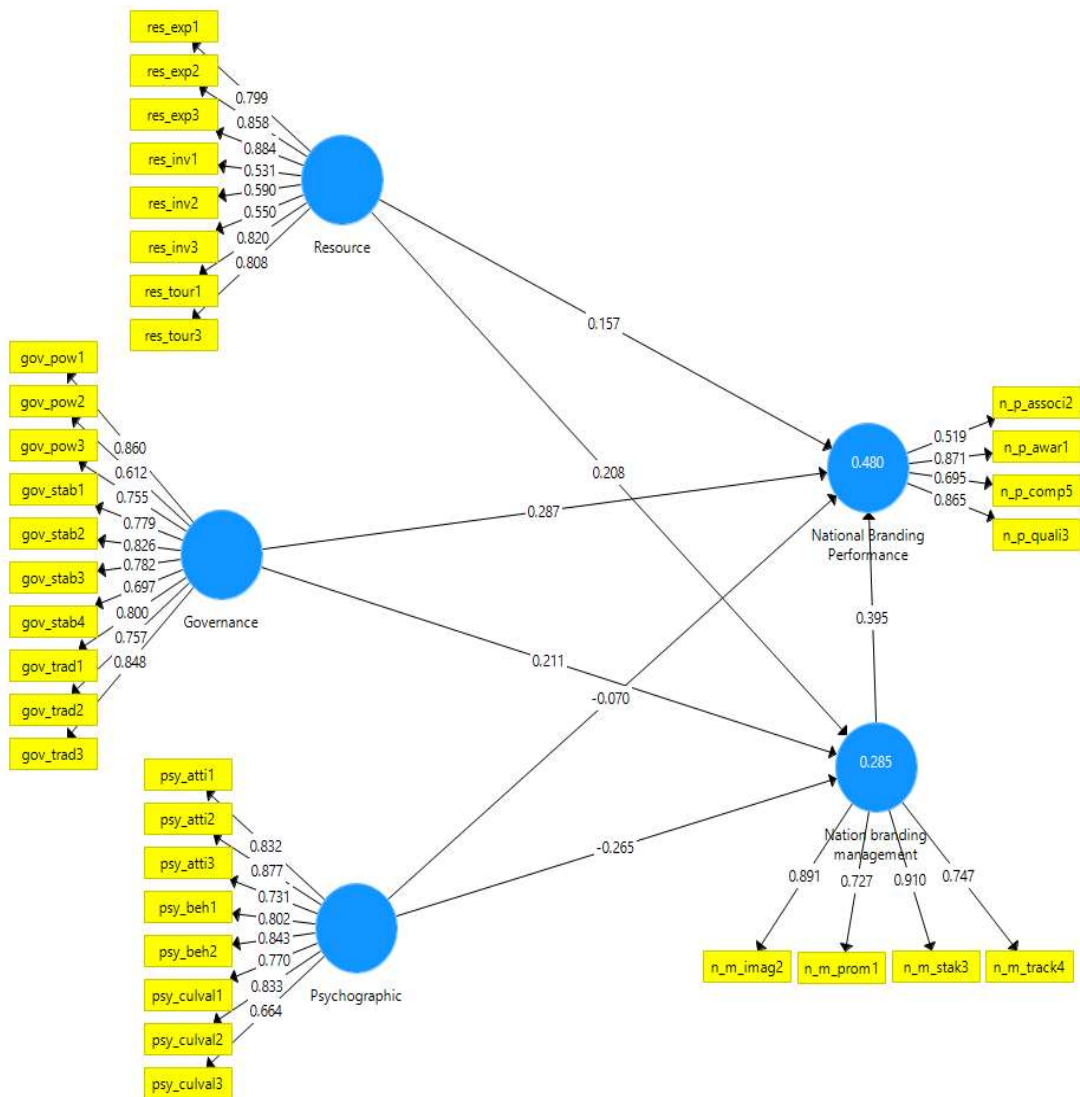
Source: Developed for this research.

4. RESULTS AND DISCUSSION

The total of 210 respondents was comprising of 131 males (62.4%) and 79 females (37.6%). 50% of respondents are from those aged between 31 to 50 and 35% are 51 and above. 89% of respondents sit in top management posts while 11% are of middle management. All respondents have worked for more than 5 years with 62% of them has more than 10 years of experience. The type of participants' industry includes oil and gas, construction, agriculture, banking, trading, tourism shipping, and healthcare. The result on sales turnover shows around 79% of the respondents' businesses generated between 50 thousand to 1 million K.D annually, 7% between 1-5 million KD and 14% earned more than 5 million K.D.

The path diagram was created under the proposed research model using software Smart-PLS 3.0. The first step revolved around defining latent variables obtained from the model and stretched to indicators. This step was followed by the determination of indicators for all latent variables. Finally, arrows to show structural relationships between various latent variables were introduced. This can be observed in Figure 2 below with consideration of having nation branding management as a mediator between antecedents and nation branding performance. From 10 Hypotheses illustrated in the conceptual framework (Figure 1), seven hypotheses namely H4, H1, H5, H2, H7, H9, and H8 were supported, while the other three hypotheses (H3, H6, and H10) were not supported. The findings confirmed that Reputation Resources and Governance influenced NBM and NBP. However, the conclusions from the analysis did not confirm the positive effect of Psychographic on NBM and NBP. This study also revealed that NBM fostered NBP. It was also confirmed that NBM mediated the relationship between Reputation Resources and NBP as well as Governance and NBP. However, NBM did not mediate the relationship between Psychographic and NBP.

Figure 2: The R², the Outer Loading and Path Coefficient of the Model After Inserting the Mediator.



Source: Developed for this research.

5. CONCLUSION

Through the provision of a better understanding of nation branding in the Kuwait context, the study has made practical and theoretical contributions to the branding field. The integration of the Anholt hexagon nation branding model and RBV theory have explained further the significance of emphasizing resources such as nation reputation, governance, psychographic elements in influencing NBM and NBP. The findings are in line with the stance that management of nation branding is one of the key elements towards nation improvement and advancement (Kaneva, 2018; Valaskivi, 2016; Bolin, 2015). Although based on data in Kuwait, the proposed psychometrics-based model bridges the gap in a specific nation-based model in assessing branding resource management and performance from the economy-centric business community.

In order to gain a more meaningful future evaluation, perceptions from different samples, such as the residences, academicians, administration groups, and ministry officers are also greatly needed. If evaluative approaches are not developed excessively, the interrelationship between factors that greatly contributed to nation branding management implementation will remain elusive. Furthermore, investing in the development of resources has to be carefully crafted using data from potential mixed model approaches that include qualitative data collections for meaningful triangulation validity.

CONFLICT OF INTEREST

None.

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