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The mutuality of mutuals: the role of the corporate brand and its brand community in a “moralised” organisation

Mutual organisations differ from conventional shareholder owned enterprises. Operated for the benefit of their members, not external shareholders, they are characterised by representative or direct democratic structures, shared ownership by their members and the distribution of surpluses. Mutuals are community based “moralised” organisations: they do not highly rely on idiosyncratic individualism and the competitiveness of individuals pursuing individualised entrepreneurial careers. This study’s contribution challenges established branding theory that proposes front-line staff are separately and independently influenced by internal employee facing and external customer facing branding phenomena. Conducted in a UK mutual retailing organisation, the study reveals front-line members (FLMs) do not separately distinguish between internal employee facing and external customer facing corporate branding phenomena. Rather these phenomena combine to form the “moralised” elements of a mutual’s corporate brand, influencing FLM identification with the mutual, with the strength of this identification strongly influencing FLM brand community activity. The study establishes the importance of “moralisation” for brand community development and how a brand community operates in a mutual organisation.

Keywords: Mutual, moralised organisation, corporate associations, brand community.

Track: Marketing and Retail

1. Introduction

Mutual organisations are seen by many as a more socially desirable form of business organisation (Alcock, 2010). It is argued they provide a less exploitative form of firm-employee relationship. An alternative considered by some as more enlightened than the conventional share-holder owned capitalist firm (Story, Basterretxea and Slaman, 2014). Mutual enterprises are characterised by their representative or direct democratic structures, shared ownership by their members and a distribution of surpluses to members (Heras-Saizarbitoria, 2014). Whereas the conventional share-holder capitalist firm relies upon individuals competitively pursuing an individualised entrepreneurial career, mutuals privilege the social over the economic in the form of social communities “*whose operations are primarily based on their members’ needs and well being*” (Puusa, Hokkila & Varis, 2016, p22.). Therefore, members who operate on the front-line of a mutual, front-line members (FLMs), work in a different context from those employed by conventional firms.

Moralisation is where an individual externalises a justification for their own actions by referring to a wider set of moral norms (Bell & Hughes-Jones, 2008). Intrinsically, on the part of their members, mutuals strongly present themselves as moralistic and ethical, encouraging a moral economy of organisational membership (Rhodes & Wray-Bliss, 2012). Central to a mutual is this strong moral and ethical purpose derived from member’s ownership of the enterprise, claims of ethical practices and the collective responsibilities of joint ownership. Member’s organisational identification with the mutual, their sense of perceived oneness with the organisation, reflects the merging of the self and the organisation and is therefore a highly morally and ethically based phenomena (Reedy, Coupland & Glanfield, 2015).

Such moralisation is considered a form of organisational authenticity reflected in a mutual’s corporate brand, conveyed by the “*images that convince consumers of the firm’s integrity*” (Fleming, 2009, p.3). Moralisation is, therefore, not a phenomena internally confined to members of a mutual. A mutual’s corporate brand extends moralisation externally to reach its customers. Branding is, therefore, an important vehicle for representing and communicating the moral and ethical purpose of a mutual, raising a number of fundamental research questions. First, to what degree do internal and external branding phenomena influence FLM’s identification with a mutual? Secondly, given the moral and ethical purpose of a mutual, do the branding phenomena traditionally considered as internal to the firm inform FLM’s associations with external branding phenomena? Third, do FLM’s organisational identification with the mutual influence brand community activity? Fourth what does this uncover about the nature of brand communities in mutuals and how they operate?

In this quantitative study, data was collected from 601 FLMs from 9 stores of a UK wide mutual grocery retailer. Covariance structural equation modelling, using LISREL 8.80, is used to estimate both a measurement and structural model. Both reflect and fit the data very well, meeting the standard recommended goodness-of-fit indices. The study reveals that for mutuals branding phenomena cannot simply be

classified as internal employee facing brand phenomena and external customer facing brand phenomena. Instead, FLMs hold a combined set of “mutual” moralised brand associations that influence the organisational identification held by FLMs for the mutual, that in turn strongly influences their relatedness to and participation in the mutual’s brand community. Indicating that a moral and ethical purpose is a strong basis for organisations to form their brand communities.

2. Literature review

Mutual organisations are seen by many as a more socially desirable form of business organisation (Alcock, 2010). It is argued they provide a less exploitative form of firm-employee relationship. Mutual enterprises are characterised by their representative or direct democratic structures, shared ownership and a distribution of surpluses to members (Heras-Saizarbitoria, 2014). Whereas the conventional share-holder capitalist firm relies upon individuals competitively pursuing an individualised entrepreneurial career, mutual privilege the social over the economic in the form of social communities “*whose operations are primarily based upon their members’ needs and well being*” (Pussa, Hokkila and Varis, 2016). Therefore, members who operate on the front-line of a mutual work in a different context from those employed by conventional firms.

Moralisation is where an individual externalises a justification for their own actions by referring to a wider set of moral norms (Bell and Hughes-Jones, 2008). Intrinsically, on the part of their members, mutuals strongly present themselves as moralistic and ethical, encouraging a moral economy of organisational membership (Rhodes and Wray-Bliss, 2012) Central to a mutual is this strong moral and ethical purpose derived from member’s ownership of the enterprise, claims of ethical practices and the collective responsibilities of joint ownership. Member’s organisational identity with the mutual, their sense of perceived oneness with the organisation, reflects the merging of the self and the organisation and is therefore a highly moral and ethically based phenomena (Reedy, Coupland and Glanfield, 2015).

Organisational identity is held by individuals for the organisation they are members of and is defined as “*the extent to which individuals define the self in terms of membership of the organisation and where identification with an organisation partly answers the question of who am I?*” (Mael and Ashforth, 1992, p.104). It is a sense of perceived oneness with the organisation, reflecting the merging of the self and the organisation. The individual’s sense of self is considered in terms of “we”, organisational identity, not “I”, personal identity (van Knippenburg, 2000). In order for social identities to form, in this case organisational identification with the mutual, the foci group requires saliency. Individuals are made aware of their group membership by receiving signals and cues about the organisation, informing their identity formation process. This is termed social categorisation (Turner, 1985). Individual’s mentally hold and store information about specific foci in the form of associations, termed associative network memory (Anderson and Bower, 1973). These associations, when combined, comprise an individual’s knowledge of a

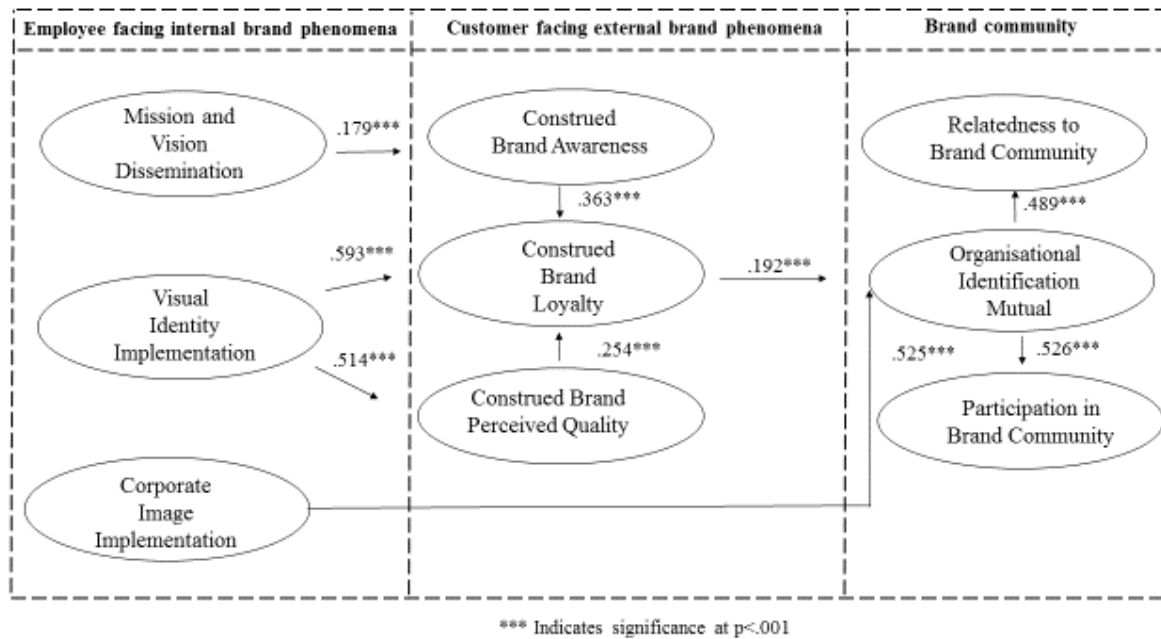
particular foci, i.e. an organisation, and are formed when associative pathways link individual and discrete elements of memory termed nodes (Sirsi, Ward and Reingen, 1996).

The moralisation within a mutual is considered a form of organisational authenticity reflected in a mutual's corporate brand, conveyed by the "images that convince consumers of the firm's integrity" (Fleming, 2009, p.3). Branding is therefore an important vehicle representing and communicating the moral and ethical purpose of a mutual. The audience for an organisation's corporate brand is not restricted to customers alone, but extends to all its stakeholders, including employees, who hold associations about the brand (da Silveira, Lages and Simoes, 2013). Therefore, members of an organisation hold associations about their organisation, termed corporate associations. They collectively represent all the information about a company that a person holds and represent what is central, enduring and distinctive about the organisation (Brown and Dacin, 1997). Conveyed through the organisation's presentation of itself to its constituent stakeholder groups, corporate associations serve as the reality of the organisation for individual members of the organisation. Specifically, corporate associations held by members of the organisation are termed member organisational associations, the mental associations held by organisational members about the organisation. Members of the organisation also construe what others outside the organisation think about the organisation, termed construed associations (Brown, Dacin, Pratt and Whetten, 2006).

Within the branding context of this study member organisational associations are operationalised in the form of visual identity implementation, mission and vision dissemination and corporate image implementation (Simoes, Dibb and Fisk, 2005). These are all branding phenomena internal to a firm. Member construed associations are operationalised by measuring FLMs construing the brand equity of a mutual's customers, in the form of construed brand associations, construed perceived quality and construed brand loyalty (Yoo and Donthu, 2001). It is proposed, on the basis of moralisation, that the strong moral and ethical purpose of the mutual reaches both FLMs and customers, informing both sets of FLM associations. Proposing that the moral and ethically based internal brand phenomena of the mutual influence FLM's construal of customer brand equity (see figure 1).

In addition, in a branded environment, FLMs on a daily basis interact with customers. In a front-line context such social interaction results from employee membership of a brand community (Miles and Mangold 2004). Irrespective of whether brand communities are formally constituted or purely psychological constructs, brand communities are strengthened by members sharing branding experiences. Social interaction between community members leads to social influence between the community members (Algesheimer, Dholakia and Herrman, 2005). Therefore, given the moral and ethical purpose that is central to a mutual's brand, it is proposed the organisational identification FLMs hold for the mutual positively influences their participation in and relatedness to the mutual's brand community (Morhart, Herzog and Tomczak, 2009).

Figure 1 Conceptual model



3. Methodology and context

Co-variance SEM is used to test the study’s conceptual model. Existing measures or modified existing measures are deployed to measure nine constructs (see Table 1). Quantitative data is collected from nine stores of a national UK mutual grocery retailer. The 601 usable responses from a sample population of 1,342 FLMs (45% response) are used to estimate both a measurement and structural model. A prior qualitative study with FLMs conducted in the same mutual indicates a large moral and ethical element to FLM’s organisational identity (Reedy, Coupland and Glanfield, 2015). How the mutual describes itself on it’s website is a strong indication of the study’s moralised context: “*The embodiment of an ideal, the outcome of nearly a century of endeavour to create a different sort of company, owned by Partners, dedicated to serving customers with flair and fairness*”. The founding first principle of the mutual is it exists primarily for the happiness of it’s members. A natural outcome of the paternalistic vision of its founder, who gifted the family-owned retailer to its staff and set up its first constitution enshrining the co-ownership model and the organisations democratic structures.

4. Results

Lisrel 8.80 is used to estimate the study’s measurement and structural models. The study’s empirical data fits well with it’s measurement model: χ^2 (369), 783.16; 0.92 GFI; 0.90 AGFI; RMSEA .04. Returning composite reliability ranging from .50 to .82 and average variance extracted between .75 and .90. None of the squared correlations between pairs of constructs exceeded the AVE threshold, confirming discriminant

validity (Fornell and Larcker, 1981). No common method variance is indicated (Podsakoff, et al, 2003).

Table 1 Construct measures

Construct	Reference
Construed Brand Awareness (CBA); Construed Brand Quality (CBQ); Construed Brand Loyalty (CBL).	Adapted from: Yoo, B. C. and Donthu, N. (2001) 'Developing and validating a multidimensional consumer-based brand equity scale', <i>Journal of Business Research</i> , 52(1), 1-14.
Visual Identity Implementation (VII); Mission and Vision Dissemination (MVD); Corporate Image Implementation (CII)	Simões, C., Dibb, S. and Fisk, R. P. (2005) 'Managing Corporate Identity: An internal Perspective', <i>Journal of the Academy of Marketing Science</i> , 33(2), 153-168.
Organisational identification (OIDM)	Ashforth, B.E. and Mael, F. (1989) Social Identity Theory and the Organization. <i>Academy of Management Review</i> , 14(1): 20-39.
Relatedness-to- Brand Community (RBC); Participation-in-Brand Community (PART).	Morhart, F. M., Herzog, W. and Tomczak, T. (2009) 'Brand-Specific Leadership: Turning Employees into Brand Champions', <i>Journal of Marketing</i> , 73(5), 122-142.

The study's structural model is a good representation of the empirical data: χ^2 (393), 1070.02; 0.90 GFI; 0.87 AGFI; RMSEA .05. All of the nine hypothesised structural model relationships are positive and significant at $p < .001$ (see figure 1).

The results indicate FLM's construe the brand equity of the mutual's customers, a form of construed associations (CBA, CBQ, CBL), indicating a relationship with construed brand loyalty by both FLM's construed brand awareness and construed perceived brand quality (β .363, $t = 4.962$; β .254, $t = 6.135$). In turn FLM's construed brand loyalty influences their organisational identification (OIDM) with the mutual (β .192, $t = 4.269$). FLMs deploy this identification to influence their relatedness to the brand community (RBC) and their participation (PART) in it (β .489, $t = 11.687$; .526, $t = 11.989$). Establishing that external phenomena related to a mutual's customers influence FLM's psychological attachment with it. These results, importantly, demonstrate that individual member's organisational identification with the mutual is central to the effective operation of it's brand community.

So far, the study's results do not, however, indicate any influence of the mutual's moral and ethical purpose on it's members and their associated brand community. However, this moral and ethical purpose is an intrinsic component of the mutual's mission and vision, corporate image, visual identity and their respective dissemination (MVD) and implementation (CII, VII). Visual identity implementation strongly influences FLM's construed brand awareness and construed brand perceived quality (γ .593, $t = 9.877$; γ .514, $t = 9.827$) whilst it's mission and vision dissemination influences FLM's construed brand loyalty (γ .179, $t = 4.962$). Finally, and importantly, implementation of the mutual's corporate image directly and strongly affects FLM's identification with the mutual (γ .525, $t = 10.200$). Indicating that branding phenomena, internal to the mutual, influence how FLMs construe branding phenomena external to the organisation. FLMs, rather than considering their organisational associations as separate from those they construe from actors outside the organisation, use their

organisational associations formed around the “moralised” purpose of the mutual to inform the judgements they make about their external brand environment. An example of moralisation, in the form of a wider set of moral norms, being used by individuals to inform their actions and decision making when acting on behalf of the mutual and its brand. Other structural model relationships between MVD, CII, VII and CBA, CBQ, CBL, OIDM were not significant to $p < .05$.

5. Implications

The study’s results challenge the theoretical convention that members of an organisation, in this case FLMs, hold separate and different sets of organisation associations and construed associations. The central, enduring and distinctive nature of the mutual, its moralised and ethical purpose, spans the internal employee facing environment and external customer facing environment of the mutual. The mutual’s internal employee facing and external customer facing operationalisation of the corporate brand does not emphasise differences between the two environments, rather it encourages similarity focussed upon reinforcing FLM’s membership of and identification with the mutual and its purpose. Encouraging FLMs to relate to and participate in its brand community. The study emphasises the importance of organisational identity in forming and sustaining brand communities and the moralising influence of the corporate brand in the formation of FLM’s organisational identity.

The study holds three specific implications for practicing marketers, commercial managers and general managers. First that corporate brands should be managed holistically, as one entity, instead of as two separate brands where a distinction is made between the internal employee facing and external customer facing operation of the brand. Second, perhaps it is not the brand itself that influences the actions of members of a corporate brand community but rather the brand influences individual’s sense of membership of and identification with the organisation that in turn influences individual’s actions. Finally, the study indicates that an organisation with a moralised purpose, that is not focussed on profit maximisation, shareholder return and stock price, is equally as successful in its brand positively influencing front-line employees identity formation and forming a corporate brand community.

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