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Procedia - Social and Behavioral Sciences 155 (2014) 326 – 330

Procedia
Social and Behavioral Sciences

The International Conference on Communication and Media 2014 (i-COME'14), 18-20 October 2014, Langkawi, MALAYSIA

Strategising Corporate Identity for the Perception of Corporate Image in the Selected Government-Linked Companies (GLCs) in Malaysia

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Abstract

A survey has been conducted to audit the corporate image of selected GLCs in Malaysia using corporate identity elements, where data were collected from a sample of middle managers. Correlation analysis was used to analyze the data. Results indicated that all studied elements of corporate identity components (corporate behavior, corporate communication, corporate design, corporate culture, corporate strategy, and corporate personality) have significant contribution towards corporate image. Thus, managers have to carefully strategize these elements in their internal branding initiatives to come out with excellent corporate image.

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Peer-review under responsibility of School of Multimedia Technology & Communication, Universiti Utara Malaysia.

Keywords: Corporate identity; corporate image; branding

1. Introduction

Asia is fast becoming a major economic centre. It is the largest continent (16.99 million square miles) as well as the most populous one (approximately 4 billion people), accounting for 29.79 percent of the land area and hosts 60 percent of the world population. Firms that market their products in East Asia must be concerned with building strong corporate identities in the region in addition to providing appropriate product-related associations for the brands (Han & Schmitt, 1997); and use different definitions than in the West in order to appeal to regional clients and customers (Schmitt & Pan, 1994; Schmitt & Simonson, 1995). Studies also have shown that in Asia, consumers

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Peer-review under responsibility of School of Multimedia Technology & Communication, Universiti Utara Malaysia.
doi:10.1016/j.sbspro.2014.10.300

from different countries have varying media habits and demographic characteristics, traits, and product evaluation criteria (Onkvisit & Shaw, 1985).

Malaysia has achieved rapid economic development since 1957 and therefore is one of the most successful developing countries. Generally, government linked company play an important role in economic development, especially in developing nations. However, experience of many countries demonstrates that GLCs are usually less efficient than non-GLCs as measured by their economic performance. Contrary to the adverse public image of GLCs in Malaysia, on 15 Malaysia's GLCs over six year's period revealed a significant positive relationship between the degree of government ownership and firm value. In the Malaysian context, it is crucial for Malaysian companies to understand various elements of corporate identity and strategies to develop and promote their own identity. This in return can ensure establishment of good image and reputation to remain competitive in the global marketplace. As there is little academic writing to guide or even understand corporate identity development and management in Malaysia in relations to image, the purpose of this study is therefore to try to fill the gap and enrich the data by investigating selected GLCs middle managers' perception on the role of identity in the formation of corporate image.

2. Corporate identity and image: The direction

Corporate identity through branding communication is a marketing concept that focuses on how companies can increase their visibility and reach by creating memorable associations between a product and a group of customers it targets. Despite the attention given to corporate identity over the past 20 years, the actual definition of corporate identity is highly contentious and many have opted not to define the term precisely (Melewar & Jenkins, 2002). Literatures have revealed the different conceptions of corporate identity elaborated from many different angles (Alessandri, 2001). According to a 1993 survey by the British agency Market and Opinion Research International (MORI), the conception of corporate identity was defined differently in several European countries (Van Riel, 1995). Traditional writers tend to have narrow definition of corporate identity and associate it primarily with visual cues and symbol such as the name, the logo, the tagline, and the corporate colour (Boyle, 1996). Modern writers like Balmer (2002) and Melewar and Karaosmanoglu (2006) have broader approach and taking into account all aspects of a company including communication and behaviour. The approach taken on corporate identity by practitioners is generally more process-oriented (Allesandri, 2001) whereas academics take an approach that is more oriented towards structure and tend to address a greater number of the corporate identity mix components (Melewar & Karaosmanoglu, 2006).

Image, on the other hand, is "the sets of meanings by which an object is known and through which people describe, remember, and relate to" (Dowling (1986). That is, it is the net result of the interaction of person's beliefs, ideas, feeling and impressions about an object." (Van Riel, 1985). It is related to business name, architecture, variety of products/services, tradition, ideology, and to the impression of quality communicated by each person interacting with the organisation's client (Davies, Chun & Da Silva, 2001). It has two components namely the functional (tangible attributes) and emotional (psychological dimensions manifested by feelings and attitudes) components.

It has been proven in the literature that information used in the perception of corporate image is related to various dimensions of organisations such as corporate identity, organisational culture, corporate behaviour, communication policy and customer value, and predominant components of the service sector such as contact personnel and physical environment (Nguyen, 2006). Organisation therefore needs to make concerted effort to manage their corporate images in order to be secure in the competitive business environment and to maintain public trust. This is particularly relevant today because of Malaysian public's disenchantment with business. Corporation needs to become more proactive in using communications to reach its objectives and needs to articulate its position more clearly to all its stakeholders.

The discussion on relationship between concepts also has lead to much confusion among scholars. Wei (2002, p. 270) argued that reputation should not subsume image, but rather image should subsume reputation. Among the famous hierarchy used by many authors is that corporate identity leads to corporate image (Van Riel,1995; Dowling, 1986; Davies et al., 2001), and corporate image then leads to corporate reputation (Mason in Gotsi & William, 2001). The concept hierarchy used in this study is parallel to hierarchy given by Barnett, Jermier and Lafferty (2006) in Figure 1.

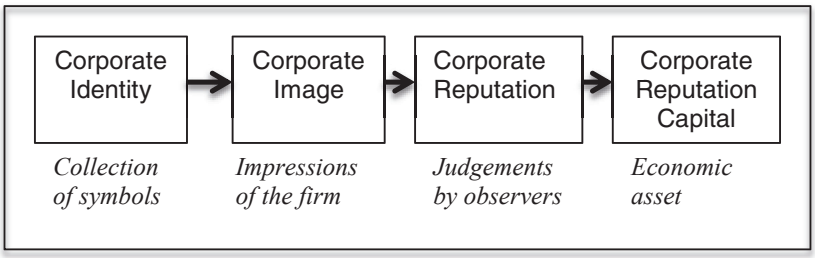

Fig. 1. Disaggregating corporate reputation. Source: Barnett, Jermier and Lafferty (2006)

3. Methodology

3.1. Operationalisation of variables

The perception of corporate image is related to various dimensions of organisations such as corporate identity, organisational culture, corporate behaviour, communication policy and customer value, and predominant components of the service sector such as contact personnel and physical environment (Nguyen, 2006). We used seven components of corporate identity components categorization in Melewar and Karaosmanoglu's (2006) definition as our framework for the conception on corporate identity elements. Melewar and Karaosmanoglu's (2006) new, revised definition explained corporate identity as '…the presentation of an organisation to every stakeholder. It is what makes an organisation unique and it incorporates the organisation's communication, design, culture, behaviour, structure, industry identity and strategy. It is thus intrinsically related to both the corporate personality and image'. This model was chosen because the categorization is from the improved version of the original categorization by Melewar (2003), it is multidisciplinary, and it provides systematic base of analysis of complex components of corporate identity.

- *Corporate culture* relates to values, mission and vision, and personality.
- *Corporate structure* relates to brand structure and organisation structure.
- *Corporate strategy* is "the blueprint of the firms's fundamental objectives and strategies for competing in their given market.
- *Corporate communication* encompasses all the ways in which the organisation communicates with its various stakeholders.
- *Corporate behavior* stems from the action about environmental, ethical and recruitment issues.
- *Corporate design* is the distinctive attributes and visual cues of a corporation to express identity
- *Industry identity* pertains to characteristics such as competitiveness, size and rates of change, which influence the corporate identity of a company.

As for corporate image measurement, Van Riel's (1995) description of corporate images as "the net result of the interaction of person's beliefs, ideas, feeling and impressions about an object," was used. The respondents' perception on the overall feelings and impressions about their organisation were recorded.

3.2. Research design

The questionnaire seeks to identify what are the corporate identity elements contribute to the perception on the corporate image of their respective organisations, and consists of three sections on demographic, perception on corporate identity strategy, and perception on corporate image. Section on corporate identity perception asked questions related to corporate identity strategies used in organisations involving corporate identity elements

discussed above. Section on corporate image perception asked questions related to overall feelings and impressions about their organisation. Pre-tested data among 30 middle managers showed significant result with cronbach alpha value 0.87.

A set of questionnaire were distributed to the respondents who are the middle managers involving the corporate communications and public relations functions.They explained middle managers roles that involve interaction and communication with different sets of individuals, which define different network contexts. GLCs were selected to be the sample of this study due to it significant impact on Malaysia's economy as producer, service provider, employer and capital market constituent. To improve the performance of the GLCs, the Government has developed the GLC Transformation programme that was launched in May 2004. Its principal mandate is to design and implement comprehensive national policies and guidelines to transform GLCs into high performing entities and establish the institutional framework to program-manage and subsequently to oversee the execution of these policies and guidelines. The population of this study was the twenty GLCs (the G-20) that undergo the GLC Transformation programme. Out of the twenty GLCs approached, only four companies agreed to participate. The samples were therefore 140 middle managers from four GLCs in Malaysia. Data were analysed using Statistical Package of Social Sciences (SPSS) and were presented using correlation.

4. Findings

This study analysed the relationship between the elements of corporate identity with the organization's corporate image from the middle managers perspectives. As noted in the literature review, corporate brand involves the conscious decision by senior management to distil and make known the attributes of the organisation's identity in the form of clearly branding proposition (Balmer, 2001). The measurement of this study therefore adapted from the corporate identity elements that can influence employees' perception on corporate image. These corporate identity constructs have been measured and validated in several previous studies (e.g: Balmer, 2002; Melewar & Karosmanoglu, 2006) related to the construction and management of corporate identity.

The respondents' perception on components predicting corporate image generally follow the discussion by Melewar and Karaosmanoglu (2006), Melewar and Jenkins (2002), Balmer and Jenkins (2002) and Balmer (2002). The bivariate correlation analyses in Table 1 showed significant positive correlation between the studied corporate identity elements and corporate image. These variables have low significant relationship with corporate image. The highest correlation for the independent variables is between corporate communication and corporate image (r=0.241). When the middle managers agree that the management, employees and organisational communication is vital to corporate identity, their perception on organization's image improves.

The study also finds that corporate strategy (r=0.216) is positively and significantly correlated to the image of the organisation. The study finds that the more the middle managers agree that positioning and differentiating strategy plays an important role in determining corporate identity, the more positive their perception on the image of the organisation held by them. There is also a significant positive correlation between identity of the industry and the image of the organisation (r= 0.218). The stronger the belief held by the middle managers that the identity of the industry is a key factor to a good corporate identity, the more positive their perceptions on the image of their organisations. Another significant positive correlation is between corporate behavior and organisation's image. The middle managers believe that the behavior of management, employee and their corporate organisation contribute significantly towards the formation of corporate image.

Table 1. Correlation of corporate identity elements with corporate image

Corporate Identity Elements	Corporate Image r	Significant Value
Corporate communication	0.241*	0.004
Corporate structure	0.128	0.128
Corporate culture	0.154	0.068
Corporate strategy	0.216*	0.010
Corporate design	0.160	0.058
Corporate behavior	0.212*	0.011
Industry identity	0.218*	0.009

5. Conclusion

Results of this study show that corporate communication, corporate strategy, corporate behavior, and industry identity are factors that have positive implications on the perception of corporate image. The internal public sees these intangible factors as a significant correlation that is essential in improving the image of the organization. This supports the view of modern corporate mindset and academics as opposed to the views held by traditional concepts of corporate identity that only tangible factors matter in determining corporate identity. The concept of corporate identity that emphasize only on tangible factors still exists and practiced by many companies; whereas this study has found that merely an understanding of corporate structure, corporate design and corporate culture is not significant enough to affect the image of an organization.

The conclusions drawn from the study is that: the perceived internal image of a Malaysian GLCs is determined by the perception on studied corporate identity elements. The understanding on the conceptualisation of corporate identity is very much similar with that of the literature shared by the East and the West. The understandings of corporate identity encompass wider elements as prescribed by modern writers (Balmer, 2001; Dacin and Brown 2002) practitioners (Markwick & Fill, 1997; Lambert 1989) and academics (Allesandri, 2001; Balmer & Greyser, 2006; and Melewar & Karaosmanoglu, 2006). It is therefore very important for managers to strategise their corporate identity to secure positive image.

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