Chapter 1

Introduction

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Do but take care to express yourself in a plain, easy manner, in well-chosen, significant and decent terms, and to give a harmonious and pleasing turn to your periods: study to explain your thoughts, and set them in the truest light, laboring as much as possible, not to leave them dark nor intricate, but clear and intelligible.

Miguel de Cervantes, Don Quixote

Background

Today, there is a widespread belief in the world of management that the prospect of any company depends significantly on how it is perceived by key stakeholders. The last decade has observed several companies growing, reforming, downsizing, merging and divesting. Enhancing corporate image is the strategic purpose of every organization particularly after recent scandals and with the increasing impact of globalization. The challenges brought by number of communication tools like computers, digital media, corporate television, video conferencing, faxes and e-mails have further created the need for the corporations to consider their communications to be at the center of their strategic plans. The need to communicate effectively, efficiently and consistently is significant to the very endurance of an organization. The very objective of building, preserving and shielding the image of an organization is actually the core task of its corporate communication department. It is the way and method of building corporate brands and supporting the foundation of a company and its identification in the market. The stress is to build a trustworthy and coherent corporate image. It involves a series of well-coordinated and planned activities and programs to highlight a company's products, services, annual achievements, philanthropy and social development efforts. Many organizations combine traditional disciplines like public relations, employee communications, advertising, press relations, under one management function called corporate communication. Corporate communication involves communication with both internal employees and also externally with customers, business associates and other stakeholders.

Numbers of theories have been brought to bear on the subject of corporate communication and corporate image. Corporate communication is relevant to both private and public companies, different businesses and nonprofit organizations because they operate in a competitive environment. It is frequently a key strategic tool in today's extremely cut-throat and information-driven business environment. Goodman (2000) affirmed that corporations are changing-reinventing, rethinking, transforming and reengineering themselves. Communication and a new customer orientation are the cornerstones of change in both the company attitudes and practices, requiring corporations to make massive changes in the way people communicate within the organization and with those who are outsiders.

According to Cornelissen (2004), understanding corporate communication management, has however, advantages above and beyond corporate success and career advancement. Similarly, Malmelin (2007) declared that communication competence is set to become a critical success factor for businesses in the future, but this requires a broad understanding of communications. All too often, corporate communication is still understood simply in terms of press release and media relations, or staff presentation and negotiation skills. Indeed, it is important that communication is viewed more broadly and seen as a function that cuts through and involves the whole organization, as comprising both internal communications within the organization and communication with the stakeholders and other groups outside the organization. More and more businesses today depend for their success on communication, on interaction with customers, sponsors, partners and other stakeholders. It is mentioned that in future communication is bound to emerge as an increasingly important competitive factor in the organization, a success factor leading and coaching the organization.

1.1.1. Corporate Communication

‘Corporate’ originally stems from the Latin words for ‘body’ (corpus) and for ‘forming into a body’ (corporare) (Cornelissen, 2008). It is a business or organization formed by a group of people, and has rights and liabilities separate from those of the individuals
involved. It may be a nonprofit organization engaged in activities for the public good, a municipal corporation, or a private corporation which has been organized to make a profit. In the eyes of the law, a corporation has many of the same rights and responsibilities as a person. It may buy, sell, and own property, enter into leases and contracts, and bring lawsuits. It pays taxes. It can be prosecuted and punished if it violates the law. The chief advantages are that it can exist indefinitely, beyond the lifetime of any one member or founder, and that it offers its owners the protection of limited personal liability (Corporation: Definition, Types, Formation, Maintenance, 2001)

The term ‘Corporate Communication’ is believed to have come to the attention of the general public in 1972, when the widely read US business magazine Fortune held its first annual corporate communication seminar (Otsubo, 1992). In 1970s, practitioners had used the term ‘public relations’ to describe communication with the stakeholders. This public relation function, which was tactical in most companies largely consisted with the communication with the press. When other stakeholders, internal and external to the company, started to demand more information from the company, practitioners subsequently started to look at communication as being more than just public relation. This is when the roots of new corporate communication function started to take hold (Cornelissan, 2008).

Gayeski (1993) defined corporate communication as the professional practice of developing and implementing communication rules and tools in order to enhance the dissemination, comprehension, acceptance, and application of information in ways that will help to achieve an organization’s goals. Shelby (1993) claimed that corporate communication provides an umbrella for a variety of communication forms and formats. It comprises the management’s ability to communicate with the external stakeholders, the capability of the organization to make comprehensive communication plans and to organize the channels and tools either at corporate or at product/services level. The main assertion of this approach is that corporate communication covers a wide range of activities ranging from a company’s logo and its managers’ communication in public occasions to promotional activities for marketing its product and services.

Goodman (1994) described corporate communication as a total of management function in an organization to make information accessible and to involve stakeholders in mutually beneficial activities. Corporate communication is a vital management function in
contemporary organization. It is the total of corporations’ efforts to communicate effectively and profitably. It is a strategic action practiced by professional within an organization, or on behalf of a client. It is the creation and maintenance of strong internal and external relationships. According to Cutlip et al., (1994), corporate communication is seen as the management function that establishes and maintains mutually beneficial relationships between an organization and the stakeholders/publics on which its success or failure depends. The best way to define corporate communication is to look at the way in which this function has developed in the companies.

Harrison (1995) proposed that corporate communication brings together all communications which involves an organization as a corporate entity. Everything, in short that originates from corporate headquarters is targeted at employees, or which reflects organization as a whole. Therefore, it does not include communication such as departmental newsletters and public relations activities on behalf of brands or subsidiaries. But, she suggests that it does include annual reports, corporate identity programs, corporate advertising and a greater part of investor relations activity. Kitchen (1997) contended that corporate communication assist organizations to both formulate and achieve socially acceptable goals, thus achieving a balance between commercial imperatives and socially responsible behavior. According to Varey (1997), corporate communication is emerging through the convergence around fundamental business processes such as public relations, employee communication, personnel, marketing and quality management. While there are growing calls for the integration of communication functions, many managers seem to lack the recognition to the total, holistic perspective on integrated internal and external communication.

Dolphin (1999) mentioned that no organization exists in vacuum and impacts its own environment. Therefore, every organization needs to communicate with those key public whose perceptions and opinions it deems to be important. An organization needs to impact upon its environment by communicating integrated, coherent messages and themes to those internal and external audiences with which it desires to have relationship. Corporate communication is thus a process that nourishes these relationships. It is a process that needs ideas and aspirations of all its audiences; an enabling process which should form an essential part of corporate strategy and can impact upon the performance and overall competitive advantage. Corporate communication is an approach that sets out
to ensure the consistency and transparency of corporate message. Balmer and Gray (1999) defined corporate communication as the process through which stakeholders perceive the company’s identity and image and reputation is formed. They argued that corporate communication model represents comparatively novel but significantly powerful lens through which management intellectuals, practitioners and consultants can observe and react to vital strategic concerns meet by the organizations irrespective of its type.

According to Goodman (2000), organizations mainly use corporate communication to lead, motivate, inform and persuade stakeholders. It helps an organization to create a strategic value and provides the vision in information driven economy. High level of communication transparency is expected by the stakeholders and general public from the companies. Corporations that do not value communication highly are doomed to wither. Corporate communication promotes; a strong corporate culture; a coherent corporate identity; a genuine sense of corporate citizenship; an appropriate and professional relationship with press; a quick and a responsible way of communicating in a crisis or emergency situation; an understanding of communication tools and technologies; a sophisticated approach to global communication. Yamauchi (2001) has defined corporate communication as the act of effectively conveying to a company’s shareholders the corporate philosophy that the company regards as the ultimate expression of its corporate culture.

Argenti and Forman (2002) opined that corporate communication is the corporation’s voice and the images it projects for itself on the world stage populated by its various audiences, or what can be referred as its constituencies i.e. a combination of meetings, interviews, speeches, reports, image advertising and online communication. Ideally, corporate communication is an attitude towards communication or a set of mental habits that employees internalize. The result is good communication practices that permeates an organization and are present in all its communication with constituencies. According to Cornelissen (2004), corporate communication is a management function that offers a framework and vocabulary for the effective coordination of all means of communications which the overall purpose of establishing and maintaining favorable reputations with stakeholder groups upon which the organization is dependent.

Cees et al., (2007) defined corporate communication as a set of activities involved in managing and orchestrating all internal and external communications aimed at creating a
favorable starting point with stakeholders on which the company depends. Corporate Communication consists of the dissemination of information by a variety of specialists and generalists in an organization, with a common goal of enhancing the organization’s ability to retain its license to operate.

1.1.2. Corporate Image

Companies can no longer rely on their products and services as a means of effective differentiation and added value. This is due partly to the convergence of capabilities and standards of quality and partly due to the increasing requirements for accountability and transparency. Developing a positive corporate image is regarded by many as a more effective form of differentiation and a source of competitive advantage (Dowling, 1993). Dutton and Dukerich (1991) defined image as the way organization members believe that others see the organization. Corporate image is the mental picture of an organization held by its audience. The mental picture formed in one’s mind about an organization upon hearing its name or seeing its logo is about this organization’s corporate image (Gray & Balmer, 1998).

Kotler (1997) defined image as the set of beliefs, ideas, and impressions that a person holds regarding an object. People’s attitudes and actions toward an object are highly conditioned by that object’s image. Thus, a person’s image of a certain company constructs a corporate image. According to Hatch and Schultz (2002), image is how organization members or others see the organization or the general impression an organization forms in people’s minds. In response to competitive pressure and the desire to be recognized and supported, corporations invest millions every year to strengthen their corporate images and reputations. Led by the best strategic thinking on the matter, business managers select those attributes of the organization that are unique, authentic, and non-imitable, and look for alluring ways to project this image to the outside world as into the hearts and minds of their own employees.

The formation of corporate image is defined as a comprehensive and multi-stakeholder process and factors such as communication sources, terminology, branding, logos and emblems, relations with media and customers, building architecture are effective in image formation. Besides, the relations with customers and the actions and statements of top managers simultaneously affect organizational identity and image (Hatch & Schultz,
An organization’s image is affected by these organization’s accoutrements, attitudes and communication style. An organization’s future image is shaped by the communication between management, employees and external audiences (Amon, 2004). Strong communicative factors such as the brand name, logo, advertisement and public relations can help to create a good and strong image (Gray & Balmer, 1998). It has been seen that the organizations which are competent enough to attract the talented develop and keep positive images. Moreover, variables such as social and environmental responsibility, financial credibility, innovativeness, marketing, communication, management, product and service quality are effective in image formation (Lemmink et al., 2003). Corporate image is established and developed in the consumers’ mind through communication and experience. Corporate image is believed to create a halo effect on customers’ satisfaction judgment. When customers are satisfied with the services rendered, their attitude toward the company is improved. This attitude will then affect the consumers’ satisfaction with the company (Andreassen & Lindestad, 1998).

Corporate image is viewed as the consumer’s response to the total offering and defined as the sum of beliefs and ideas. 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 organization’s clients (Davies et al., 2001). Corporate image may be considered as a function of the accumulation of purchasing / consumption experience over time and has two principal components: functional and emotional (Andreassen & Lindestad, 1998). The functional component is related to tangible attributes that can be easily measured, while the emotional component is associated with psychological dimensions that are manifested by feelings and attitudes towards an organization. These feelings are derived from individual experiences with an organization and from the processing of information on the attributes that constitute functional indicators of image. Corporate image is so the result of a total process by which customers evaluate and contrast.

Gronroos (2007) has argued that all companies can be regarded as service companies, which additionally emphasize the strategic nature of corporate image. The significance of image is furthermore identified by the branding literature, signifying that particularly in existing, increasingly unstable, established and hence competitive markets strong brand images create trust, stability and differentiation for all stakeholder groups, both internally
and externally. According to Šmaižieno and Oržekauskas (2006), corporate image is a strategic asset that creates competitive advantage and favorable climate for the survival and development of an organization. For escaping negative consequences of uncontrolled image and shooting up opportunities of positive image, systematic measuring of corporate image is necessary.

1.1.3. Globalization

The globalization process has a very large literature in a variety of disciplines starting from economics to geography to politics to human resources and to business strategy. Globalization is political, technological and cultural, as well as, economic (Giddens, 1999). McGrew (1992) stated that globalization refers to the multiplicity of linkages and interconnections between the states and societies that make up the present world system. It describes the process by which events, decisions, and activities in one part of the world come to have significant consequences for individuals and communities across the globe.

Globalization has two distinct phenomena: scope (or stretching) and intensity (or deepening). On the one hand, it defines a set of processes which embrace most of the globe or which operate world-wide; the concept therefore has a spatial connotation. It also implies an intensification of the levels of interaction, interconnectedness or interdependence between the states and societies which constitute the world community. Accordingly, alongside the stretching goes a deepening of global processes.

Oman (1996) defined globalization as the growth, or more precisely the accelerated growth, of economic activity across national and regional political boundaries. It finds expression in the increased movement of tangible and intangible goods and services, including ownership rights, via trade and investment, and often people, via migration. It can and often is facilitated by lowering of government impediments to that movement, and/or by technological progress, notably in transportation and communications. The action of economic actors, firms, banks, people, drive it, usually in the pursuit of profit, often spurred by the pressures of competition. Globalization is thus, a centrifugal process, a process of economic outreach, and a microeconomic phenomenon. According to Held et al., (1999), globalization can be thought of as a process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions - assessed in terms of their extensity, intensity, velocity and impact - generating
transcontinental or interregional flows, and networks of activity, interaction, and the exercise of power.

Cerny (1997) suggested that globalization redefines the relationship between territoriality and authority, shifting authority from the level of the state to supranational and subnational units, perhaps offering more to grasp onto in operational terms but precious little in causal terms. Globalization is defined here as a set of economic and political structures and processes deriving from the changing character of the goods and assets that comprise the base of the international political economy - in particular, the increasing structural differentiation of those goods and assets. Larsson (2001) stated that globalization is the process of world shrinkage, of distances getting shorter, things moving closer. It pertains to the increasing ease with which somebody on one side of the world can interact, to mutual benefit, with somebody on the other side of the world.

1.1.4. New Technology

Technological change is one of the most important aspects which have influenced the communication process in organizations, especially the practice of new communication technology in organizational communication. Thurlow et al., (2004) stated that the major developments in technology have found communication being mediated in a number of revolutionary new ways hence transforming the communication. The range of technologies introduced into the workplace in recent years such as electronic mail, instant messaging, voice mail, facsimile, audio and video conferencing, computer conferencing, management information system, group decision support system, internet and world wide web as well as wireless networks have created vast impact on organizational communication in terms of communication content, communication patterns and organizational structure (Miller, 2009). The introduction of the Internet has altered the meaning and process of corporate public relations.

Companies have to react to public inquiries and discourse, with minimum chance to prepare for presenting their own report of reality (Ihator, 2001). Internet is growing as a crucial tool for strategic orientation and the development of corporate communication function. Internet is not just a tool; the Internet is a strategy because, according to anthropologists, a new tool in a human system changes that system. It has changed dramatically the way people in corporations communicate internally and externally. It has
at once created a sense of liberation, and also represents a constantly present taskmaster (Argenti, 2001).

Communication is strategic more than ever before, as in an information driven society, it is an integral part of the corporation strategy. There are varieties of relation building communication strategies available with different organizations. One vital tool for relationship building and maintenance is the organizational web site. A large percentage of companies across the world have an official web site. Companies are using their official web site for sustaining associations with existing customers, employees, investors, media and the general public. Stakeholders can easily access large number of information published on company’s web site like financial reports, new product development, services catalogue, new strategy implementation, current news, media reports, etc. Web sites have many characteristics that make them attractive for public relations. Web sites can also employ interactive features to collect information, monitor public opinion on issues, and proactively engage citizens in direct dialogue about a variety of matters. Web sites have several attractive features of organizational self-presentation and they can serve more active audiences when they seek and process information (Esrock & Leichty, 1998).

The fast augmentation of the number of the Internet users across the world and the increase of innovative online services like Facebook, Twitter, LinkedIn, blogs, forums and other social networks has provided new opportunities to companies to attract general public and motivate stakeholders.

1.1.5. Corporate Social Responsiveness

Considering the degree of corporate social action (no action - re-action - proaction) and the way companies relate themselves to different social responsibilities, a whole range of business responses could be emphasized. This social responsiveness of companies has evolved due to the pressure of the society put on business and the business - society relationship. According to Carroll (1979) in contrast with corporate social responsibility, corporate social responsiveness is concerned only with the managerial processes of responding in the social sphere, planning and social forecasting, organizing for social response, controlling social activities, social decision making, and corporate social policy. It is important to focus on the three main approaches of corporate social responsiveness in
view of three different periods of time i.e. late 1970s, early 1990s and 2000s to understand the evolution of corporate social responsiveness.

1. Carroll (1979) asserted that there are four possible business responses to social pressure.

   (a) **Reaction (Fight all the way):** This type of business response mainly reflects pragmatic, economic priorities; meanwhile the social responsibilities are completely ignored. A company that adheres to this strategy usually denies the social complaints against its illegal or immoral actions.

   (b) **Defense (Do only what is required):** The business organization that adopts this response strategy only complies with the minimum legal requirements in order to protect the company and satisfy the social expectations. When it is criticized for the damages incurred at the societal level, a business organization in this stage generally tries to demonstrate its innocence and annihilate the charges against it.

   (c) **Accommodation (Be progressive):** This type of response is found in business organizations that accept their social responsibilities and try to comply with economic, legal and ethical requirements. At this level, the organizational behavior is in line with social norms, values and relevant perspectives, but the external pressures are generally the main drivers behind these responsible actions.

   (d) **Proaction (Lead the industry):** The most comprehensive type of business response to social pressures complies with all social performance criteria, including the discretionary one. A proactive company is the one that always leads the social initiatives, prevents the social negative impact of its activities, and anticipates social problems and solutions.

2. Schneider & Barsoux (1997) presented five stages of corporate moral development, which could be associated with five types of business responses to social pressures.

   (a) **Amoral organization (Win at all costs)** is driven by greed and short-term orientation; its approach to ethics is ‘it’s ethical as long as we won’t get caught’ and ethical violations, when caught, are considered to be a cost of
doing business. A company in this stage of moral development has no meaningful code of ethics or other documentation.

(b) **Legalistic organization (Obey the law)** is driven by concern for economic performance and it uses damage control through public relations when social problems occur. An organization in a legalistic stage has a reactive approach to ethics that could be synthesized in ‘if it’s legal, it’s OK’ and it avoids writing codes of ethics, as this can create legal problems later on; however, if a code of ethics exists, this is an internal document.

(c) **Responsive organization (Ethics pays)** is characterized by a growing concern for balance between profits and ethics, taking also into account corporate stakeholders other than owners. In this stage of corporate moral development, the management of a company understands the value of not acting solely on a legal basis, although its approach to ethics is a pretty cynical one, based on the profits that ethics may incur. Codes of ethics are more externally oriented and reflect a concern for other publics.

(d) **Emerging ethical organization (Do the right thing)** demonstrates an active concern for ethical outcomes, providing support and measures of ethical behavior, although it lacks organization and long-term planning. In this stage, shared ethical values provide corporate guidance in some situations and corporate culture is less reactive and more proactive to social problems when they occur. Codes of ethics become action documents.

(e) **Ethical organization (Integrate ethics with economics)** thoroughly integrates questions of ethical behavior with developing strategy and mission, thereby addressing the fundamental issue of organizational integrity. This type of company has a totally ethical profile, with carefully selected core values, meanwhile the corporate culture is planned and managed to be ethical. The corporate codes focus on the ethical profile and core values.

3. Marrewijk & Werre (2003) highlighted different levels of corporate social responsibility each with related value systems. Organizations have to choose its response to the circumstances based on its aims, intentions and strategy.
(a) **Pre - CSR - Red (Energy and power):** At this level, there is basically no ambition for CSR; however, steps labeled as CSR might be initiated when there is a pressure from the outside. The internal driver behind the manifestation of such a CSR form is the awareness that it could increase personal power; at the same time, the criterion for the decision making is based specifically on the impact of the decision on personal power. As an external driver for CSR, an outside force is needed. In this stage, the main role for the government is to implement traditional public tasks. The organization - stakeholders -society relationship is based on distrust - the organization might act in a very unsocial and unsustainable way when not properly controlled. Close monitoring and constant reinforcement will be required.

(b) **Compliance - driven CSR- Blue (Order):** CSR at the second level consists of providing welfare to society, within the limits of regulations from the rightful authorities. In addition, organizations might respond to charity and stewardship considerations. The internal motivation for CSR is that it is perceived as a moral duty and obligation, or correct behavior. In this development stage decisions should be taken by the correct authority, according to the proper procedures and in line with the basic purpose of the business activity. Instructions from higher authorities represent external drivers behind CSR and the government should enforce effective and visible legislation, with a clear division of tasks and responsibilities. Organization, stakeholders and society are independent of each other and apart from legal compliance the organization has no other obligation, because social welfare is the responsibility of the state.

(c) **Profit-driven CSR - Orange (Success):** At this third level, CSR consists of the integration of social, ethical and ecological aspects into business operations and decision-making, provided it contributes to personal success and financial bottom line. The clear and only motivation for CSR is the awareness of the business case. CSR is promoted if profitable because of an improved reputation in various markets. The financial criterion (highest expected profit, return on investment or shareholder value) is the most important while taking a decision. As external drivers for CSR, a proof that it improves profitability or a pressure from various markets is necessary. The
government should create and maintain a level playing field, offering financial stimuli for companies to engage in CSR. Considering the relationship organization - stakeholders - society, shareholders normally come first and taking account of interests of other stakeholders is avoided.

(d) **Caring CSR - Green (Community):** CSR consists of balancing economic, social and ecological concerns, which are all three important in themselves. CSR initiatives go beyond legal compliance and beyond profit considerations. The internal motivation for CSR is that human potential, social responsibility and care for the planet are important. For taking a decision, a consensus is needed or at least the consent of all relevant stakeholders. The requests from employees and other stakeholders for social and environmental care usually represent external drivers for CSR in this stage. The preferred role for the government is to support international governance structures and national policies on poverty, environments, equity, ethical codes, as well as to stimulate the formation of participative CSR discussion groups. The relationship organization - stakeholders - society is characterized by a continuous dialogue.

(e) **Synergistic CSR - Yellow (Synergy):** This manifestation of CSR consists of a search for well-balanced, functional solutions creating value in the economic, social and ecological realms of corporate performance, in a synergistic, win-together approach with all relevant stakeholders. The motivation for CSR is that sustainability is important in itself, especially because it is recognized as being the inevitable direction progress takes. When taking a decision at this stage, this will be a balanced and functional long-term one, taking into accounts all available expertise and considerations. Information from any source regarding the consequences of organizational actions, unexpected negative externalities or unused improvement opportunities is the external drivers behind CSR. The government is thought to have a coordination role: it has to stimulate a network of experts in order to further develop and implement expertise regarding CSR in the most effective way, to coordinate overlapping responsibilities, and to consolidate “the triple bottom line” in different projects and to promote rules supporting socially responsible investments and transparency. As a guiding relationship between
organization, stakeholders and society, taking interests of all relevant stakeholders into account is integrated into core business.

(f) **Holistic CSR – Turquoise (Holistic life system):** CSR is fully integrated and embedded in every aspect of the organization, aimed at contributing to the quality and continuation of life of every being and entity, now and in the future. The internal motivation for CSR here is that sustainability is the only alternative since all beings and phenomena are mutually interdependent. This is why each person or organization has a universal responsibility towards all other beings. At this last level, decisions are taken in line with and in favor of holistic interests for survival of life on the planet. Co-creation in performing societal issues is the preferred role for the government.

Marrewijk & Werre (2003) finally concluded that each level includes and transcends the previous ones. In this way, any business organization has the option to choose an ambition level based on its awareness of its circumstances and its existing value systems, which will result in corresponding business practices and institutional development demonstrating different performance levels of corporate sustainability.

### 1.1.6 Services and Manufacturing Organizations

Manufacturing organizations deliver tangible products. Organizations delivering services, on the other hand, have to present themselves to the market without being able to show any tangible results of their work in advance. Manufacturing industries engage in the production of goods that have value in the marketplace. These industries are further classified into two as process Industries and Discrete Manufacturing Industries. While, services industries include those industries that do not produce goods, but provide certain services. The peculiarities of these industries are that the consumption of the services takes place while it is in generation. Typically, this sector includes hospitality, advertising, banking, insurance, consultancy, logistics, etc.

Products and packaging provide visual cues, whereas services are inherently invisible before they are delivered and can only be assessed retrospectively. The measurement of corporate image in service industries is challenging mainly because of the distinctive features that distinguish services from goods. Intangibility, inseparability of production and consumption, heterogeneity, and perishability are the four well documented features
of services acknowledged in the services marketing literature (Parasuraman et al., 1985). With services, consumers are confronted with a lack of objective and measurable attributes to base their evaluation of image and in such situations must resort to tangible extrinsic cues to form their judgments. To that end, the contact personnel along with the tangible cues associated with the physical environment where the service is produced and consumed become salient (Baker, 1987). Similarly, the relationships formed during the service encounter are also central in the customer’s evaluation of the quality of services received (Babakus and Boller, 1992) and can affect customer perceptions of image (Fisk et al., 1990).

### 1.2 Rationale

Cut-throat competition in the global market has created the necessity for organizations to enhance their corporate image if they have to have the global presence. There is a growing need for the businesses to communicate with their stakeholders who may not share common geography, history or culture. Corporations have to understand their global publics. In a globalized business environment of increased complexity, most contemporary managers believe that organizational existence hinges on the ability to establish and maintain the organizations as a unified and integrated whole across different audiences. This belief increasingly shapes the communication strategies of corporations (Chistensen et al., 2008).

New technology has changed the power structure and the relationship between corporations and their publics, stakeholders and the media. The emergence of internet and modern communication tools are creating a shift from the traditional vertical and horizontal corporate communication paradigms. It is important for organizations to stand out in a cluttered communication environment to express them in a coherent and legitimate way because the society demands high level of social responsiveness.

Corporate communication has grown into a key discipline of liberal and progressive management. The recent environmental trends are forcing organizations to give greater importance to corporate communication to enhance corporate image. Conventional methods of redressing identity problems are becoming progressively less effective because the traditional focus viewed corporate communication and corporate image as
functional rather than strategic. In present day environment the corporate communication and corporate image have to be strategic in nature rather than functional only.

The present study seeks to identify the impact of corporate communication on corporate image. It will study the impact of globalization, new technology and corporate social responsiveness on corporate communication. It will further identify constituent factors for globalization, new technology and corporate social responsiveness that are likely to have an impact on the corporate communication of an organization to create competitive advantage. It would additionally seek to explore whether services and manufacturing organizations differ in their approach towards corporate communication. Keeping the very nature of the organizations in mind it is likely that the factors that would emerge important in corporate communication with reference to globalization, new technology and corporate social responsiveness would be industry specific.

1.3. Research Objectives

1. Study the impact of corporate communication on corporate image.

2. Study the impact of globalization on corporate communication in services and manufacturing organizations to create a distinct corporate image of an organization.

3. Study the impact of new technology on corporate communication in services and manufacturing organizations to create a distinct corporate image of an organization.

4. Study the impact of corporate social responsiveness on corporate communication in services and manufacturing organizations to create a distinct corporate image of an organization.

5. Identify the constituent factors for globalization, new technology and corporate social responsiveness which impact corporate communication in services and manufacturing organizations to create a distinct corporate image of an organization.

6. Compare the constituent factors for globalization, new technology and corporate social responsiveness which impact corporate communication in services and manufacturing organizations.
1.4. Structure of the Thesis

The thesis is organized into seven chapters. Chapter One describes the background, theoretical framework, rationale and objectives. The Chapter Two titled Review of Literature presents a critical appraisal of the previous works published in the field of corporate communication by various research scholars leading to acknowledge corporate communication as a distinct domain of the study. Extensive literature review has examined the concept of corporate communication, corporate image and its relevance and importance within an organization in the era of globalization, new technology and corporate social responsiveness. Hypotheses are framed on basis of the review. Chapter Three focuses on the methodology. It includes research design, sampling design, data collection and analysis. Chapter Four illustrates analysis of data and the interpretations of the results. Chapter Five is the discussion of the findings emerging from data analysis. The Chapter Six is titled Implications. This chapter highlights the significance of the present research work and focuses on its implications for different purpose. The Chapter Seven is titled Summary and Conclusion. This chapter is divided into three sections: The Summary, The Conclusion and The Suggestions.