Chapter 5
Discussion

5.1. Corporate Image
5.2. Globalization
5.3. New Technology
5.4. Corporate Social Responsiveness
The present study was an attempt to examine the importance of corporate communication to create a distinct corporate image of an organization. The study identified the impact of globalization, new technology and corporate social responsiveness on corporate communication in services and manufacturing organizations. The study also identified the constituent factors for globalization, new technology and corporate social responsiveness which influence corporate communication and determined the level of impact these constituent factors had within services and manufacturing organizations.

Results of the exploratory factor analysis identified five constituent factors for globalization namely collaboration, open trade, cross cultural communication, innovative technology and quality services; three constituent factors for new technology namely prompt services, virtual ability and transformed networks and four constituent factors for corporate social responsiveness that is social responsibility, corporate ethics, corporate virtue and social image.

This chapter discusses the findings of the present study in the light of the available literature. The knowledge generated by the study has been merged with the available literature for meaningful understanding of the subject under focus.

5.1. Corporate Image

The first objective of the study was to investigate the impact of corporate communication on corporate image of an organization. The study identified a significant positive impact of corporate communication on corporate image in both services and manufacturing organizations. The finding suggests that higher the focus on corporate communication more favorable will be the corporate image of an organization. The creation of a suitable image requires a substantial investment, in both, management effort and financial resources. It follows therefore, that the return on the investment should be clear and identifiable. Some of the returns that can be generated from a favorable image are increased sales, support for new product development (Yeoh, 1994), stronger financial relations (Goldstone, 1998), improved employee relations and recruitment (Smith, 1993), faster recovery from crises (Dowling, 1994) and the development of emotional values (Brinkerhof, 1990) which can improve brand value. Neadle (1964) found a strong correlation between a favorable company image and the prescribing of its products.
Huston (1993) reported in a study carried out by Scott-Levin Associates, 80 percent of general practitioners stated they base their drug selection on their opinion of the manufacturer when choosing between similar brands. The study confirmed that a good image does translate into increased prescribing of a product. Riordan et. al, (1997) found that employee's perceptions of corporate image can positively influence job satisfaction, and negatively influence turnover and turnover intentions through strengthening their identification with the organization.

The increasing attention given to corporate image is illustrated by the vast amounts of money now being spent by UK businesses in developing their corporate identities. Fifty five per cent of the top 100 UK companies have invested in radical development of their identities within the last decade (Williams, 1998). A fragmented image may not only damage reputation but could compromise the whole communication effort (Wright & Fill, 2001). Veljković and Petrović (2011) stated that corporate communications transforms organizations identity into image. The public forms a perception regarding a company’s image on the basis of sent messages. Since the creation and transmission of messages is controlled by the company itself, the conclusion that can be drawn is that image represents a useful instrument that can and should be actively managed. In addition, a formed image does not represent a static category. Image formation is an evolutionary process of changing, modifying and adapting messages on newly adopted values within the company, which are a result of new economic, ecological and social conditions in which the company is operating. Corporate communication plays the role of connector between corporate identity and corporate image.

Korver and Ruler (2002) concluded in his study that corporate communication is an umbrella term for coordination of communication disciplines that an organization intentionally deploys in order to create a favorable internal and external image. Cornelissen and Elving (2003) opined that the industries have realized the relation between stakeholders and profits. Therefore, good corporate communication would enhance the stakeholder relationships and consequently improve the corporate image.

The present research found no significant difference between services and manufacturing organizations in its impact of corporate communication. This denotes that corporate communication is important for corporate image of an organization irrespective of the industry type. Goods producing firms and retail establishments alike have traditionally
relied more on image than the tangible product. Promotional activities in both services and manufacturing organizations aim at positioning their offering in the minds of consumers (Ries & Trout, 1986). In the current competitive environment, customers expect institutions to offer a wide array of services. Introducing new and innovative products that best meet the changing needs of customers is therefore a key element in the image management process and the positioning of the service firm (LeBlanc & Nguyen, 1995).

5.2. Globalization

Globalization has a significant positive impact on corporate communication to create a distinct corporate image of an organization in both services and manufacturing organizations. The present research found a significant difference between globalization, new technology and corporate social responsiveness in its impact on corporate communication. The results show that the impact of globalization is more on corporate communication of an organization than compared to new technology and corporate social responsiveness. The findings of the study are in confirmation with the earlier research that globalization and free trade is contributing to the increased importance of corporate communication (Balmer & Gray, 1999). No significant difference was found between services and manufacturing organizations in its impact of globalization on corporate communication. This indicates that globalization has an impact on corporate communication of an organization irrespective of industry type. According to Hufbauer and Warren (1999) globalization has affected all facets of the world economy. This includes services organizations, which in most economies are the single largest contributor to economic growth and employment. However, despite its importance to national output, the impact of globalization on services is only recently receiving the attention of researchers and policy-makers. Similarly, manufacturers, whether in developed or less developed countries, find themselves in a severe manufacturing environment where they have to act locally and to think globally. Therefore, manufacturing companies should pay enough attention to the process and impacts of globalization (Morrison & Beck, 2000). Salaheldin (2002) contended that manufacturing companies whether in developed or less developed countries are vulnerable and therefore need to mobilize to confront the threat. Corporate communication facilitates to identify
the global factors critical to the anticipated changes in the dynamic and hostile environment of globalization.

While comparing the impact of corporate communication, no significant difference between services and manufacturing organizations on the constituent factors for globalization namely collaboration, open trade, cross cultural communication, innovative technology and quality services was observed. This denotes that collaboration, open trade, cross cultural communication, innovative technology and quality services has an impact on corporate communication irrespective of industry type. According to Corbett and Noyes (2008) collaboration involves a group of independent individuals or organizations working together to achieve a common purpose directly or indirectly affecting service delivery or other goals. This working together involves varying degrees of integration or sharing of functions and can be described according to the intensity of the relationships. A report by Microsoft (2007), one of the top manufacturing companies stated that leading manufacturing companies have found a new source of competitive advantage. It is collaboration. Collaboration helps companies act quickly and accurately, make decisions, assign tasks, and execute business processes. Collaboration opens up new ways of working and drives innovation. Collaboration has become an engine of productivity and an essential core competence.

Innovative Technology has played an important role in this rise of the service sector in developed countries, contributing to improve productivity. However, there is a new role for technology in services, which has origin in technological change. The new main role for technology is as a source for innovation, since technology is enabling and facilitating innovation in services firms. Understanding this new role contribute to service firms to respond properly to the challenges of modern economy, gain sustainable competitive advantage for the firm, improve performance in service innovation and generate more variety in response to the customers’ needs (Giraldo, 2010). The finding of the present study is consistent with Ng and Hung (2001) who concluded that innovative technologies can be considered as significant drivers of change in manufacturing companies in today’s globalised world. By becoming global, firms can achieve effectiveness in their operations. One way for global firms to attain this objective is to adopt and implement innovative technologies both tangible and intangible.
Quality services as one of the constituent factors for globalization has also a significant impact on corporate communication of an organization. Numerous studies have shown that provision of high quality services is directly related to increase in profits, market share, customer satisfaction, profitability and cost savings (Devlin and Dong, 1994). With competitive pressures and the increasing necessity to deliver customer satisfaction, the element of quality of service has become vitally important (Friedenberg, 1997). The present study has observed significant impact of quality services in both services and manufacturing organizations. The importance of quality in services cannot be underestimated. Service is a social act which takes place in direct contact between the customer and representatives of the service company. (Norman, 1984). Pons (2010) in his research on quality services in manufacturing established that the tangible output for the manufacturing industries is a physical product. That is the billable product that they sell. However, even then quality of service is important, because it includes sensitivity to customer needs, dealing with defective product, and maintenance. Also, adding service can be a strategic way for firms to add value to the customer, and growth in their business in a competitive market. Firms that cannot compete on production cost alone, adding better quality service has the potential to give a competitive advantage.

No significant difference was observed between services and manufacturing organizations on the constituent factor namely cross cultural communication. This denotes that cross cultural communication has an impact on corporate communication of an organization irrespective of the industry type. The importance of cross cultural communication in the process of corporate communication is already established by previous research study that globalization of the world economies had made it important for marketing managers to understand how to do business in different cultures. The ability of marketers and consumers to communicate cross culturally is critical for success. In line with the present research, it has been established that cultural factors have long been known to influence the communication and success potential of competition. Cultural awareness shapes how business firms behave in cross culturally reflected international markets. It is broadly recognized that cultural factors act as invisible barriers in international corporate communications. Understanding cultural differences is one of the most significant skills for firms to develop in order to have a competitive advantage in international business (Guang and Trotter, 2012).
The constituent factors for globalization differed in their impact on corporate communication within services organizations. Collaboration received strongest weight in the model, followed by quality services and innovative technology. The excluded factors namely open trade and cross cultural communication seem to indicate that are not important constituent factors of globalization within services organizations in predicting corporate communication. While, the constituent factors for globalization also differ in their level of impact on corporate communication within manufacturing organizations. Collaboration received strongest weight in the model followed by quality services, cross cultural communication and innovative technology. The excluded factor namely open trade seems to indicate that is not important constituent factor of globalization within manufacturing organizations in predicting corporate communication. It is important to understand that the ways in which product and quality services are measured and appraised differ between the two industries. Products from manufacturing industries are tangible and visible, while services are intangible and invisible. As a consequence, quality service is not easy to assess and depends upon the observation of customers. The quality of manufacturing products is comparatively easier to enumerate. A product is either accepted or rejected. By contrast, the quality of a service is hard to determine and measure. Since access to service has a direct bearing on customers’ perceptions of image, management must ensure that quality standards are established for all components of the service delivery system to ensure that services are offered in a timely manner and that customer expectations with regard to service are met (Parasuraman et al., 1991).

5.3. New Technology

A significant positive impact of new technology was observed on corporate communication in services and manufacturing organizations to create a distinct corporate image of an organization. The findings of the present research work are in confirmation with earlier research that communication is central to organizations because it helps to create shared meanings, norms and culture of the organization. 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 (Gumus, 2007). Ean (2011) concluded that organization communication has to be powerful and effective as it will motivate the workforce to the company’s financial success.
New technologies are playing a powerful role in informing, educating, and connecting people around the world. Technologies like internet, World Wide Web, electronic mails, audio and video conferencing, several wireless networks, voice mails, instant messaging, etc are creating vast impact on communication process of an organization. The Internet facilitates rapid communication of information at a very low cost. Many companies around the world have launched web sites, which are used to communicate information to anyone who is interested and who possesses the technological resources to access it (Gowthorpe, 2004). Corporate web sites could provide corporations with ample opportunities to communicate their corporate image, product promotions and issues management with their publics, which include shareholders, consumers, suppliers, employees, government, and activists (Ki and Hon, 2006).

The result of the present research study found no significant difference between services and manufacturing organizations on the dimension of new technology in its impact on corporate communication. This denotes that new technology is equally important for both services and manufacturing organizations. In continually changing market environments, there is a need for corporate worldwide to communicate their strategies and other information in a suitable and well-organized manner. New technologies allow management to stay connected and communicate effectively. The advancement of new technologies has brought new opportunities for the corporate communication field, because companies not only can publish information, but measure its effectiveness immediately (Argenti, 2006).

No significant difference was observed between services and manufacturing organizations on the constituent factors for new technology namely prompt services, virtual ability and transformed networks. The findings thus have proved that prompt services, virtual ability and transformed networks have an equal importance on corporate communication irrespective of industry type. A research by Cascio (2000) established that new technology has given rise to virtual workplace, in which employees operate remotely from each other and from managers, are a reality, and will become even more common in future. There are sound business reasons for establishing virtual workplaces that can lead to stunning improvements in productivity, profits and customer services.
Networked transformation and innovation is becoming increasingly important for services and manufacturing organizations as they attempt to respond to rapidly changing environments by acquiring and integrating interdependent and complex bundles of knowledge (Geisler, 2007). In manufacturing, transformed networks is important because manufacturing organizations need to know about various means to reduce the production cost by reducing the inventories, lead time, etc and therefore using less labor, materials, space and time. It is also about passing these savings on to its customers to offer continuous improvement, just-in-time production, time based management and total quality management.

The next objective was to find the level of impact the constituent factors for new technology have on corporate communication within services and manufacturing organizations. The constituent factors for new technology differed in their level of impact on corporate communication within services organizations. Prompt services received strongest weight in the model followed by virtual ability. The excluded factor namely transformed networks seems to indicate that is not important constituent factor of new technology within services organizations in predicting corporate communication. The constituent factors for new technology also differed in their level of impact on corporate communication within manufacturing organizations. Prompt services received strongest weight in the model followed by transformed networks and virtual ability. In order to achieve customer satisfaction, organizations must be able to satisfy their customers’ needs and wants through prompt service delivery and hence, good quality service (La Barbera and Mazursky, 1983). Customers become endeared to a service provider or company due to many factors including the promptness with which employees receive and serve clients (Kumar and Menakshi, 2007).

5.4. Corporate Social Responsiveness

Research literature has pointed out that corporate social responsiveness communication is not always beneficial for organizations since it may breed skepticism (Lindgreen and Swan, 2010). There are good reasons, both of an ethical and pragmatic nature, for choosing a minimalist approach to CSR communication (Morsing et. al., 2006). Still one can argue that some forms of communication is required essentially, it cannot be avoided. It is not possible not to communicate with organizational publics (Watzlawick, 1976). The results of the present research study reveal a significant positive impact of corporate
social responsiveness on corporate communication in services and manufacturing organizations. Corporations pervade society not only through the goods and services they produce and sell, but also through the ideologies they institutionalize through corporate communication (Fox & Fox, 2004). New standards for assessing corporate performance such as rankings of the most admired, the most ethical and the most environmentally friendly corporations are now being published in most countries. Companies should be aware of these rankings and should try to redefine themselves accordingly (Yamauchi, 2001).

The results of the study further reveal that there is no significant difference between services and manufacturing organizations in its impact of corporate social responsiveness on corporate communication. This indicates that corporate social responsiveness is important for both services and manufacturing organizations. According to Bashir et al. (2012) recent research has shown that the business organizations benefit from corporate social activities as well since they enhance their image among their customers and increase their attractiveness to potential and existing employees. As a result, these initiatives have become an integral part of business practice, regardless of the organization's type, type of markets, and the businesses now allocate hefty amounts in their annual budgets to make what they call it as investment in the social service areas. Enahoro et al., (2013) concluded that manufacturing companies’ investment in social responsibility is negligible. Insufficient investment in corporate social responsibility has many implications for the management of the various manufacturing organizations. Though these companies report huge profit yearly, they have not done enough to give a face lift to the immediate communities where they operate. It is so vital for manufacturing organizations to understand that business organizations cannot function effectively without the support of the society in which it is located. It is perhaps because of this that the executives feel that increased awareness and focus on the responsibilities of an organization has made corporate communication essential and powerful tool which will assist in proving its contribution to create a distinct corporate image of an organization.

Furthermore, the present study has observed no significant difference between services and manufacturing organizations on the constituent factors for corporate social responsiveness namely social responsibility, corporate ethics, corporate virtue and social image. A socially responsible company has another way of viewing problems, as it will
be always aware of the consequences of its decisions on all of the people concerned; the managers themselves, employees, customers and suppliers, the local community, society as whole and even future generations. It will see consequences, problems, that other companies will not see, important things perhaps not for short term return but very important for the consistency of its policies and actions, stakeholder engagement or for generating trust between stakeholders and with the organization (Argandona, 2008).

A company has to take into account also the ethical components of its activity, to perform in a manner consistent with expectations of societal mores and ethical norms, to recognize and respect new or evolving ethical / moral norms adopted by society, to prevent ethical norms from being compromised in order to achieve corporate goals, to do what is expected morally or ethically in order to become good corporate citizenship, to recognize that corporate integrity and ethical behavior go beyond mere compliance with laws and regulations (Iamandi, 2007).

Corporate virtue, one of the constituent factors of corporate social responsiveness is perceived important irrespective of the industry type. Virtue, in the Aristotelian sense, is an attribute that leads to eudemonia, a flourishing state exceeding normal happiness and excellence (Aristotle, 1106). It is more similar to delight while demonstrating the highest form of humanity. In the original Greek, virtue (arête) is applied to both individuals and organizations in recognition of the fact that virtue can be demonstrated at the individual or the collective level (Schudt, 2000). Virtuous organizations do more than participate in normatively prescribed corporate social responsibility, sponsor environmentally friendly programs, or utilize renewable resources (Bollier, 1996). Virtuous organizations have qualities and exhibit behaviors that extend ahead of a reliable moral or ethical code. They do more than just to perform effectively. They embrace more than core competence or capability. Virtuous organizations are unique, in other words, in their capacity to create positive deviance.

The level of impact the identified constituent factors for corporate social responsiveness have on corporate communication among services and manufacturing organizations was the next objective of the study. The constituent factors for corporate social responsiveness differed in their level of impact on corporate communication within services organizations. Social responsibility received strongest weight in the model followed by corporate and social image. The excluded factor corporate virtue seems to indicate that is
not important constituent factor of corporate social responsiveness within services organizations in predicting corporate communication. Within manufacturing, social responsibility received strongest weight in the model followed by corporate virtue. The excluded factors namely corporate ethics and social image seem to indicate that are not important constituent factors of corporate social responsiveness within manufacturing organizations in predicting corporate communication. Thus, the results of the present study indicates that an ever-increasing number of companies are recognizing the reputational risks and opportunities that corporate responsibility brings, and for these companies aligning corporate behavior with stakeholder expectations is an ongoing business priority. Communication, however, often remains the missing link in the practice of corporate responsibility. The information requirements of a range of opinion leader and mass stakeholder audiences are not currently being satisfied by many companies, so they are not getting full credit for their responsible corporate behavior (Dawkins, 2004).