

FORMAL AND INFORMAL COMMUNICATION CHANNELS IN CREATING CORPORATE BRAND IMAGE AND PREFERENCE

FORMALNI I NEFORMALNI KANALI KOMUNIKACIJE U STVARANJU IMIDŽA I PREFERENCIJE KORPORATIVNE MARKE

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Preliminary communication

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SAŽETAK

Ovo istraživanje analizira učinak različitih komunikacijskih kanala na stvaranje imidža korporativne marke među potencijalnim zaposlenicima. Empirijski podaci prikupljeni su pomoću upitnika koje je popunilo 370 studenata diplomskih studija. Rezultati su otkrili da više od $\frac{3}{4}$ potencijalnih zaposlenika saznaje o poduzeću putem neformalnih kanala komunikacije. Unatoč tome, studenti onih fakulteta koji održavaju formalne prezentacije o istraživanom poduzeću mnogo su bolje upoznati s njime nego studenti fakulteta na kojima se one ne održavaju. Nadalje, unutar

ABSTRACT

This study analyzes the effect that various communication channels have on corporate brand image creation among potential employees. Empirical data was collected by a survey conducted on a sample of 370 graduate students. The results revealed that more than $\frac{3}{4}$ of potential employees learn about the studied company through informal communication channels. Nevertheless, students of the faculties which organize formal company presentations are much better acquainted with such companies than the students of faculties where no formal pre-

jednokanalne komunikacije nema razlike između toga kako formalni i neformalni kanali utječu na znanje o marki i osjećajima prema njoj. S druge strane, višekanalna komunikacija ima veći utjecaj i na znanje i na osjećaje od jednokanalne. Konačno, osjećaji prema marki bolje od znanja o njoj determiniraju preferenciju marke, no znanje determinira osjećaje. Ovi rezultati imaju nekoliko praktičnih implikacija. Iako neformalna komunikacija ima širokosežniji doseg, formalna je bitnija i poslovni subjekti je ne bi smjeli zapostaviti. Formalna komunikacija ne samo da može jednako dobro kreirati pozitivni imidž marke, već djeluje i kao okidač za neformalnu komunikaciju. Praktičarima suočenim s ograničenim resursima također se preporučuje da prednost daju komunikaciji koja potiče stvaranje osjećaja za marku u odnosu na onu koja proširuje znanja o njoj.

sentations are held. Furthermore, within the scope of mono-channeled communication, there is no difference in the manner in which formal and informal channels influence brand knowledge and feelings. On the other hand, multi-channeled communication has a greater influence on both knowledge and feelings than mono-channeled communication. Finally, brand feelings are a stronger factor than brand knowledge in determining brand preference but knowledge also determines feelings. These results have several practical implications. Although informal communication has a wider range of resonance, formal communication is more important and should not be neglected by practitioners. Formal communication is not only able to create positive brand image equally well but it also acts as a trigger for informal communication. Practitioners facing limited resources are further advised to give priority to the communication that creates brand feelings rather than brand knowledge.

1. INTRODUCTION

The main purpose of corporate communications is introducing and reintroducing a company to its target audience(s). They are the condition *sine qua non* that a corporate identity successfully transfers into its perceived version in consumer minds, i.e. its corporate image. Corporate communications are among the most extensively explored elements of marketing, both in terms of practitioners' creative endeavors and in terms of academic analytical research. However, despite the immense body of knowledge in that respect there is still a need for more empirical research. That is, the current literature is still divided on whether formal or informal communication channels render more success, whether former or latter are more appropriate for triggering positive brand feelings and cognitions which eventually result in brand preference. For example, Day's¹ as well as Herr, Kardes and Kim's² and Bansal and Voyer's³ studies are in favor of informal communication channel whereas Zambardino and Goodfellow's,⁴ Karaosmanoglu and Melewar's⁵ and O'Cass and Grace's⁶ research results support the use of formal communication channels.

This research, therefore, aims at investigating the effect that formal vs. informal communication channels as well as mono-channeled vs. multi-channeled communication have on establishing a strong positive brand image and, consequently, enhancing brand preference. In particular, the effect of various communication channels on strong corporate brand knowledge and feelings is investigated. A scientific comparison of the type and intensity of communication is important because companies have limited resources that should be used optimally. Investment in a more effective communication channel results in more success, i.e. it brings the best people to the company. The research is set in the potential employees' environment, which is a much under-researched corporate target group from a marketing point of view. By applying marketing knowledge to the human resource manage-

ment, this paper seeks to contribute to both fields.

2. THEORETICAL BACKGROUND

2.1. Corporate image

Corporate image is an external perception of the company, the company's portrait made in the mind of a consumer.⁷ It encompasses attitudes, opinions, experiences, beliefs and prejudices of company that different groups have (consumers, vendors, contractors, business partners and others). It is formed from real and communication-generated characteristics,⁸ because it is the result of an aggregation process which incorporates diverse information used by the consumer to form a perception of the company. Even for a consumer who has not yet had experience with the company these perceptions may be formed from other sources of information, such as advertising or word-of-mouth.⁹

Salciuviene, Lee and Yu¹⁰ define consumer knowledge as the core of brand image formation. Keller¹¹ further explains that brand knowledge is a network in a consumer's mind consisting of nodes and links between the nodes. Brand image is the other nodes (i.e. all descriptive and evaluative brand-related information) that a brand becomes linked (associated) to while awareness is the strength of the node in terms of the number of links to it.

While brand knowledge is a cognitive representation of a brand and its image,¹² brand feelings are its affective representation. This is so because successful brands communicate with consumers not only on a rational but also on an emotional level.¹³ Research in cognitive psychology provides evidence that emotions play an important role in memory processes as they help people to learn and remember cognitive processes.¹⁴ More specifically, emotions act together with

cognition to strengthen the image of brands in consumers' minds.

2.2. Role of corporate communications

Corporate image is mostly the result of a communication process.¹⁵ Companies that actively manage their corporate identity throughout the communication process obtain satisfying perception of their identity from different groups of public. For example, Bick, Abratt and Bergman¹⁶ conclude that a process of transmitting corporate identity to target groups increases a company's competitiveness by creating loyalty, trust and top-of-mind awareness and building a strong corporate brand. Generally, there is much empirical research which confirms the importance of corporate communications and the impact of the intensity of corporate communications on corporate image.¹⁷ However, the following text will disclose some opinions which are still divided in regards to the issue.

According to Miles and Magnold,¹⁸ corporate communications can be internal (addressed to the employees) or external (addressed to the external public of a company). Potential employees fall in the intercept of the two. More precisely, the communication content is of internal nature whereas communication channels are usually employed to target external sources. Internal messages stress corporate values, beliefs and culture. They can emotionally connect employees to both the brand and the organization and can be highly effective in the employee branding process. External communications in the form of advertising, publicity and public relations are the communications most often used in creating corporate image. While in the initial phases of creating an image advertising is the most powerful, publicity is mostly used in creating or changing the existing image.¹⁹ Public relations efforts can be used to either create or strengthen a positive image of the company or to alter negative images associated with problems or crises.²⁰

Corporate image is not only a product of company-controlled communications but also of non-company controlled messages.²¹ The latter affect an organization through informal channels, which are more difficult to understand and deal with.²² Informal communications from external sources often come in the form of customer feedback and word-of-mouth (WOM) from friends and acquaintances.²³ As many as 79% of consumers regularly talk up their favorite brand to family and friends, and 98% have defended their favorite brand against perceived attacks in the media or those coming from other companies or individuals.²⁴ The growing importance and influence of WOM is also shown in spending, which is expected to grow from \$1.7 billion in 2009 to \$3.04 billion by 2013.²⁵

3. DEVELOPMENT OF HYPOTHESES AND CONCEPTUAL MODEL

3.1. Influence of communication channels on brand feelings and brand knowledge

Apart from being very widespread, WOM, being a neutral communication channel and mainly uncontrolled by the company, is generally also considered to be more effective than controlled communication. Such a notion was presented already in Day's research back in 1971. He found that advertising plays an essential role in achieving initial brand awareness but in achieving positive brand attitude WOM was nine times more effective than media advertising.²⁶ Some 20 years later, Herr, Kardes and Kim²⁷ also found WOM to be highly credible, compared to the organization's formal communications and the messages that come through media advertising. Similar findings were obtained in 2000 by Bansal and Voyer.²⁸

However, recent research is providing evidence in favor of advertising. For example, Zambardino and Goodfellow²⁹ claim that consumers acquire and refine brand values from many external sources and own experiences but advertising is generally accepted as a primary source of image creation. Proof of this statement can be found in the research by Karaosmanoglu and Melewar³⁰ who found that the corporate image is more affected by company-controlled communication elements than by the uncontrolled ones. Similarly, O’Cass and Grace³¹ found that advertising has the strongest effect on brand attitudes, WOM slightly weaker and only in terms of one (out of two studied) service brands while non-paid publicity has no effect on brand attitude. Authors restrain from generalizing their results and explain them in light of Gilly et al.’s finding that the influence of WOM is considerably diffused when impressions of the target brand are pre-existing,³² as was the case in their study.

The argumentation of why advertising might be successful in image creation is offered by Villarejo-Ramos and Sanches-Franco. They propose that the higher the spending on advertising for the brand, the better the perception of the quality of the product, the higher the level of brand awareness and the greater the number of associations linked to the product that form its brand image.³³

Finally, there is also a stream of research which claims that, irrespective of whether communication is formal or informal, it will be more successful in terms of image creation the more intense it is.³⁴ All the elaborated studies give grounds to the following hypotheses:

H1a: Corporate brand knowledge as a constituent of brand image is equally influenced by both formal and informal communication channels.

H1b: Corporate brand feelings as a constituent of brand image are more influenced by informal than formal communication channels.

H2a: Corporate brand knowledge as a constituent of brand image is the better the higher the number of channels the potential employee is exposed to.

H2b: Corporate brand feelings as a constituent of brand image are the better the higher the number of channels the potential employee is exposed to.

3.2. Influence of brand feelings and brand knowledge on brand preference

The ultimate goal of developing a positive image is brand preference (and purchase). Hence, this research takes a step further and examines the relationship between feelings and knowledge as representations of brand image on one hand, and preference on the other.

Several authors investigated aspects of this relationship. For example, Salciuviene, Lee and Yu³⁵ proved that brand image is a multi-dimensional construct, which is directly related to brand preference. Separating brand feelings from brand knowledge, based on a study by Homer and Yoon,³⁶ Orth, Koenig and Firbasova³⁷ propose that emotions influence cognition, which in turn influences attitude and finally the purchase intention.

Although Franzen and Bouwman³⁸ insist on drawing a clear line between preference and attitude, Jun, Cho, and Kwon³⁹ disagree and equate the two whereas Park and Macinnis⁴⁰ strongly correlate them, explaining that attitudes are a generalized predisposition to behave in a certain way with regard to an object. The argument of the former authors, as they themselves stress, is based on the fast-moving consumer goods environment. Such an environment is very distinct from that in the current study (potential employee – employer). In light of the current deep economic recession and steadily rising unemployment rates, the relationship between positive company attitudes and preference (willingness to work for it) strengthens. Hence, these terms are used interchangeably here, as proposed by Jun, Cho and Kwon.

Finally, Kim, Morris and Swait⁴¹ also studied relationships between brand feelings, knowledge and attitudes. They confirmed empirically that brand credibility influences brand affection and brand conviction, which in turn influences the brand attitude strength. All the above argumentation gives basis for the following hypotheses:

H3a: Corporate brand feelings positively influence corporate brand preference.

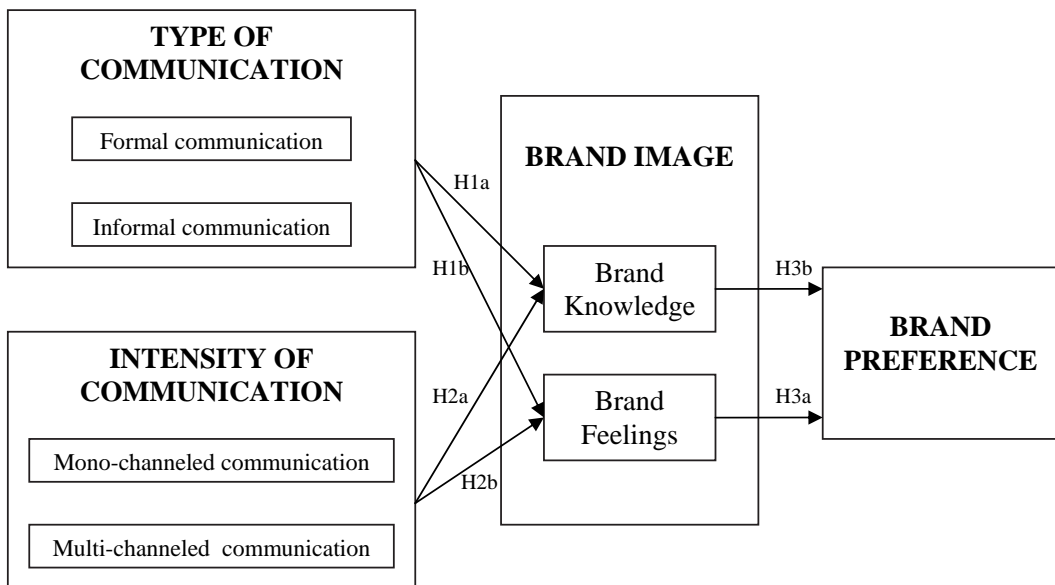
H3b: Corporate brand knowledge positively influences corporate brand preference.

The conceptual model with indicated hypotheses is depicted in Figure 1.

for the studied company. The survey questionnaire was distributed in an offline (during lectures) and an online version (by sending an e-mail to the target group) in December 2009. It consisted of structured questions related to: demographics, communication channels, emotions toward and knowledge of the studied company as well as the interest in working for it.

Data was analyzed by SPSS. After descriptive statistics were calculated, the proposed causal hypotheses were tested using ANOVA, t-tests and linear regression analyses (depending on whether independent variable was nominal or continuous). To test for mediation, a four-step

Figure 1: Conceptual model



4. METHODOLOGY

4.1. Procedure

Research was carried out in the form of a survey among graduate students at the Faculty of Engineering, Faculty of Civil Engineering and Faculty of Economics of the University of Rijeka. These students are considered to be the target group

process proposed by Baron and Kenny⁴² was used.

4.2. Object of the research

The object of the research, i.e. the studied employer was an international turnkey contractor in the oil and gas industry which employs about 38,000 people worldwide and more than 200 in

the City of Rijeka. In further text it is referred to as the Company.

The Company operates in the business market, and this is the main reason it is not often found in newspapers, either through PR or advertising. In the course of last year, according to the interview with the Company's representatives and a quick press-clipping, the Company was mentioned in the newspapers just a few times: once in relation to a very positive event and twice just as side information. As for the advertising, it only advertises job vacancies, which are considered to be a positive content. So, even though newspapers are generally the source of formal and informal communication, most of the texts on the Company and all the advertising for it are Company-managed so newspapers are considered a formal communication channel.

As another important formal channel of communication with the target group, the Company uses live presentations at faculties. It holds these presentations every year at the Faculties of Civil Engineering and Engineering but not at the Faculty of Economics. Such presentations are positive in their content.

Informal communication occurs in the online form (forums) and offline via WOM. This type of communication could not have been wholly content analyzed. However, there are some positive and negative aspects being mentioned on forums and by some of the employees. The company pays above-average salaries while at the same time, due to difficult working conditions, asking for sacrifices from employees.

4.3. Construct operationalization

There were six communication channels offered as a source of Company information: online job portals (formal), web forums (informal), newspapers (formal), job fairs (formal), on-site company presentations (formal) and friends

and colleagues (informal). Respondents could have indicated their exposure to more than one channel. In such a way, both the influence of the number of communication channels and the type of the communication channel could have been tested.

Corporate brand feelings were measured in terms of five feelings (security, satisfaction, pride, enthusiasm and respect) which were chosen by the authors from those previously used in several studies.⁴³ Cronbach's alpha for corporate brand feelings was 0.89 and, hence, the construct was measured as an average score of the five initially measured feelings and named Feelings.

Corporate brand knowledge was measured in terms of the knowledge on three topics: general Company information (6 items), information on employees' benefits (5 items) and information on internship opportunities (5 items). Since this research aims at testing the real level of knowledge instead of a mere perception of the level of knowledge that respondents have, it was necessary to investigate the knowledge of company-specific facts. Therefore, the items were tailor-made for this research. Cronbach's alpha for corporate brand knowledge was 0.98 and, hence, this construct was calculated as an average score of all the items and named Knowledge.

Corporate brand preference was measured as an extent of the respondent's willingness to work for and do internship at the Company. This measurement was not commonly used as a measure of brand preference but because of the specific setting of this research (employer-employee), it was considered the most appropriate. Cronbach's alpha for the two items was .72, which is just above the critical line of .7. Furthermore, the tested students were those of final years, and some of them might have indicated no willingness to do any internship because they simply wanted to start to "work for real". For these reasons, it was considered better to test the two preference measures separately. The two constructs were named Corporate brand preference for Internship (CBP Internship) and Corporate

brand preference for Employment (CBP Employment).

The items for each construct as well as Cronbach's alphas are shown in Table 1.

Table 1: Items, constructs and Cronbach's alpha values for brand knowledge, brand feelings and brand preference

Construct	Items	Cronbach α
Knowledge	The Company is a leader in the engineering sector and also provides a wide range of services for the oil industry	0.98
	The Company is a multinational corporation operating in more than 35 countries	
	Its official language is English	
	The Company has 38,000 employees in total, of which 7,000 Engineers and Project Managers	
	The Company in Rijeka has represented the Group (mother company) in Croatia since 2001	
	In Rijeka, the Company has more than 200 employees	
	The Company's goal is to employ young and ambitious people, and the average employee age is 32 years	
	The Company isn't necessarily looking for long previous experience from its potential future employees	
	The Company provides continuous professional education to its employees so they can improve their personal, business and professional skills	
	The Company monitors the development of each employee through professional development tools and rewards them accordingly	
	The Company enables vertical and horizontal progress of its employees	
	The Company offers the possibility of 6-8 weeks' summer internship	
	The Company offers student part-time jobs throughout the year	
	The Company offers scholarship to final-year students of Technical Universities	
	The Company cooperates with Student Associations for 2-3 months' internships for foreign students	
20 students are currently employed the Company part time		
Feelings	Security, because it is a big and stable company	0.89
	Satisfaction, because the Company invests in the development of its employees	
	Pride, because such a strong company decided to invest in Rijeka	
	Enthusiasm, because the Company is providing an opportunity to young and ambitious people	
	Respect, because the Company is contributing to the local community	
Brand Preference	I would like to do internship at the Company	0.72
	I would like to work for the Company	

5. RESULTS

5.1. Sample description

The total number of collected survey questionnaires was 370 (81% of which were collected offline and 19% online, proportionally from each Faculty). Out of the total number of respondents, 127 came from the Faculty of Engineering, 48 from the Faculty of Civil Engineering and 195 from the Faculty of Economics. In terms of gender, there was an almost equal share of male (51%) and female (49%) respondents. Most of the surveyed students – 74.4%, were 21 to 24 years old, with another 22.4% ranging between 25 and 30 years. The remaining 3.2%, representing older students and a respondent who was previously employed at the company, were removed from further analysis as they would break the homogeneity of the sample and impede results. One final respondent was also removed for having indicated “other, i.e. internet” as a source of information. This source could not have been

coded for belonging to formal or informal communication channels.

Table 1 shows the distribution of respondents' exposure to various communication channels grouped by the Faculty. The communication was found to have been the most efficient when aimed at engineering students (77% heard of the Company), followed by civil engineering students (52%) and economics students (20%). Most of the students (between 66% and 71% at each Faculty) indicated WOM as their source of knowledge about the Company. Interestingly, although several respondents indicated web portals and job fairs as their source of knowledge, these sources were never the sole source of information about the Company.

Table 1 also provides exact information on the number of respondents being exposed to 1, 2, 3 or 4 channels. Because, overall, there were just a few cases of multiple communication channels exposure at each level (26 altogether), the data for those with no information, those exposed to one communication channel and those exposed

Table 2: Type of communication channel respondents were exposed to

Channel	Type	Faculty			Total
		Engineering	Civil engineering	Economics	
No information		27	23	156	206
One channel		76	21	28	125
Portals - e.g. MojPosao	formal	0	0	0	0
Job fairs (Career Days)	formal	0	0	0	0
Newspapers	formal	3	1	0	4
Faculty presentation	formal	8	2	0	10
Acquaintance	informal	64	17	25	106
Web forums	informal	1	1	3	5
More channels		13	4	9	26 (24 mixed)
2		5	1	5	11
3		4	3	4	11
4		4	0	0	4

to more than one communication channels was grouped and further analyzed.

5.2. Hypotheses testing

To test H1a, one-way ANOVA and its non-parametric substitute Kruskal-Wallis test were performed. The latter had to be performed because the error term of dependent variable was not equal across category groups. The three categories of respondents were as follows: those who never heard of the Company, those who learned about it through formal communication channels and those who learned about it through informal communication channels. Those who were exposed to several communication channels were excluded from the analysis at this stage.

The first group (no information) was a control group, i.e. it was necessary to control whether those who had heard of the Company had greater knowledge than others who had not heard of it. Table 2 shows that this test was significant ($p=.000$) for both channels, with the effect size of $\eta^2=.61$. On the other hand, no significant difference ($p=1.00$) was identified between formal ($M=3.12$; $SD=.52$) and informal ($M=3.01$; $SD=.96$) communication channels. Based on these results, H1a cannot be rejected, i.e. formal and informal communication channels have a simi-

lar effect on the target group's corporate brand knowledge.

To test H1b, t-test was performed on two categories of respondents: those exposed to formal vs. those exposed to informal communication channels. Similarly, with the result of the corporate brand knowledge, no significant difference ($p=1.00$) was identified in the feelings toward the Company between formal ($M=3.52$; $SD=1.09$) and informal ($M=3.20$; $SD=.92$) channels. Based on these results, H1b should be rejected, i.e. opposite from hypothesized, corporate brand feelings are not more influenced by informal than formal communication channels.

Hypothesis H2 moves on to examine the effects of multi-channel communication. To test H2a and H2b, t-tests were performed. Two categories of respondents were identified: those who learnt about Company through one, and those who learned about it through two or more communication channels. Table 3 shows that both brand knowledge and brand feelings of those exposed to one channel ($M=3.02$; $SD=.95$ and $M=3.23$; $SD=.94$ respectively) are significantly weaker ($p=.02$ and $p=.03$ respectively) than of those exposed to two or more channels ($M=3.52$; $SD=.83$ and $M=3.68$; $SD=.84$ respectively). Based on these results, H2a and H2b cannot be rejected, i.e. corporate brand knowledge and corporate brand feelings are the better the higher the number of channels the potential employee is exposed to.

Table 3: Influence of communication channel type on corporate brand knowledge and corporate brand feelings

	Mean (st. dev.)			F	p	η^2
	No info (1)	Formal (2)	Informal (3)			
Knowledge	1.19 (.52) _{2,3}	3.12 (.85) ₁	3.01 (.96) ₁	243	.00	.61
Feelings		3.52 (1.09)	3.20 (.92)	1.64	.20	.01

Table 4: Influence of mono-channel vs. multi-channel communication on corporate brand knowledge and corporate brand feelings

	Mean (st. dev.)		t	p	η^2
	One channel (2)	More channels (3)			
Knowledge	3.02(.95) _{1,3}	3.52 (.83) _{1,2}	-2.37	.02	.04
Feelings	3.23 (.94) ₃	3.68 (.84) ₂	-2.17	.03	.03

Before testing hypothesis H3, a test of whether there is a direct influence of formal vs. informal and mono-channeled vs. multi-channeled communication on brand preference was performed. All four t-tests turned negative with p values ranging from .13 to .55, indicating no direct influence.

Hypotheses H3a and H3b move attention away from communication channels to the influence of corporate brand knowledge and corporate brand feelings on corporate brand preference. In other words, constructs that were previously analyzed as dependent (knowledge and feelings) now become predictors of a new construct (preference). Table 4 shows results of the tests for H3a and H3b. To test H3a, step 1 was performed, i.e. two measures of corporate brand preference were regressed on feelings. The results show that feelings have a significant influence ($p=.00$) on both measures, with the goodness of fit of .19 for CBP Internship and .30 for CBP Employment. These results imply that H3a cannot be rejected, that is to say that the better the corporate brand feelings the higher the corporate brand preference.

To test H3b step 2 was performed, i.e. two measures of corporate brand attitude were regressed on knowledge. The influence of knowledge is not as clear as that of feelings. It acts as a weaker predictor of brand preference. It has a significant influence ($p=.00$) on the willingness to do internship at the Company, with the goodness of fit of

.11 whereas its influence on willingness to work for Company is significant only at a rather liberal significance level ($p=.01$), with the goodness of fit of .01. These results imply that H3b could not be fully rejected, that is to say that corporate brand knowledge predicts corporate brand preference, although not as well as do corporate brand feelings.

To fully understand the relationship between the three constructs, a test of mediation was also performed. In order to diagnose mediating effect of feelings on relationship between knowledge and preference, the beta coefficients in the first three steps as well as the beta coefficient of feelings in the fourth step (Table 4) would have to be significant whereas the beta coefficient of knowledge in the fourth step would have to be insignificant or lower than that in the third step.

For CBP Internship, the beta coefficient for knowledge decreased from .32 to .20 and all the other beta coefficients were significant, which is in line with the conditions for mediation. For CBP Employment, although the significance of the beta coefficient for knowledge was much reduced with the introduction of a mediator, it was initially significant only with a more liberal significance level ($p=.1$). These results together provide support for diagnosing partial mediation and further diminishing the power that corporate brand knowledge itself has on corporate brand preference.

Table 5: Influence of corporate brand feelings and corporate brand knowledge on corporate brand preference

Step	Dependent	Independent	St. β	t	p	F	p	Adjusted R ²
1a	CBP Internship	feelings	.44*	5.53	.00			.19
1b	CBP Employment	feelings	.55*	7.65	.00			.30
2a	CBP Internship	knowledge	.34*	3.91	.00			.11
2b	CBP Employment	knowledge	.15	1.64	.10			.01
3	Feelings	knowledge	.40*	4.91	.00			.15
4a	CBP Internship	feelings	.35*	4.12	.00	17.14	.00	.21
		knowledge	.23*	2.63	.01			
4b	CBP Employment	feelings	.55	6.76	.00	24.85	.00	.28
		knowledge	-.04	-.53	.59			

6. DISCUSSION AND CONCLUSIONS

6.1. Findings and implications

This study yielded several noteworthy findings that will be elaborated first before each of them is followed by implications for practitioners.

Firstly, the Company is directing much stronger formal communication towards the students of Engineering and Civil Engineering than towards the students of Economics. Still, most of the students who heard of the Company at each faculty (between 66% and 71%) indicate informal sources as their sole source of information. This might lead the reader to a conclusion that formal communication is useless. However, the total number of students who have heard of the Company is much higher at the two formally informed faculties than at the one which was not formally uninformed. This finding indicates that the two variables studied as independent constructs in this and other previous studies are correlated. This new preliminary finding should be further researched, however, as it gives important input to practitioners even at this stage. It implies that informal communication is much more powerful but it needs the aid of formal one communication to be triggered. The harder the initial push (extent of formal communication) the stronger the impact of the triggered force (informal communication). Practitioners are further advised to try to manage the informal communication channels as well since they can reach more audiences and affect the perception they have of the company.

Secondly, current research is rather divided in terms of giving preference to formal or informal communication channels in creating a strong corporate image.⁴⁴ Therefore, this research tested the manner in which different facets of corporate image, namely knowledge and feelings react to different communication channels. A significant contribution of this paper is the finding that it is less important for both corporate brand feelings

and corporate brand knowledge whether the communication channel is formal or informal (both influence image equally well) than how many communication channels were used in delivering the message to the audience. Previous research focused either on investigating the effect of various types of communication⁴⁵ or on the intensity of communication⁴⁶ while failing to compare the two. Hence, this finding gives an important contribution to the ongoing research on communication effectiveness. It is also useful to practitioners, who are advised to diversify their communication efforts along different channels. They are at the same time advised to integrate communication within the company as a whole, as Bick, Abratt and Bergman⁴⁷ also proposed.

The third important contribution of this paper is that, although brand knowledge and brand feelings previously proved equally important in making purchasing decision,⁴⁸ the results of this research show that feelings towards a corporate brand can predict brand preference better. This finding, together with the previous two, completes the causal chain discovered in this paper. That is, formal communication influences the informal one, which in turn influences brand knowledge, which further influences brand feelings, which finally influence brand preference. The established chain offers a big picture to practitioners and clearly points out that, while some studied elements have a stronger direct influence on brand preference than others, neglecting any of the links in the chain hampers the process of creating brand preference through communication.

6.2. Limitations and recommendations for future research

There are several methodological limitations of this research. The common method bias may occur when the same respondents evaluate both variables among which the relationship is tested,⁴⁹ as was the case in this research. It might have occurred that, in view of the fact

that feelings and knowledge were self-assessed, respondents who are biased towards cognitive processing aimed at having homogeneous responses and hence produced spurious correlations. Podsakoff et al.⁵⁰ proposed several remedies to overcome such problems. Protecting the anonymity of respondents is one of them and it was applied to this research. In the future, research could be improved by applying further remedies: obtaining measures of the predictor and criterion variables from different sources; using a temporal, proximal, psychological or methodological separation of measurement; and reducing evaluation apprehension. In addition, new techniques using non-verbal measurement approaches could overcome elements of cognitive bias as well.⁵¹

An additional limitation is that only the positive feelings were offered for evaluation. This was

done due to the assumption that the more people heard of the company the more they would feel sympathy towards it.⁵² Nevertheless, in a different setting it would also be beneficial to test negative feelings and the effect of the extent of such feelings on other tested variables.

On top of the proposed venues for future research, analysis of the relationships among the studied constructs could be further enriched and improved by getting fresh data from an experimental environment. Opposite to the survey environment applied here, experimental environment could control for the communication channel each respondent was exposed to. This would avoid the issues arising from self-assessment. Of course, repeating the research on another company or on several companies, as well as applying SEM in that case, could give more comprehensive results.

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