The Impact of CSR, Word of Mouth in Brand Image Effectiveness at PTPTN Agency.

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Abstract:
Due to the increasing cost of higher education continues to grow from year to year and the numbers of students in Malaysia are eligible to enter the public universities and private colleges increasingly favorable. The Malaysian government is always alert and attentive to produce many scholars and knowledgeable people together to achieve vision 2020. On awareness and obligation rulers of a country that is currently leading developed countries and further studies have been made by the government as well. One agency was set up under the supervision of the Ministry of education has been given the name as the National Higher Education Fund Corporation (PTPTN). This agency was established under the 566 Act, National Higher Education Fund Corporation. With the establishment of PTPTN showed the Malaysia government's very committed helping the less fortunate to extend their studies to a higher level. The Malaysia government provides a number of provisions by PTPTN with borrowed funds amounting to RM23 billion of the total funds allocated, namely RM35 billion since from 1997 to present. Fact from Ministry of Education, Majlis Amanah Rakyat (MARA) is established in advance on March 1, 1966 under the Parliament Act. The main function of MARA is offering various types of loans and purposes specialty to help all Bumiputera and no interest rates education loan. Beside PTPTN and MARA, Malaysia also have education funds from every states like example Johor Educational Foundation, Selangor Educational Foundation, Pahang Educational Foundation and so on.

Keywords: Higher Education Loan, interest rate and payback period

1. Introduction
National Higher Education Fund Corporation (PTPTN) was operational since 1999. There are 3 objectives of PTPTN is to ensure the establishment of an efficient financing available to eligible students enrolled in higher education institutions in line with the government policy that there are no students who fail to enter institutions of higher learning for financial reasons. Secondly, a collection on loan repayments and the lastly as a depositor in saving scheme for higher learning which product name is SSPN-I. However, based on the history on the record provided by PTPTN refer the total collection of PTPTN for last year’s 2014 from January till November, only 592 million (refer exhibit 1) whereas a total collection of deposit of SSPN-I from 2004 to 2013 is less encouraging just 1.2 billion amount deposited (PTPTN annually report, 2014- refer exhibit 2). It was compared with the number of Malaysians who reach 30 million in 2013, the number of Malaysians working in 2013 amounted to 13 million (refer exhibit 3), the number of students at school and university in the year 2011 amounted to 7 million students (refer exhibit 4) and lastly, the average Malaysian growth rate for every years amounted 450,000 people (refer exhibit 5). When we look at the total collection of payback loan, mostly 20% are still not making a first payment although had been graduated 10 years ago (PTPTN annually report, 2014). It has a several of strategies have been done to encourage the Malaysian saving in the SSPN-I and also repayment PTPTN loan. Starting from year 2010, it is eligible for the borrower should have the SSPN-I account before apply education loan. A lot of strategy had been
2. Literature Review

2.1. Brand image

Brand image was defined as a set perceptions about a brand as reflected by the brand associations held in consume memory, Keller (1993). However, a consensus and immutable definitions of brand image has not been established. We measured brand image using 3 item scale adapted from Park et al.Y (1986) which covered functional benefits, symbolic benefit and experimental benefits brand image dimensions. Functional need pertain to the intrinsic features possessed by the product when consumer attempt to solve purchasing decision; symbolic need are related to consumer self-concept of whether product need could satisfy self-esteem needs and experiential needs address the issues of stimulation, sensory pleasure or novelty linked to product.

Brand image is investigated as having a potential moderation role between Public Relation Perception (PRP) and customer loyalty relationships. Keller (2003) reported that in an increasingly networked economy, understanding the consumers’ tendency to link a brand to other entities such as a person, place, thing, or brand is crucial. In terms of linking a brand to a product, PR strategy can enhance brand knowledge and establish brand awareness through recall and recognition. PR can further enhance the brand associations of brand image, draw brand emotions, and create brand attitude and experience. As customer loyalty is often viewed as resulting from brand knowledge (Keller, 1993, 1999), it follows that PR can raise consumer loyalty through the above strategies.

In addition, the self-congruence theory states that the ways consumers evaluate products match their self-image (Belk, 1988; Sirgy, 1982). Consequently, a higher congruence between self-image and product image would influence consumers’ attitudes or behaviour regarding brand preference, brand attitude, product purchase decisions, customer satisfaction, and repurchasing intentions (Ekinci and Riley, 2003; Graeff, 1996; Hong and Zinkhan, 1995; Sirgy, 1985). In contrast, in the case of incongruence, consumers could refuse or avoid purchasing products and services, which transmit negative intrinsic messages about themselves (Hogg and Banister, 2001). On the other hand, a person’s self-concept is comprised of a number of self-identities, each varying along a continuum ranging from personal identity at one end to social identity at the other (Tajfel and Turner, 1985). When social categorisation is made salient through PR, consumers’ demand for social-identity increases (Mardigal, 2001), leading to higher consumer self-congruence.

Consumers perceive the people behind the brand as caring and genuine. Conversely, consumers’ reaction to PR depends on their levels of self-congruence and how their expectations match the company’s properties presented through PR efforts (Sen and Bhattacharyya, 2001). If consumers’ self-concept and perception of characteristics, associations and values are identical to the company conducting PR activities consumers attach a higher degree of acceptance of the company. The phenomenon of high self-congruence implies that consumers’ values and beliefs are mixed with those of the company (Dutton et al., 1994). Higher consumer self-congruence enhances the establishment of commitment and meaningful relationships with the organization and intensifies customer loyalty. Therefore, organizations’ PR practice can raise consumers’ self-congruence; the higher the self-congruence, the higher the consumer loyalty.

Cognitive psychologists believe that memory is extremely durable, so that once information becomes stored in memory its strength of association decays very slowly. Therefore, if consumers have committed a favourable brand image to memory, such a perception is expected to guide the integration of new information (Petty and Cacioppo, 1986). When consumers have a favourable brand image, this could lead to a positive influence over other messages related to the brand. In other words, the reflects the individual’s tendency to maintain cognitive consistency and to
2. Word of Mouth (WOM)

Publicity is the simple act of making a suggestion that leads to the inclusion of a company or product in a story. In Malaysia country, the tools of publicity such as a Newspapers, magazines, TV programs and radio shows have large amounts of space to fill and depend upon publicity to help provide story ideas, interview subjects, background information and other material. Like example, in PTPTN, we have using mass media and electronic media in order to give information to the customer to make repayment loan and express the benefit when joining saving in the National saving scheme, (SSPN-I). Generally, individuals exposed to major information about a company name are more likely to have positive corporate associations and willing to start commercial relationships (Gatewood et al., 1993). For non-firm communications, the important about publicity is about the information given whether is positive or not, and amount of information is not a key of success. External sources are viewed as more reliable than advertising (Stammerjohan et al., 2005), thus leading to higher image variations in the short-term. When we look at consumer perceptions of brands are very dependent on the opinions of friends, family or other people and, to a lesser extent, on publicity and advertising. 4 main dimensions such as employees, facilities, past experiences and word-of-mouth (WOM) appear as highly important of a company service.

In addition to publicity, WOM communications are a valuable source of information for consumers, especially when they face intangible offers (Bansal and Voyer, 2000). According to East et al. (2007), positive WOM usually comes from the current owners of a particular brand, whereas negative WOM is more related to past brands or brands never bought before. DeCarlo et al.’s (2007) findings reflect that negative WOM results in negative brand beliefs when the initial image of retailers is hardly positive. Focusing on the banking sector, File and Prince (1992a,b) show that positive WOM can help to improve corporate image, whereas Gounaris et al. (2003) reveal a significant impact on the perceptions of proximity or convenience of banking services Concerning non-firm communications, several authors stress that negative publicity has very damaging effects on consumer behaviour, giving rise to negative associations that inhibit the purchase processes (Ahluwalia et al., 2000; Einwiller et al., 2006). In the same way, WOM information also influences purchase intentions and decisions (Herr et al., 1991; Charlett et al., 1995; Bansal and Voyer, 2000). For example, peers’ recommendations can either exert informative influence by guiding consumers in product, brand and store search or affect the evaluations, choices and brand loyalty through normative influences (Bearden et al., 1989; Gounaris and Stathakopoulos, 2004). Therefore, previous empirical evidence suggests that individuals more experienced and familiarized with a company would correspond to those exposed to positive publicity and advertising. Corporate image will depend on firm and non-firm communications.

2.3. Corporate Social Responsibility (CSR)

Corporate social responsibility (CSR) is a summarizing concept, which indicates how companies through different types of activities consider and manage their influence on society and various stakeholders; in regards to environmental, social, and welfare issues. In this paper we are guided by the European Commission’s definition, which describes CSR as “[…] a concept whereby companies integrate environmental concerns in their business and operations social in their stakeholders interaction on a voluntary basis” (Commission of the European Communities, 2001).

In the context of PTPTN, it had done a lot of CSR activity every year. Early 2015, PTPTN was provide RM2 million to Kelantan State for CSR. The CSR PTPTN teams were going to Kelantan state whereby at that time mostly of the Kelantan state have related flood. The activity of CSR is about the clean-up the school and mosque. In addition, PTPTN also prepared the budget for student who are going to school through contribute the school uniform, beg, shoes and so on (Berita Harian, Jan 16, 2015). From a business case perspective, CSR can be a source of innovation and opportunity with provide sustainable competitive advantage (Porter and Kramer, 2006; Smith, 2007). A forward looking suggestion is that CSR is no longer a choice but rather that companies in the future must integrate CSR into strategy to remain successful (Werther and Chandler, 2005; Hillestad et al., 2010). A positive corporate reputation indicates beneficial brand image and investor relations, which ultimately supports financial performance. From a consumer perspective it has been verified that a firm with credible CSR activities and reporting, is more successful in generating longer term consumer purchase intentions, loyalty and advocacy (Duet et al., 2010). Similarly, brands founded on genuine CSR identity are more likely to attract loyal, and change resistant consumers (Pe´rez, 2009).
Revealing the firm’s commitment to responsible behaviour in planned communications, such as advertising, is one way that companies accommodate the pressure from various audiences and seek to obtain or maintain legitimacy (Farache and Perks, 2010). Recent research (Johansen and Nielsen, 2012) highlights here the challenge of striking a balance between elements of conformed CSR, through communication on adherence to certifications and labels such as Fairtrade and ISO 26000, with a unique CSR story to allow differentiation from competition. Johansen and Nielsen (2012) illustrate this challenge through a case study on a Danish Retailer and conclude by recommending the firm to not only communicate on how they comply to various social and environmental schemes but in order to add uniqueness, communication should also focus on their proactive leadership in industrial networks. On this notion it is important that CSR is fully integrated in the business model (Hillestad et al., 2010), and that CSR initiatives and performance are consistently communicated across channels both internally and externally (Borgerson et al., 2009). Some communication methods might however not be suitable for CSR, as highlighted by Lii and Lee (2012), who conclude (based on a survey distributed to 492 Taiwanese business students) that the type of CSR communication seems to matter for reputation building, with philanthropic CSR campaigns being more favourably perceived by consumers compared to sponsorship, or worse customer relationship management (CRM) campaigns. Finally, from a different strand of research, crisis communication, it is evident that emphasizing a long CSR history can be beneficial to obtain consumer support (Vanhamme and Grobben, 2009). The notion of time is also addressed by Doherty and Meehan (2006, p. 307) in their study on the importance of social resources for a firm’s competitive advantage. They outline social resources as consisting of three elements: ethical and social commitments, connections with partners in the value chain, and the consistency of behaviour over time to build trust. The three elements are interrelated and represents, when perceived in composite by consumers, a basis for credibility in regards to a firm’s corporate responsibility. Specifically the third element clarifies and support the essence of a time dimension related to CSR communication and consumer relationships.

The underpinning theory in this study is a Mobile word-of-mouth, theory of mobile viral marketing Mobile devices as personal communication tools are used as platforms for viral marketing within existing social networks. Although there is some evidence on the usefulness of mobile viral marketing from the marketers’ perspective, little is known about the motivations, attitudes, and behaviors of consumers engaged in this marketing instrument. Now, the latest information will get by clicking the phone and knowing all the latest news or information around the world. The outcome is a grounded theory of mobile viral marketing with respect to the consumer and his social network, decomposing the mobile viral effect and identifying the determinants of reception, usage, and forwarding of mobile viral content.

3. Conclusion

As a conclusion, the CSR and WOM Is effected to the Brand Image of the company. The Brand image of the company will get high reputation if positively. Beside that, it can also make it problem for the company if something happen at the product and services were provided. PTPTN had done a good job in term of collection. A lot mass media had been using to persuade borrower to make a repayment every month. But, for those unwilling to make the payment or unemployment, should come to PTPTN and make it discussion and get win-win situation between borrower and PTPTN itself. When rely on the four independence variable on that mentioned above, actually, PTPTN have to add up Mobile word-of-mouth as a independence variable to enhance the effectiveness of action taken by PTPTN. To date, no research has been carried out to analyze the potential of PTPTN effectiveness although the existence of PTPTN since 16 years ago. The management should look at entirely factors of publicity, reliability, Corporate Social Responsibility (CSR), Word of Mouth and brand image are actually important to look the efficiency and effectiveness of PTPTN. We have been dealing with many PTPTN borrowers through interview and questionnaire, and this study will be one of platform for us to review four of the independence variable.

Furthermore, this study may beneficial to the PTPTN management to improve their strategy to collect the repayment and deposit in education saving SSPN-I. We hope the findings will expose the characteristics of decision
and idea to get back money from borrower especially defaulter to make a payment on their education loan and for Malaysian also have a spirit to deposit in education saving for next generation.

References


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