

Malaysia Corporate Credibility Index: An Assessment

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Abstract

Corporate credibility has attracted interest from a wide range of academic disciplines. Malaysians tend to identify themselves by ethnic groups and not nationality. Cross-national marketing research that attempts to make comparisons and generalizations about Malaysian consumers, instead of Malay, Chinese or Indian sub-groups, is likely to be questionable. As corporate credibility index is crucial for every corporate, there is no benchmark or index in Malaysia context in determining levels of credibility of corporates. This provides an opportunity for this research to assess measurement invariance in cross-ethnic perception difference between the westerner and Malaysian as well as developing a credibility index model called Malaysia organization credibility Index (MOCI) as an output of research. The Asian perception on corporate credibility may not be reliable and suitable if it is tested using the western-based scales, due to differences in ethnic culture, religious and personal values of the Asian consumers themselves. Nonetheless, one must determine whether such scales

exhibit cross-cultural equivalence before meaningful comparisons and generalizations can be made. Based on the SEM, the study finds out that both westerners and Asian seems to share the same perception on the honesty, trustworthiness and expertise. However, Asian perceived to see that customer and employees focus are the significant variables in perceiving the credibility of corporate organization and its reputation. Hence, increasingly, corporations in Asia will need to be cognizant of how they are perceived to achieve their strategic goals. This will involve understanding the impact of specific country reputations on firm reputation. Thus this study suggests the establishment of Malaysian Corporate Credibility Index that can be applied to Asian as a whole.

Keyword: corporate credibility, Asian

1. Introduction

Corporate credibility is the amount of trust and believe which companies need to design and deliver to their consumer to suit consumer needs and wants.(Newell, Goldsmith, and Lafferty (2000). Another term for corporate credibility as stated in a research done by Newell and Goldsmith (2001) is source credibility. Source credibility is commonly known as endorser credibility and advertiser credibility. This refers to celebrity or a spokesperson for a product or a company. These people or in other term called, endorser, generate changes in consumers' action toward the company (Lafferty and Goldsmith, 1999). Companies should not only rely only on endorsers but the image of the companies itself is an important factor to increase credibility and induce positive attitudes. Today, many companies have realized that the corporate image needs to be taken care of to capture consumers' attention. Corporate credibility sometimes has been ignored by many companies because they are too fond on using endorsers rather than associating themselves with positive environmental and social issues to enhance their reputation and to increase their sales volume.

Past studies show that there are many measurement scales used to indicate the level of corporate credibility. Such scales include company reputation, advertiser credibility, attitude toward the advertiser, merchant credibility, attitude toward the sponsor, company credibility, confidence or advertiser credibility and corporate credibility. There are a vast number of multi-item scales that can be used by international marketing researchers. Nonetheless, one must determine whether such scales exhibit cross-cultural equivalence before meaningful comparisons and generalizations can be made. Without evidence of measurement invariance, the cross-cultural findings of such studies are weak.

Many studies have assessed the cross-national measurement invariance of consumer behavior and marketing measures. Yet cross-cultural differences are likely to be significant, especially in multi-ethnic countries such as Malaysia.

Newell and Goldsmith (2001) developed a measurement scale to assess corporate credibility mainly based on the western perception. This however may not be applicable in Asian countries as some of the scales may not be valid. The measurement scale was developed based on the previous studies that ignore the context of Asian environment in the development of corporate credibility measurement index.