

The image of the economic institutions in the context of global economy

Laurențiu Gabriel FRÂNCU

The Bucharest University of Economic Studies
laurentiu_francu@yahoo.com

Abstract. *In the context of the current economic crisis that still makes its presence felt and the economic activities of the economic institutions that have already overcome the national borders trying to capture new markets, the image of these institutions play an increasingly important role. Therefore many economic institutions are trying to build a positive image in the business environment, image that can be a competitive advantage in the market, even decisive. It can be seen that more and more companies begin to invest an increasingly higher amount of money in their image and they start to pay more attention than in the past to the relationship with employees, customers, business partners, public institutions, etc. Thus we can see that image plays a key role in the current economic development, on that image depends the success or failure of many business firms. Attracting foreign investment in our country often speaks of the image that we have created, situation in which Romania can be seen as a country in that you can invest or can not invest.*

Keywords: image; economic institutions; competition; market; customers.

JEL Codes: M00; M3.

REL Codes: 5A; 14A; 14D.

Introduction

At present the image of economic institutions play an important role in the global economy. Given that all market players try to gain a competitive advantage against the competition, a positive image in the eyes of the customers can lead to a performance advantage.

From the moment that various economic institutions began to work outside their countries of origin, it is important to take into account any possibility of exceeding the major competitors in the market (while the competition has become more fierce).

In the current economic climate economic institutions image is very important and worth a big attention. Who manages to create a favorable image and finally get to build a brand awareness will have a much greater advantage than others in terms of market supremacy.

Thus, we can see that many brands try to maintain on the market or to capture more of the market by using various image-building strategies:

- Promoting products and services offered by the economic institutions or promoting the image of that institution (in this sense there will be a well-established budget for advertising, publicity, public relations). In this case (depending on the position that the company is holding on the market and its reputation) can be used an aggressive or defensive promoting campaign.
- An attitude and a behavior in the communication with the external environment and domestic economic institutions through which the companies can identify themselves with their own clients.
- A strong relation between price and quality of the products close to the customers expectations.
- Providing quality products and services (it is very important and often very difficult for the economic institutions to maintain the same quality of the products and services).
- A product policy through which economic institutions manage to keep their loyal customers (each time they have to come up with a new product or service trying to keep the same quality or even improve it).
- A price policy adapted to the current economic context, the requirements of the target customers, and also adapted at the requirements of the market on which the economic institutions activate (depending on price strategies that the competitors are using).
- An efficient internal communication strategy and an organizational culture based on satisfying both customers and their employees. When the economic institution have some weaknesses in the internal communication they will be seen out in the quality of the products and

services. Very important is the way in which economic institutions can motivate employees, because they are in many cases the institution interface with the customer. If employees are well trained and motivated they will have a high contribution in creating a positive image of the company, organization, institution with the external public (customers, business partners, suppliers, media).

- A permanent cooperation with the media. It is known that the media is like an image multiplier and in this situation can lead to a competitive advantage by creating a favorable image of that company.
- A high transparency in communication with the external environment can often help economic institutions to create a positive image and a competitive advantage in the market, which can often be decisive.

When economic institutions have created a good image in the market it is important that they continue to invest time and resources in that image because the target customers can be attracted by the competition. Often not known is the case when you can get first on the market quite easy, but it is more difficult to keep yourself in that position.

The image of the economic institutions

Over time we noticed that we live in a society and in a global economy where economic institutions, and the products and services offered for sale by them exists and survive on building a strong identity and how this identity is perceived by the target public. How economic institutions are perceived by the external environment (customers, competition, business partners, suppliers) and internal environment (employees) is the image of this institutions. In general the main tools through which we are trying to build these perceptions are often marketing and economic communication.

Broadly viewed the image can be defined as the overall perception that an individual has towards an object. In the same time the image of the economic institutions is a multitude of representations of feelings, attitudes, ideas, beliefs, more or less explicit, more or less conscious, more or less deep with a emotional content with a more or less importance, more or less dense.

The image is the result of the communication process, reaching to have a strong influence on human behavior. It is very important for the economic institutions to know the image that the customers have about the products and services offered for sale, because image came to influence customer behavior. Thus, many times consumers get to decide whether to buy a product based on how they perceive the image of the company that sells it.

The image of the economic institutions can be seen as a function of organizational signals that cause the perception of stakeholders on the actions

of an organization (Riordan et al., 1997, p. 401). That's why the signals sent to the market by an economic institution in the global economy can have a strong influence on how it is perceived by the target customers, competition, business partners, but also by employees. In this sense each signal that is sent by an economic institution is well calculated and analyzed. In this case we speak of signals such as: involvement in social responsibility (signal can transmit, for example that the company wants to be more involved in helping the less developed regions); aggressive promotion campaigns or less aggressive (signal that can transmit that company intends on keeping the market share or extending the market share); quality products and customer service (which can transmit the signal that the firm intention is to focus on customer satisfaction); prices of products or services (through this signal it can be seen the location of the firm on the market and customers who want to address); a collaborative relationship with the media (signal that can be translated through communicational transparency in the relations of the economic institutions with the media and thus the target customers).

Nowadays when we discuss about the economic institutions image we take into account their identity. The identity of the economic institutions can be interpreted in two distinct levels: implementation of the visual identity tactics of the organizational symbols (logos, trademarks, advertising, marketing materials, websites, etc.) and strategic vision of the economic institutions behavior and the organizational culture that is the center of the economic institutions performance (Camara, 2011, p. 48). In the literature most definitions are saying that the identity of economic institutions raise from the organizational culture, values and behavior of firms plus their visual appearance (Melewar, Jenkins, 2002, pp. 76-90). It is very difficult in the current economic climate for economic institution to survive if they are not taken into account all aspects of their identity that in the future will lead to a positive image among the target public. For this reason, in addition to visual appearance (logo, colors representative), many economic institutions have come to focus on developing an organizational culture. Organizational culture is to create collective standards of thinking, values, norms, attitudes, beliefs and habits among employees. It has a very important role in the development of labor productivity among employees and can also achieve efficient communication relationships that will better perform their tasks. Thus, it can be seen that the role of employees in identity formation of the economic institutions and then their image is very high and therefore companies that wants to succeed in the market have to invest in creating the best possible working conditions for their employees, but also they have to invest in the employees training and motivation.

Reputation that reaches some point to have an economic institution is an issue worthy of consideration when we create the image of an economic institution. Reputation is measured in terms of how economic institutions work is perceived by customers, employees, suppliers, business partners, competitors and communities which it operates in (Camara, 2011, p. 49). Reputation is crucial in economic institutions ability to attract customers, employees, and a large number of investors. It is also important in reducing transaction costs and improving relations with suppliers and local authorities, but also has an impact on marketing strategies such as premium pricing (Camara, 2011, pp. 49-50). A good reputation through quality products and services and a policy of effective communication with the customer leads to higher prices setting. Thus, the reputation of economic institutions can be defined as the way in which these institutions are perceived by the external environment and internal representatives plus the experiences they had when they interacted with a specific economic institution.

In the case of the economic institutions image and reputation we can speak about a difference between the two terms. In this way it is possible to form an opinion about the image of an economic institution without coming into direct contact with it, but in the case of reputation there should be an experience in terms of interaction between customers and companies (Chun, 2005, pp. 157-179). An economic institution can have a good reputation but still have old fashioned image or, conversely, economic institution can have a powerful image that has developed through its visual identity and marketing program, but it is not accompanied by a convincing reputation (Bennett, Gabriel, 2003, pp. 276-289).

These issues are valid when referring to the image that the economic institutions have only visually with the promotion strategies they adopt. In case we discuss in general terms about the image of economic institutions we can take into account both their identity and reputation in developing their general image that they have on the market. A negative reputation can lead to the creation of a negative image.

In current market conditions to survive competition increasingly fierce, economic institutions must send simple messages, catchy and persuasive messages, messages that together with a good reputation can help to develop a positive image.

The image of the economic institutions in the context of global economy

From an economic perspective, globalization is in antithesis with the economic nationalism and the protectionism. The global economy is a free market economy that is close to the neo-liberalism. The global economy has arisen since the development and innovation of communications, infrastructure and vehicles.

There are four aspects that relate to economic globalization indicates four types of cross-border flows: flows of goods/services, eg free trade, flows of people, capital and technology (sursa: <http://ro.wikipedia.org/wiki/Globalizare>).

In the case of global economy the trade takes place between economic institutions in different countries and regions located at large distances, distances that in this moment no longer represent an obstacle in conducting trade.

In this sense it can be seen that in the global economy (where there is a huge competition in the market) the economic institutions image and how they are perceived by the internal environment (employees) and external environment (customers, competitors, suppliers, business partners, local institutions) plays an important role and can make a difference in many situations.

In the global economy where competition is felt in every field of activity is necessary for economic institutions to be always one step ahead of main competitors in the market. In this situation it is taken into account a market research through which you can explore and analyze customer behavior and how they perceive the economic institutions (the image which they have created among the target public). Also, do not lose any company should know the main signs announcing the loss of market share, the perception of a negative image of the company, and loss of respect (Rogojanu, Badea, 2009, p. 141).

Regarding building a competitive advantage in the market through the image should be taken into account that it can start from employees of the economic institutions. In this case should be built a organizational culture that helps employees to give a high yield activities plus a high quality of goods and customer service. However, in a increasingly high competition, managers must demonstrate resourcefulness in the decisions they make because they can provide that advantage they need in the market. In this context, managers must take into account that may be useful to practice a corporate culture different from conventional (Rogojanu, Badea, 2009, p. 149).

Regarding creating a competitive advantage in the global economy must be taken into account as an essential factor the economic crisis that is still leaving traces at international level. Because of this, economic institutions seek to maintain or improve their image through different strategies that are not expensive. In this first example is the case of economic institutions that promote via the internet (the costs in some cases are zero) on certain social networking sites. Thus, it can be in direct contact with the customers realizing a continuous interaction that can help shape a positive image and hence to gain new customers.

Another example is the use of the promotion techniques known as BTL (Below The Line) or more exactly the BTL advertising. The BTL Advertising

(Below The Line) is a form of advertising that uses other type of media than conventional media or uses conventional media in an atypical way (Nicola, Peter, 2001, p. 17). In the case of BTL advertising there are two ways through which it can act: events and supports/objects. When using this form of advertising compared to traditional advertising techniques ATL (Above The Line) we can speak about much lower costs of financing campaigns. In the case of ATL advertising compared to BTL advertising there are used only conventional channels of communication media (radio, television, newspapers, cinema and street display). By using the BTL advertising, economic institutions come to build a direct relationship with certain groups of public defaulters.

Another strategy to improve the image of economic institutions are social responsibility campaigns. This helps to build a positive image among the target public and is touching the sensitive part of the target public that can choose from such a campaign to buy the assets of a company at the expense of another. In social responsibility campaigns economic institutions are involved in various fields such as environmental protection (planting trees and recycling paper) to help develop local communities (through various donations), helping people with disabilities, etc. Could be observed in this regard the increasingly higher involvement of economic institutions in such campaigns.

In the present the economic institutions are increasingly turning to strategies that are promoting their image that are less expensive. One can say that in the global economy context the economic institutions had become very pragmatic in building and promoting their own image.

Romania's image in the context of attracting foreign investment

In the moment we discuss about the country brand it is important to analyze the way the foreign investors are seeing the image of Romania. Thus, the image that a country can have from the economic point of view it can positively or negatively influence the foreign investors. It is normal that in the current economic context the potential foreign investors to take every precaution on the money they are going to invest. In the global economy investors will seek to conduct business in those countries that they will have the most benefit.

It is well known that Romania has tried to attract investment in tourism and especially is trying to build a positive image of our country as a tourist destination. Thus, tourism marketing has been giving customers full and responsible information that led to the enhancement of natural and cultural environment of the areas visited and the degree of satisfaction of tourists (Minciu, Hornoiu, 2009, pp. 34-43). However, although Romania has a high

tourism potential, the image we have in this area until now gives us a competitive advantage not too high compared to other countries with the richest tradition in the sector. For this reason the number of foreign tourists and foreign investors in this area is still quite low. To return to international tourism competition is required along with general and specific infrastructure development, creating new tourism products, modern and original; in this context, developing and promoting ecotourism through appropriate arrangements, as well as through increased marketing activity can provide Romania multiple opportunities for affirmation as the main European tourist destination (Hornoiu, 2009, p. 212). Thus, our country can gain more in terms of image in this area, and receipts may come to represent a significant percentage of GDP (unfortunately revenues to GDP in this area are anywhere from 1.4%).

Besides tourism, Romania should try to attract foreign investment in other areas. That's why it should be necessary to make an analysis of the economic image of our country:

- Labour force in Romania is quite cheap compared to other countries in the region. This can be seen as an advantage in attracting foreign investment that can bring a more positive note to the image.
- Infrastructure. Unfortunately this is a segment where our country is not situated very well and is losing a lot in terms of the image that the foreign investors have about our country.
- Corruption Perceptions Index. In this case Romania's image has suffered greatly because we are ranked 75 out of 183 countries analyzed in 2011 with a score of 3.6 points out of 10 and we are ranked 25 of the 27 EU Member States (<http://www.transparency.org.ro>).
- Stifling bureaucracy often hinders economic activities in optimal conditions, which unfortunately makes Romania's image to suffer in front of potential investors.
- High fiscality and the continuous changing in this area makes foreign investors to be very uncertain whether to invest or not in Romania. The large number of taxes (116 in our country compared to 16.97 EU average) makes the activity of economic institutions very hard.
- The country rating. In this case, the rating agency country risk, Coface has maintained its rating B of Romania (source: www.ziare.ro). Regarding rating for long term debt and currency RON rating agency Moody's gave the rating Baa3 with low investment (source: www.mediafax.ro). Hence it can be concluded that Romania has a negative image in attracting foreign investment.

From the above analysis we can see that Romania's image is not good for attracting foreign investments as confirmed by the low number of foreign investments lately. In 2011 there was a net inflow of foreign investments amounting to only 1.185 billion Euros according to data from the NBR and NIS.

Conclusions

Nowadays it can be seen the importance that the image of economic institutions have in a global economy with strong competition where every detail can make the difference. For this reason it is very important that all economic institutions that want to maintain on the market to consider all factors that help to build their image.

Although currently we still discuss about the economic crisis, the economic institutions must invest their money in the image that they have, and it is true that nowadays the money will be lower and that why promotion strategies chosen will be with a much lower financial implications, but perhaps more effective. In this situation market players must show very much pragmatism, originality and innovation.

Regarding the image the countries have created in terms of attracting foreign investors is very important for the future to find solutions for Romania to attract more foreign investment than today.

References

- Bennett, R., Gabriel, H. (2003). "Image and reputational characteristics of UK charitable organizations: an empirical study", *Corporate Reputation Review*, 6(3)
- da Camara, N.Z. (2011). "Identity, Image and Reputation", Springer-Verlag, Berlin Heidelberg
- Chun, R. (2005). "Corporate reputation: meaning and measurement", *International Journal Management Review*, 7(2)
- Forman, J., Argenti, P. (2005). "How corporate communication influences strategy implementation, reputation and the corporate brand: an exploratory qualitative study", *Corporate Reputation Review*, 8 (3)
- Hornoiu, R.I. (2009). *Ecoturismul – orientare prioritară în dezvoltarea durabilă a comunităților locale*, Editura ASE, București
- Melewar, T.C., Jenkins, E. (2002). „Defining the corporate identity construct”, *Corporate Reputation Review*, 5(1)
- Minciu, R., Hornoiu, R.I. (2009). „Calitatea serviciilor – cerință fundamentală a unui turism durabil”, *Calitatea acces la succes*, nr. 11

- Nicola, M., Petre, D. (2001). "Publicitate și reclamă", suport curs, București
- Reuber, A.R., Fischer, E. (2010). "Organizations Behaving Badly: When Are Discreditable Actions Likely to Damage Organizational Reputation?", *Journal of Business Ethics*, Springer
- Riordan, C.M., Gatewood, R.D., Bill, J.B. (1997). "Corporate Image: Employee Reactions and Implications for Managing Corporate Social Performance", *Journal of Business Ethics Kluwer Academic Publisher*
- Rogojanu, A., Badea, L. (2009). "Cultura corporativă și concurența/Corporate Culture and Competition", *Analele Universității "Constantin Brâncuși" din Târgu Jiu, Seria Economie*, No. 3
- Vanhamme, J., Lindgreen, A., Reast, J., van Popering, N. (2012). "To Do Well by Doing Good: Improving Corporate Image Through Cause-Related Marketing", *Journal of Business Ethics Springer Science+Business Media B.V.*
- Vargha, Z. (2010). *Educate or serve: the paradox of "professional service" and the image of the west in legitimacy battles of post-socialist advertising*, Columbia University, New York, NY, USA
- <http://www.transparency.org.ro>;
- <http://ro.wikipedia.org/wiki/Globalizare>;
- www.mediafax.ro;
- www.ziare.ro.