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# The Effect of Organization-Public Relationships on Corporate Image in Korea

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**Abstract:** The purpose of this study is to assess the impact of corporate public relationship on perception toward the corporate image in Korea. More specifically, this study was conducted to identify and classify factors composing of the corporate public relationship. Organization-public relationships (OPRs) literature serves as a foundation for proposing and testing the model of corporate public relationship on perception toward the corporate image. A survey was conducted for 350 respondents to test the corporate public relationship. The results of the study showed that five factors, such as social service, trust, familiarity, communal relationship, and exchange relationship, were identified as main components of corporate public relationship. A multiple regression analysis was conducted to find out the relationship between the corporate public relationship and perception toward the corporate image. According to multiple regression analysis, it was found that exchange relationship among five components turned out to be the best predictor of corporate image. In addition to those findings, this study has its own significance in that it sought out the application of OPRs to Korean corporations. This study showed that OPRs can be used for evaluating the relationship between Korean corporations and Korean publics. Additionally, this study provides a guideline on strategic communication for a company that plans to launch its products or services into Korea.

**Key words:** Organization–public Relationships, Corporate Image, Relationship Management

## I . Introduction

Measuring organization-public relationships (OPRs) has been frequently discussed in the public relations field in recent years. As the OPRs develops as an important paradigm for public relations study, it is important to decide how to evaluate the value of public relations. As many scholars agree, the ultimate goal of public relations should be to establish mutually beneficial relationships between an organization and its various publics.

Consequently, many CEOs and public relations practitioners have been discussing how best to measure invisible relationships and how to prove the value of public relations (Hon & Grunig, 1999; Ledingham & Bruning, 1998; Huang, 2001b). Center and Jackson (1995) go so far as to argue that “the proper term for the desired outcomes of public relations practice is public relationships” (p. 2).

Moreover, the relational perspective explains the function of public relations within an organizational structure (Ledingham & Bruning, 1998a), and provides methods to determine the impact of public relations on organizational objectives (Ledingham & Bruning, 1997). The important elements of successful relationship management are mutual trust, compromise, cooperation, and, whenever possible, win-win situations (Hutton, 1999).

A keystone of the relationship management perspective is its focus on managing OPRs to produce benefit not only for organizations, but for publics as well (Ledingham, 2001). Further, relationship management theory provides a paradigm for scholarly inquiry, serves as a perspective for public relations education, equips practitioners with an outcome-based means of accounting for the cost of program initiatives, and requires public relations experts to be conversant with management concepts and practices.

Ehling (1992) argues that the shift away from manipulation

of messages and toward relationship-building for mutual benefit is an important change in the primary mission of public relations. As a result, the focus of program evaluation has begun to shift from measuring the dissemination of communicated messages to determining the influence that organizational activities have on key public members' perceptions of the organization-public relationship, as well as determining the outcomes of organizational activities on key public members' behaviors (Bruning & Ledingham, 2000).

Bruning and Ledingham (2000) contend that an organization should engage in communication and behaviors that facilitate trust, openness, involvement, commitment, and investment. Grunig (2001) suggests that both symbolic and behavioral relationships between an organization and key publics should be established, and that these five dimensions should be reflected in the relationships. Ledingham and Bruning (1998) found a significant relationship among key publics between loyalty toward an organization and the OPRs. Their research showed that it is more likely that the consumer who evaluates an organization positively in terms of these five dimensions will remain loyal when the corporation is in competition with other corporations. In other words, their research suggests that the impact of public relations on publics' attitudes and behavior can be assessed in a measurable, even quantifiable way.

There has been relatively little research to date on the effect of organization-public relationships (OPRs) on corporate image. Although there have been studies on the effect of corporate efforts—such as corporate social responsibility—on attitudes toward a brand or purchase decision, studies using a relational model to explain the relationship between corporate image and OPRs have been rare.

When it comes to measuring the overall impact or effectiveness of a public relations program, assessing individuals' opinions, attitudes, and preferences becomes extremely important.

Lindenmann (2002) contended that attitude research measures not only what people say about something, but also what they know and think, what they feel, and how they're inclined to act. To the extent that attitude research can be used for measuring the effect of public relations, OPRs can be used for predicting corporate image.

The purpose of this study is to examine the effect of organization-public relationships (OPRs) on corporate image. More specifically, this study was conducted to identify and classify factors composing of OPRs. This study has its own significance in that it sought out the application of OPRs to Korean corporations.

## **II. Literature Review**

### **1. Relationship Management in Public Relations**

The origin of the relationship management perspective has been found in Ferguson's (1984) call for increased attention to relationships within the study and practice of public relations. Cutlip, Center, and Broom (2005) offered a relational definition of public relations as "the management function that establishes and maintains mutually beneficial relationships between an organization and the publics on whom its success or failure depends (p. 5)."

In particular, Broom and Dozier (1990) suggested a co-orientational approach to measure organization-public relationships (rather than communication efficiencies) as a function of public relations evaluation. J. E. Grunig (1992) defined the purpose of public relations as "building relationships with publics that constrain or enhance the ability of the organization to meet its mission" (p. 20).

The core of the notion that public relations is the management of organization-public relationships (OPRs) is reflected in

Center and Jackson's (1995) observation that: "The proper term for the desired outcomes of public relations practice is public relationships. An organization with effective public relations will attain positive public relationships" (p. 2).

Moreover, the relational perspective explains the function of public relations within an organizational structure (Ledingham & Bruning, 1998a), and provides methods to determine the impact of public relations on organizational objectives (Ledingham & Bruning, 1997).

A keystone of the relationship management perspective is its focus on managing OPRs benefit not only organizations, but publics as well (Ledingham, 2001). Further, relationship management theory provides a paradigm for scholarly inquiry, serves as a perspective for public relations education, equips practitioners with an outcome-based means of accounting for the cost of program initiatives, and requires public relations experts to be conversant with management concepts and practices.

## **2. The Organization-Public Relationships (OPRs)**

Scholarship concerning the management of organization-public relationships (OPRs) has increased significantly in recent years. Ledingham and Bruning offered the following definition of OPRs, based on interpersonal relationship principles:

An organization-public relationship is the state which exists between an organization and its key publics, in which the actions of either can impact the economic, social, cultural or political well being of the other. (1998b, p. 62)

Subsequently, Broom, Casey and Ritchey suggested that:

Relationships consist of the transactions that involve the

exchange of resources between organizations ... and lead to mutual benefit, as well as mutual achievement. (2000, p. 91)

L.A. Grunig, J.E. Grunig and Ehling (1992) suggested that the quality of OPRs might be measured through the dimensions of reciprocity, trust, mutual legitimacy, openness, mutual satisfaction and mutual understanding (p. 136). In that same regard, Ledingham, Bruning, Thomlison and Lesko (1997) conducted a multi-discipline review of relationship literature and identified 17 dimensions (investment, commitment, trust, comfort with relational dialectics, cooperation, mutual goals, interdependence/power imbalance, performance satisfaction, comparison level of the alternatives, adaptation, nonretrievable investment, shared technology, summate constructs, structural bonds, social bonds, intimacy, and passion) that various relationship scholars have held to be central to interpersonal relationships, marketing relationships and other relationships. The initial list of 17 dimensions was then reduced to five (trust, openness, involvement, commitment, and investment) and operationalized through research with key publics (Ledingham & Bruning, 1998a). Ledingham and Bruning (1998a) that examined the linkage between the five operationalized dimensions and attitudes toward an organization.

Hon and Grunig (1999) use the research in interpersonal communication and psychology of interpersonal relationships to determine the relevant relational characteristics. They conclude that control mutuality, trust, satisfaction, commitment, exchange relationship, and communal relationships are good indicators of successful interpersonal relationships. Public relations research shows that those six elements can be applied equally well to organization-public relationship settings (Huang, 1997).

Ledingham and Bruning (1998a) advanced a "Theory of Loyalty" which holds that: "organizational involvement in and support of the community in which it operates can engender loy-

alty toward an organization among key publics when that involvement/support is known by key publics” (p. 63). They further concluded that “what emerges is a process in which organizations must (1) focus on the relationships with their key publics, and, (2) communicate involvement of those activities/programs that build the organization-public relationship to members of their key publics” (p. 63). They also suggested: “To be effective and sustaining, relationships need to be seen as mutually beneficial, based on mutual interest between an organization and its significant publics,” and concluded that “the key to managing successful relationships is to understand what must be done in order to initiate, develop, and maintain that relationship” (p. 27).

Bruning and Ledingham (1998) found the relationship dimensions of trust, openness, involvement, commitment and investment predicted customer satisfaction in a competitive environment. Based on that study, they noted that “the relationship between an organization and its key publics should be considered when developing customer satisfaction initiatives and should be included in future models of satisfaction research” (p. 199).

Additionally, Bruning and Ledingham (1999) found that the indicators of relationship quality suggested by numerous scholars cluster together into three relationships types — “interpersonal,” “professional,” and “community” which formed the basis for development of a multi-item, multi-dimensional scale to measure OPR quality.

An additional study by Ledingham, Bruning, and Wilson (1999) found that OPRs can and do change over time, and that it may require decades, in some cases, to solidify an OPR. As a result, the researchers emphasized the need to maintain attention to an OPR throughout its life cycle, not simply when the OPR is initiated or when it is declining. At this point, linkage between OPR perceptions and loyalty toward an organization has been

documented within the context of the utilities industry, local government, the insurance industry, banking, and higher education.

### **3. Corporate Image**

Image has been regarded as a controversial concept because of the pluralism and ambiguity of its meaning. Grunig (1993) found that “image has been used as a synonym for such concepts as message, reputation, perception, cognition, attitude, credibility, belief, communication, relationship” (p. 124). Additionally, some public relations practitioners and scholars have considered image negatively in that it makes the “reader or listener believe public relations deals with shadows and illusions” (Bernays, 1977, p. 12). However, image is a useful concept in understanding human perceptions and behaviors (Norman, 1984), since it connotes human perceptions of reality rather than fictive reality (Vos, 1992).

As one of the especially significant concepts of contemporary public relations, image has been used to achieve public relations objectives in campaigns and as a dependent variable in studies centered on public relations. Given that the ultimate goal of public relations is to improve corporate image, it has been used in a variety of public relations applications, such as public relations processes, strategies, effect measurements, and evaluations. Despite its varied utilization in public relations practices, image has been criticized as being extraordinary symbolic and abstract. Because of these attributes, some scholars have suggested that image is not pertinent to the ultimate goal of public relations.

Grunig (1993) argues that image lacks substantial, behavioral, functional, and effective attributes. Additionally, because of the confusion among public relations practitioners and scholars regarding the concept of image, the interpretation of public relations objectives varies by individual.

Although the organization-public relationships (OPRs) develop



as an important paradigm for the study of public relations, public relations practitioners consider the integration of corporate image and corporate identity as an important area of public relations. This orientation for public relations practices stems from the belief that “using effective press relations to manage issues enhanced organizational image and created a sense of goodwill among key publics” (Bruning & Ledingham, 2000, p. 86).

Many researchers have shown that corporate image is determined by both the organization and the public (Moffitt, 1994; Williams & Moffitt, 1997). Image is influenced by various corporation-side factors, such as product, service, financial status, employee relations, corporate citizenship, mission and vision, and organizational culture, among others. Additionally, corporate image is influenced by public-side factors, including personal experience, character, and feelings. Alternatively, since interactivity is a core factor in building corporate image, an organization and its public participate simultaneously in the process of image formation (Moffitt, 1994; Williams & Moffitt, 1997).

Most empirical studies about corporate image have focused on the public perception of corporate image and the influence it has on public behavior. These studies show that corporate image indeed influences perception regarding a corporation or its products and/or services (Brown & Dacin, 1997; Nguyen & LeBlanc, 1998; Barone, Miyazaki, & Taylor, 2000), job choice decisions (Gatewood, Gowan, & Lautenschlager, 1993; Bauer & Aiman-Smith, 1996; Turban & Greening, 1997), and purchase intent (Balmer, 1998; Balmer & Gray, 2000; Balmer, 2001).

Maintaining mutually beneficial relationships between an organization and its public (Cutlip, Center, & Broom, 2005), specifically, the core philosophy of public relations, is related to enhancing corporate image. Through two-way communication between an organization and the public, a firm enhances mutual understanding and favorability or adjusts itself to prevailing circum-

stances to obtain mutual benefits. Since public relations activities enhance organization-public relationships (OPRs) by fulfilling the expectations of the public, public relations contributes ultimately to enhancing corporate image.

### III. Research Questions

The goal of this study is to examine the effect of a corporation's organization-public relationships (OPRs) on public's perception.

The respondent's perception on corporation's OPRs was measured using the 33 items, which were developed through the previous studies about multi-dimension of OPRs: mutual control, integrity, dependability, competence, relational satisfaction, commitment, exchange relationship, communal relationship, social contribution, intimacy, and familiarity. The dependent variable of this study includes three items about corporate image. To examine the effect of OPRs on the public's perception on corporate image will add to the hard data on the role of OPRs, an increasingly important variable in public relations study.

Assuming that OPRs affects public's perception of corporate image, an ideal method to improve corporate image is to implement public relations programs which encompass all components of OPRs. However, this type of approach might require too many resources. Public relations practitioners always try to determine how various public relations activities could be carried out more efficiently. If a public relations objective is improving corporate image and they know what components of OPRs affect corporate image most strongly, they could concentrate their efforts on enhancing those components.

The two research questions for this study were:

RQ1: What relationships do various components of Korean

corporation's organization-public relationships (OPRs) have with corporate image?

RQ2: In a Korean corporation, which components of organization-public relationships (OPRs) affect respondent's perception of corporate image?

## **IV. Method**

### **1. Variables**

The independent variable of this study consists of the corporation's organization-public relationships (OPRs). OPRs involve the public's universal perception on a specific corporation. Specifically, they constitute the overall image, such as trust, familiarity, intimacy, and social contribution.

In order to measure the corporation's OPRs, this study used a 33-item measurement instrument, adapted from the scales developed by Hon & Grunig (1999) and Lee, Kim, & Chang (2004), respectively. These 33 measurement items are divided into 11 constructs. These 11 constructs are mutual control, integrity, dependability, competence, relational satisfaction, commitment, exchange relationship, communal relationship, social contribution, intimacy, and familiarity. The 33 items were measured using a five-point Likert scale.

The dependent variable of this study is corporate image. Corporate image makes a construct composed of subordinate concepts such as general image, a capacity for improvement, and social value. These were measured as follows: General image was measured as "This corporation projects a positive image."; A capacity for improvement was measured as "This corporation has a potential for sustainable growth."; Social value was measured as "Compared to other corporations, this corporation is of great value."

## 2. Data Gathering

**(1) Respondents:** The goal of this study was to examine the effect of a corporation's organization-public relationships (OPRs) on publics' perception. A survey with quota sampling was run for gathering quantitative data. Three hundred fifty respondents were surveyed to increase representativeness and external validity.

A survey was conducted for residents of Seoul, Korea. Data was gathered by distributing a questionnaire to respondents, explaining what they were being asked to do, and then collecting the completed questionnaires. The survey was conducted from March 15, 2004 to April 15, 2004 (for one month). A total of 385 respondents participated in the survey, and after a manipulation check, the questionnaires of 35 respondents were eliminated. The remaining questionnaires of 350 respondents were used in the analyses. A factor analysis and multiple regression were computed.

**(2) Questionnaire:** The questionnaire used in this study was composed of three parts. The first part consisted of items for examining the corporation's organization-public relationships (OPRs) in Korea. In this part, respondents answered the questions asking OPRs of KEPCO, POSCO, SK Telecom, and Samsung Electronics, respectively.

The second part was composed of questions about corporate image. The third part was composed of five demographic questions, asking the subjects' sex, age, education, job, and income.

## V. Results

### 1. Respondents' Demographics

In the survey, the gender distribution in the sample was

good. Among the 350 respondents who were used for analysis, 176 (50.3%) were male, while 174 (49.7%) were female. 36% of respondents' age were in the range of 30-39, and 31% of respondents' age were in the range of 20-29. Respondents' another demographic attributes are below.

Education: (1) middle school graduate or under = 2.6 percent, (2) high school graduate = 12.3 percent, (3) college student = 46.6 percent, (4) master's or more = 20.3 percent.

Monthly household income: (1) less than KRW 1,000,000 = 5.7 percent, (2) KRW 1,000,000 to KRW 2,000,000 = 24.0 percent, (3) KRW 2,000,000 to KRW 3,000,000 = 34.0 percent, (4) KRW 3,000,000 to KRW 4,000,000 = 17.4 percent, (5) KRW 4,000,000 or more = 18.9 percent.

Job: (1) student = 19.4 percent, (2) salaried employee = 34.6 percent, (3) small business owner = 11.7 percent, (4) housewife = 15.1 percent, (5) jobless or others = 1.2 percent.

## **2. Exploratory Factor Analysis**

Factor analysis is a statistical technique for synthesizing a large amount of data (Bailey, 1982). There are basically two types of factor analysis: confirmatory and exploratory. Confirmatory factor analysis is used to identify factors that a researcher expects to find on the basis of theory and/or research; exploratory factor analysis identifies factors without such expectations (Frey, Botan, & Kreps, 2000). Given that this study attempts to measure organization-public relationships (OPRs) of specific Korean corporations such as KEPCO, POSCO, SK Telecom, and Samsung Electronics, a new model reflecting these corporations' features is strongly required. Therefore, this study adopted exploratory factor analysis.

When a researcher computes an additional regression analysis or a discriminant analysis using factor scores, he or she needs

to use an orthogonal rotation technique in order to avoid multicollinearity due to correlations among factors (Hair, Anderson, Tatham, & Black, 1995; Mills & Law, 2005).

Therefore, a principle components factor analysis with a varimax rotation was computed in order to combine measurement items for the corporation's OPRs. The factor analysis was used to group the 33 measurement items into significant factors, examining the multi-dimensional nature of OPRs. The eigenvalue was 1.0.

Among 33 items for measuring OPRs, six items with lower than .4 factor loadings and two items with cross-loading were excluded. Therefore, five factors were extracted from 25 items. Table 1 shows the result of the exploratory factor analysis.

**Table 1.** Exploratory factor analysis (N = 350)

Measurement item	Factor					Reliability coefficients
	Social service	Exchange relationship	Trust	Communal relationship	Familiarity	
When this corporation owes something to people like me, it seems to try to give something in return.	<b>.516</b>	.127	.424	.309	.065	.88
This corporation regards social service as one of duties and sets a fund aside for social contribution irrespective of its current financial position.	<b>.619</b>	.039	.250	.304	.209	
This corporation seems to believe that if people like me make a success in life, it will also make a success.	<b>.524</b>	.424	.280	.140	.164	
This corporation seems relatively interested in social service activities	<b>.729</b>	.226	.196	.046	.230	
This corporation tends to admit its fault relatively honestly.	<b>.507</b>	.182	.237	.256	.145	
When people like me are satisfied with this corporation's product or service, they are likely to reward this corporation	<b>.513</b>	.429	-.075	.332	.098	
This corporation seems relatively concerned about the welfare and happiness of people like me.	<b>.764</b>	.184	.158	.222	.077	
This corporation seems to develop and execute various tools for doing social service.	<b>.795</b>	.144	.127	.068	.135	

I really want this corporation to thrive.	.132	<b>.618</b>	.109	.324	.061	
This corporation's promise with people like me is worth believing and following.	.196	<b>.485</b>	.424	.402	.106	
If possible, I would rather work together with this corporation than other corporations.	.075	<b>.549</b>	.310	.080	.278	.74
When I owe something to this corporation, I want to give something in return.	.277	<b>.770</b>	-.059	-.044	-.008	
This corporation seems to have the ability to accomplish what people want.	.133	<b>.579</b>	.248	.105	.053	
I believe that this corporation takes the opinion of people like me into account when making decisions.	.265	-.082	<b>.611</b>	.217	.247	
Sound principles and genuine motivations seem to guide this corporation's behavior.	.352	.215	<b>.572</b>	.188	.093	
This corporation can be relied on to keep its promises.	.245	.358	<b>.601</b>	.257	.049	.79
Once this corporation sets an objective, it seems to reach the objective in any crisis.	.060	.120	<b>.743</b>	-.078	.042	
The technology and management of this corporation are enough to trust in.	.135	.426	<b>.531</b>	.253	.119	
Both this corporation and people like me benefit from the relationship.	.185	.087	.438	<b>.587</b>	.121	
Compare to other organizations, I value my relationship with this corporation more.	.102	.244	.300	<b>.530</b>	.308	
This corporation seems to want to maintain a relationship with people like me in any form.	.359	.186	-.008	<b>.643</b>	-.093	.71
There is a long-lasting bond between this organization and people like me.	.218	.108	.110	<b>.635</b>	.303	
I feel a sense of familiarity to this corporation.	.112	.070	.171	.012	<b>.834</b>	
I feel a sense of intimacy to this corporation as if it is my old friend.	.214	.298	.248	.231	<b>.552</b>	.66
People like me know much of what is going in this corporation.	.376	.033	-.053	.216	<b>.618</b>	

According to the result of the factor analysis, Factor 1 (eight items) involves: three items from social contribution, one item from mutual control, one item from communal relationship, two items from exchange relationship, and one item from integrity. Therefore, Factor 1 is labeled social service in that it includes mutual exchange between a society and a corporation and trust based on that exchange. Factor 2 (five items) involves: one item from communal relationship, dependability, commitment, exchange relationship, and competence, respectively. Factor 2 is labeled exchange relationship in that it shows exchange between a corporation and the public.

Factor 3 (five items) includes: two items from competence, one item from mutual control, one item from dependability, and one item from competence. Factor 3, labeled trust, shows the public's trust in a corporation. Factor 4 (four items), labeled communal relationship, shows exchange relationship between a corporation and publics and mutual control. Factor 5 (3 items) involves: two items from familiarity and one item from intimacy. Factor 5, labeled familiarity, shows the public's familiarity with the corporation.

Although a principal components factor analysis with a varimax rotation yielded five factors from 25 items, eight other items were not included in any of these five factors, because it may be assumed that respondents were unable to make a distinction between the meanings of some measurement items. Therefore, the number of extracted factors was less than the number of initial dimensions of organization-public relationships (OPRs).

Cronbach's alpha was used to determine the internal consistency of the measurement items which were included in these five factors. With Cronbach's alpha between .66 and .88, the items were sufficiently consistent with one another.



### 3. Multiple Regression

The five extracted factors were used as independent variables in order to examine the effect of the corporation's organization-public relationships (OPRs) on the public's perception. A multiple regression analysis was computed in order to evaluate the statistical significance of the effect of independent variables on each component of general corporate image (corporate image, a capacity for improvement, and social value).

Before computing the multiple regression analysis, the correlation between independent variables and dependent variables was measured by using Pearson's Correlation Coefficients. There is no objective guideline for the interpretation of the correlation coefficients. However, if the correlation coefficients ranges from .1 to .3 (in other words, if there is a small relationship between variables), it is believed that knowing a value of one variable enables a certain prediction as to the value of the other. If the correlation coefficients ranges from .3 to .5 (in other words, if there is a considerable relationship between variables), it is believed that knowing a value of one variable enables a comparatively precise prediction as to the value of the other.

As Table 2 shows, the analysis of correlation between independent variables and dependent variables shows that there is strong relationship between variables, because the correlation coefficients ranges from .284 to .599, which is significant at  $p = .01$ .

**Table 2.** The correlation coefficients

	Factor 1 (social service)	Factor 2 (exchange relationship)	Factor 3 (trust)	Factor 4 (communal relationship)	Factor 5 (familiarity)
Corporate image	.517	.559	.599	.515	.455
A capacity for improvement	.420	.552	.402	.297	.284
Social value	.529	.561	.475	.463	.354

Through multiple regression analysis examining relationships between five independent variables and three dependent variables, three multiple regression equations were developed. All of the multiple regression equations were statistically significant at  $p = .01$ . In that the  $R^2$  of three multiple regression equations were .447, .326, and .379, respectively, five independent variables explained 45 percent, 33 percent, and 38 percent of each dependent variable, respectively. The result is shown in Table 3.

Specifically, the effects of independent variables on the public's perception on corporate image varied with each independent

**Table 3.** The result of the multiple regression analysis

Dependent variable	Independent variable	Unstandardized coefficients		Standardized coefficients	t	p	F	R <sup>2</sup>
		B	Standard error	$\beta$				
Corporate image	Social service	2.497E-02	.073	.022	.341	.733		
	Exchange relationship	.297	.065	.252	4.579	.000**		
	Trust	.411	.080	.306	5.131	.000**	54.113	.447
	Communal relationship	.112	.064	.104	1.761	.079		
	Familiarity	.133	.054	.127	2.468	.014*		
A capacity for improvement	Social service	.142	.072	.139	1.966	.050		
	Exchange relationship	.494	.064	.469	7.712	.000**		
	Trust	.123	.079	.102	1.555	.121	32.453	.326
	Communal relationship	-.125	.063	-.129	-1.983	.048*		
Social value	Familiarity	2.061E-02	.053	.022	.386	.700		
	Social service	.288	.092	.212	3.139	.002**		
	Exchange relationship	.461	.081	.331	5.674	.000**		
	Trust	.133	.100	.084	1.324	.186	40.932	.379
	Communal relationship	.109	.080	.085	1.365	.173		
	Familiarity	6.675E-03	.068	.005	.099	.922		

\*  $p < .05$ , \*\*  $p < .01$

variable. Among five independent variables affecting corporate image, exchange relationship, trust, and familiarity showed statistical significance (exchange relationship's  $t = 4.579$  at  $p = .000$ ; trust's  $t = 5.131$  at  $p = .000$ ; familiarity's  $t = 2.468$  at  $p = .014$ ). Therefore, respondents attach much importance to exchange relationship. When respondents regard a corporation as trustful and familiar, they also have a good perception of the corporate image.

Among the five independent variables, exchange relationship and communal relationship affected a capacity for improvement statistically significantly and the other independent variables such as social service, trust, and familiarity did not (exchange relationship's  $t = 7.712$  at  $p = .000$ ; communal relationship's  $t = 1.983$  at  $p = .048$ ). It may be concluded that when the public evaluates a corporation's exchange relationship and communal relationship aspects highly it is also favorable toward a capacity for improvement. Although the communal relationship had a statistical significant effect on a capacity for improvement, the effect was negative (standardized coefficients =  $-.129$ ).

According to the result of the multiple regression analysis, social service and exchange relationship affect social value statistically significantly (social service's  $t = 3.139$  at  $p = .002$ ; exchange's  $t = 5.674$  at  $p = .000$ ). As members of the public are favorable to a corporation's social service and exchange relationship, they evaluate a corporation's social value highly.

The standardized coefficients ( $\beta$ ) about independent variable's importance to three dependent variables shows that the exchange relationship factor occupied 25 percent, the trust factor occupied 31 percent, and familiarity factor occupied 13 percent of corporate image. Among the five factors, the exchange relationship factor affected a capacity improvement most highly ( $\beta = .469$ ), which was the highest value among the three multiple regression equations. The exchange relationship factor's influence on social value ( $\beta = .331$ ) was higher than the social service factor's influence ( $\beta = .212$ ).

## VI. Conclusion and Discussion

To summarize the results about the effect of the independent variables on three dependent variables, the effect varied with the independent variables. Among five independent variables affecting corporate general image, exchange relationship, trust, and familiarity showed statistical significance. Therefore, those in the public evaluating exchange relationship, trust, and familiarity affirmatively also tend to evaluate corporate general image highly. Among three factors, trust with the highest  $R^2$  plays the most important role for the public in evaluating general corporate image. This finding suggests that a corporation aiming at improve its corporate image should concentrate its efforts on building trust. In that case, every public relations activity and message should be designed to show how honest the corporation is about what it say about products or services.

The exchange relationship and communal relationship factors affect the evaluation of a capacity for improvement. The communal relationship factor, in particular, affects it negatively. To interpret this result literally, the public's evaluating communal relationship negatively tends to have an affirmative perception on capacity for improvement. But, KEPCO (the largest electric generation company in Korea) and POSCO (the largest steelmaker in Korea), which were used for the questionnaire in this study, have a limited relationship with respondents when compared to SK Telecom (the largest provider of mobile service in Korea) and Samsung Electronics (the largest manufacturer of industrial and consumer electronic products), because it is difficult for respondents to purchase or try the products of KEPCO and POSCO. In other words, as respondents lack easy access to the products of KEPCO and POSCO, the communal relationship factor cannot affect the respondent's general judgment significantly.

But the exchange relationship factor, with its high standardized coefficient ( $\beta = .469$ ) shows that the degree to which a corporation is perceived as having a positive attitude toward exchange relationship with respondents, the more likely respondent is to see the corporation as having the capacity for improvement.

The respondent's perception of corporate social value is significantly related to the former's views of the corporate factors of communal relationship and exchange relationship. From the above analysis, only the exchange relationship factor affected all of the dependent variables, which indicates that communal relationship and exchange relationship between a corporation and respondent play an important role in respondent's evaluation about a corporation's corporate image, capacity for improvement, and social value.

The purpose of this study was to assess the effect of organization-public relationships (OPRs) on perceptions of the corporate image in Korea. This purpose is reasonable in that both concepts are based on the interactivity between an organization and its publics. Broom, Casey, Ritchey (2000) suggest that this relationship comprises interaction, transaction, exchange, and linkage.

Image research shows that interactivity is a core factor of building a corporate image. Some findings suggest that corporate image is determined by both the organization and the audience member (Moffitt, 1994; Williams & Moffitt, 1997). In other words, an organization and its publics are participating simultaneously in an image-formation process.

Since Ferguson (1984) initiated the origin of the relationship management, scholars have been trying to examine the effect of organization-publics relationships (OPRs). These researches included studies on the relationships between OPRs and brand attitude, purchase decision, etc. But, as stated above, the common attribute of OPRs and corporate image — interactivity — strongly justifies this research's examination about relationships between

them.

This study does not fully reflect Korean culture to OPRs measurement scales. Of course, some measurement items — such as “this corporation regards social service as one of duties and sets a fund aside for social contribution irrespective of its current financial position” (factor loading = .605) and “When this corporation owes something to people like me, it seems to try to give something in return” (factor loading = 0.511) — are related to che-myon (face).

Che-myon is a double-faced concept. On one hand, it is the image of personal self that is claimed and negotiated through social interactions. On the other hand, it is the image of sociological self that is defined by the society and must be protected by passing the normative standards of the positiveness of relevant social values (Lim & Choi, 1996). Because Koreans stress che-myon and regard it as an important virtue, Koreans try to keep their che-myon to project themselves toward people conducive to society.

Huang (2001a) and Kim & Lee (2008) developed the organization-publics relationships (OPRs) measurement scales that reflect each country's culture. Huang (2001) suggested a fifth dimension of OPRs reflecting Chinese culture, renqing (favor) and mianzi (face). She tried to develop OPRs scale that not only fulfill the standards of reliability and validity in measurement but also acquire cross-cultural comparability. Kim & Lee (2008) developed the OPRs measurement scale appropriate for the relational context in Korean culture. They demonstrated that commitment, communication symmetry, and community involvement are visible constructs for measuring OPRs.

The above argument about Korean culture provides a guideline on strategic communication for a company that plans to launch its products or services into Korea. Some cultural theories (Hofstede, 1980; Sriramesh & White, 1992; Hampden-Turner &

Trompenaars, 1993) show the need for marketing communication programs that reflect diverse cultures.

Regardless of the above limitation, this study has its own significance in that it sought out the application of organization-publics relationships (OPRs) to Korean corporations. This study also showed that OPRs can be used to evaluate the relationship between Korean corporations and Korean publics.

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