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The Role of Brand Identity in Creating Resilient Small Enterprises (SMEs) in Fashion Industry

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Abstract— **Small fashion enterprises in Malaysia are not quite familiar with the role of brand identity in creating resilient in business treats. They are categorized as SMEs which consist of almost 90% of businesses in Malaysia. The government of Malaysia has developed many entrepreneurship programs and funds to assist SMEs to be competitive. However, the government acknowledged the lack of experience and exposure among SMEs towards branding has led to difficulties for business sustainability. Thus, this research paper focuses on small enterprises in Malaysia who run fashion businesses and face tough competition in the market on how Brand Identity can create resilient SMEs for sustainability. It is crucial for them to establish brand identity as competitive advantage to their business resilience. A case study of ten (10) small fashion enterprises located in Klang Valley showed that they are in need to employ brand identity to build a stronger corporate entity to be resilient in the market. The research study would contribute to the benefits of SMEs in Malaysia at large by using brand identity as an important tool to assist them strategize their business competitively that this would lead to business sustainability as well as future business expansion. On the other hand, the government of Malaysia also will be benefited the most from the study since they have spent a lot over the years to improve the socio-economic of Malaysia in general through entrepreneurial activities.**

Keywords— *Brand Identity, Bumiputera Small Fashion Enterprises, Resilient, Business Sustainability*

1.   Introduction

This is an exploratory study towards a conceptual framework of brand identity building towards research questions upon problems have been faced by Small and Medium Enterprises (SMEs) in Malaysia that particularly involved in fashion businesses. The study is later being narrowed down to focus on small enterprises in Bumiputera business community which are the most struggling to survive and sustain in the competitive and opened market in Malaysia. Bumiputera small fashion enterprises (BSFEs) have struggled to sustain and survive in Malaysia market [1], [2]. The situation is representing the general perspective of Bumiputera SMEs as a whole. Therefore, BSFEs should look for strategic tools to assist them to be resilient for their business sustainability. The overall study will be based on the past literatures of corporate brand identity as represented by the mainstream of marketing and organizational studies [3]-[6].

1.2   Branding in Malaysia Context

The government of Malaysia sees SMEs as potential to Malaysia economic growth in the years to come [7]. [8] had notified the function of SMEs in a country economic enhancement. The government found that SMEs have contributed up to 33.1% of the national economy and the government has targeted that SMEs will assist the country in contributing up to 41% by the year 2020 [9].

However, majority of SMEs fails to realize the important of brand for being resilient in businesses growth [10], [11]. In terms of developing a brand, many SMEs need funds and they cannot afford it. [12] agreed with it and this has led to SMEs not focusing into building a stronger corporate brand. In fact, many SMEs in Malaysia gave up half way through the building process especially no immediate effects. However, the Malaysia government in its 10th Malaysian Plan (MP10) announced the allocation of funds approximately RM11.4 billion solely for SMEs development [13], [14]. Thus, SMEs should take the chance in developing a good and strong brand which meant to their business sustainability.

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1.3   Problem Statement

[15] highlighted that BSFEs did not have strategic entrepreneurship in their businesses. They did not possess quality management skills and competency [16]. In fact, poor performance in SMEs is due to lack of emphasizing on brand management practices and financial resources which made SMEs do not have strong brand [12].

Fashion industry in Malaysia is very competitive and dynamic thus, BSFEs face fierce competition. Many tourists come to Malaysia to shop since Malaysian retailers able to offer high fashion with competitive prices compared to other neighbouring countries due to tax-free policy imposed. According to the United Nations World Tourism Organization [17], over 80% of Malaysia's tourists come from Singapore, Indonesia, Thailand, Brunei, the Philippines and Australia. International brands also look for the traffics generated by the lure of this growing global market which has been estimated to be worth USD96 billion [18].

Studies had showed that BIFEs were left behind in the fierce market competition due to not having strong corporate brand [15]. In many cases, they do not have corporate brand to identify who they are and what they do in the market. Based on the whole scenario and problems arisen, a research study needs to be done in order to find out how the brand identity will assist in creating resilient independent fashion entrepreneurs in the market for sustainability.

Thus, below are the main problems concerned that need to be studied;

i. Small fashion entrepreneurs are unaware of the role of brand identity as a strategic tool to be resilient in the market
ii. Small fashion entrepreneurs need to identify the internal or external elements in brand identity that can assist them in creating resilient quality to sustain.

1.4   Research Objectives

The research objectives of this study are mainly to find out the core elements of building resilient BSFEs by focusing on the following;

i. To investigate the role of brand identity building as an important tool to create resilience in business performances.
ii. To examine the level of awareness on brand identity among BSFEs in Malaysia
iii. To identify which brand identity elements that need to be prioritized to create resilience in the market.

1.5   Research Questions

The major research question is focusing on how to build resilient BSFEs through brand identity to sustain in business. In order to testify the major questions, two sub-questions will be used to further investigate in achieving the essence of the study;

i. How can BSFEs consider the role of brand identity as a strategic tool to create resilience to sustain in business?
ii. What are the levels of awareness on brand identity among BSFEs in the market?
iii. What are the elements of brand identity strategy that need to be focused to be able sustain in business?

1.6   Scope and Limitation of Study

This research focuses on the BSFEs who operate their businesses less than five years located at Klang Valley. The study was conducted in Klang Valley and Selangor because of its energetic and dynamic economic activities that give benefits to the growth of SMEs in the region consists of Kuala Lumpur and its suburbs, and adjoining cities and towns in the state of Selangor. [19], the region holds a population of 6 million people and it represents approximately 25% of Malaysia population as a whole.

2.   Literature Review

2.1   Fashion Business in Malaysia

Based on the current economic mainstream, the flow of fashion industry grows consistently. Therefore, the dynamic growth has driven the demands for luxury goods especially when Malaysia Gross Domestic Product (GDP) increase of 5% in 2014 compared to previous year. At the same time the culture of carrying luxury accessories strongly boost, as the standalone boutiques in the prestigious Pavillion, Bukit Bintang, KLCC and Garden Midvalley which placed the luxury international brands present Louis Vuitton, Prada, Coach, Gucci, Alexander McQueen and Dior to Malaysia fashion scene [20]. The retail and wholesale industry gave in 12.7% to GDP and with the sales value approximately hiked up to 43% which equivalent to RM13.3 billion [21].

On the other hand, the report also forecasted the increment of 7.1% of retail and wholesale trading in 2015 where the situation predicted based on the flow of tourism industry as well as the dynamic domestic consumption.

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Muslim consumers are also increasing look for Islamic fashion items. Statistic showed that worldwide Muslim consumers have spent approximately USD266 billion on clothing in 2013 and the amount is increasing in 2019 where they are expected to spend approximately USD484 billion [22]. Definitely, the forecast growth parallels with the drastic increasing in numbers of Muslim population worldwide by 3 billion in 2050 [23].
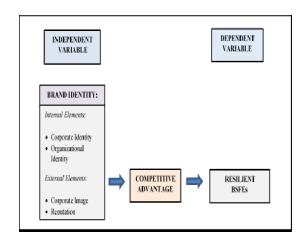
The vast market on the net also serves as another alternative to cater particularly in fashion business. Few studies have been conducted previous years to analyze the increment of online businesses. A study done by AC Nielsen and Paypal [24] acknowledged that online shopping in Malaysia has increased to transactions worth RM1.8 billion in 2011 with the estimation of 1.1 million online shoppers. This figure proved that it was 70% higher than 2010. However, the figure is drastically rising based on a study done by Fashion Business Company in 2015 where they found out that approximately RM4.76 billion was spent online by 18 million regular netizers in Malaysia. It can be seen that for business to kick start, the online business is lucrative with low cost entry and unlimited scalability, thus many businesses offer online shopping to customers. Fashion and accessory items are the most favourite among the online shoppers therefore 46% of online sites selling fashion and accessories, 20% selling Electronics and 18% selling Health and Beauty items.

2.2 Brand Identity Conceptual Framework

There is correlation between the entrepreneurship and business performance that had widely discussed by scholars conceptually and empirically [25]. However, in this study, the conceptual framework mainly focuses on the role of brand identity as a strategic tool to build resilient BIFEs to sustain in business. Based on the leveraging on the literatures, this section proposes a brand identity framework in which the framework focuses on establishment of brands identity as competitive advantage to a business in the market [26].

A conceptual framework based on a grounded theory approach through literature studies has developed a conceptual framework of brand identity as a strategic tool based on the independent variables and dependent variable shown in Figure 1.

Figure 1: Conceptual Framework of Brand Identity

2.2.1 Internal Elements

Internal elements consist of Corporate Identity and Organizational Identity as the independent variables in the conceptual framework of brand identity. Corporate identity refers as the expressions of building strategic vision of brand identity from within through visual identity which easily perceived by customers. Organizational identity develops the idea that identity is a dynamic establishment formed in interaction with organizational image [27] and organizational culture [4]. Organizational identity is made up from mental representations of how organizational members define themselves as a social group in terms of practices, norms, and values.

2.2.2 External Elements

External elements consist of Corporate Image and Reputation as the independent variables in the conceptual framework of brand identity building. Corporate image is a valuable asset that companies need to manage well [28]. Positive corporate image resolves the negative influence of competitors and enable organizations to gain higher levels of profit competitively in the market [29]. Corporate reputation is the minds of stakeholders [30]. Through a management perspective, corporate reputation has long been recognized as an important source of competitive advantage and as a value-added resource.

3   Methodology

3.1   Qualitative Study Method

This research was an explorative of qualitative study method. The purpose was purely to explore the research questions focusing on the real-life scenario of BSFEs and getting better perspectives. The Conceptual Framework of Brand Identity as strategic tool was to create resilient BSFEs to sustain in business. [31] said that exploratory study opted to concentrate on new problems which little or no research done so far.

3.2   Sampling

The sampling technique used in this research study was a purposive sampling method that falls under a non-probability sample technique. In defining the targeted sample population for this study, researcher made the identification based on limitation or scope of studies by focusing on BSFEs who run less than five years, limit the scope of the coverage area is in Klang Valley only and limited to fashion businesses. Researcher also made extra mileage by doing market observation in Klang Valley on suitable sample population before applying the probability random sampling in choosing the appropriate respondents for the study. This was achieved through analysing the media-social interactives online on which the potential sample population had the same chance to be chosen in random probability procedure.

The researcher decided that the sample size of potential respondents should be appropriated at ten (10) numbers. Since the study would be an in-depth interview based on the research questions, researcher determined a comprehensive and open-ended questions would lead to full and rich information from the perfect sizeable respondents. The ten (10) respondents participated in the interview were sufficient to discuss thoroughly about the issues of the research study as they were the owners of the businesses.

4   Findings and Analysis

4.1   Qualitative data analysis

In analysis of qualitative data, the process included identification, examination, understanding as well as interpretation of meanings in textual data transcript from field data to achieve reasonable answers to research questions of the study. There is no numerical data involved but more focus on the interpretation of meanings. The entire process

focused on creativity, strong discipline as well as systematic approach [32].

4.1.1   Thematic Content Analysis Process

The researcher used thematic content analysis in getting reliable findings of the qualitative research study. The core element of the thematic analysis is parallel to the grounded theory approach significantly related to the elements of qualitative study through concepts, categories and prepositions [33]. The process assisted researcher in generating themes under similar categories based on the research questions being addressed. In thematic networks, the main goal was to explore the understanding of issue catered by research questions with logic basis by organizing the data significantly.

Reducing data is compulsory as the first step in the thematic networks analysis by dividing into textual fragmentations in terms of coding framework. Coding field data is actually the process of transcribed data to give meaningful information [34]. On the other hand, [35] agreed that even though traditionally codes will be emerged in the process, predetermined codes are more convenient for covering broader theoretical perspective in the research.

4.1.2   Constructing the Thematic Networks

The emerging themes derived from the identifying themes have provided a basis to construct the Thematic Networks at the following steps. The process involved the inter-crossed and interrelated to each other in order to explore the grounded theory of the study. Usually more than 1 group will be formed based on the issues arisen and will end up to be the global theme supported by organizing and basic Themes. The arrangement of the same idea or concept of basic themes developed into organizing themes. Further arrangements of the organizing Themes will resume a core or principal of whole concept called global themes.

4.2   Findings

BSFEs considered utilizing brand identity to assist them to be resilient and sustain business. The consideration is supported by four organizing themes which can be elaborated and interpreted further as below;

4.2.1   Difficult to Perform in Business

The finding shows that BSFEs face difficulty to perform since they need bigger fund for working

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capital. To get financial supports from bank is tough as they do not have good financial statements. However, previous studies showed that most of BSFEs was unaware of funds provided by government to assist them [1]. For example, Bumiputera Entrepreneurs Start up Scheme (SUPERB) provides grants of up to RM500, 000 to support innovative and creative business ideas and funds to help start-ups companies with an allocation of RM100 million for Bumiputera companies operating for less than 3 years for working capital [36]. At the same time, BSFEs did not perform due to inexperience in business threats.

This issue made them feel discouraged thus, a well-planned business strategy is important to provide management of brand to secure the viability of the brand in the market and skilful management team skills.

4.2.2   *Needs Strategic Tool to Perform in Business*

Based on the case study, it was found that less than 30% of BSFEs was concerned for being in a specialized market segment. In today's challenging business environment, BSFEs need to specialize in product differentiation and exploit new market opportunities [37]. At the same time, BSFEs should be encouraged to use social media as a tool to help them in marketing as currently internet networking is global activities. They need a complete establishment of brand in the market in order to be distinguished and specialized in niche market. It shows that BSFEs really need strategic tool to be resilient that enable to sustain in business [38]. Less than 20% of BSFEs found to have brand management that covered all operational activities including sales and marketing as a strategic tool of the whole organization.

However, all agreed that they still need brand identity to create resilience in developing a distinct identity based on the internal and external factors. BSFEs believed that brand identity plays a significant role to create resilience to sustain in business. The values and beliefs are the key successful factors as strategy to formulate the integration links between internal and external stakeholders that include top management, employees, customers, suppliers and other stakeholders to the enhancement of business performance.

4.2.3   *Level of awareness on Brand Identity*

It was found that more than 70% of BSFEs are unaware about brand identity as an important tool to be resilient in the market. It shows that the level of awareness on brand identity among BSFEs is very low and critical. The lesser they are aware about the benefits of brand identity the more they are uncompetitive in the market. Thus, make them more difficult to be resilient and sustainable in the business. Based on the study, the reasons that they are unaware about brand identity are due to lack of exposure in real life business operations, inexperience in brand management and not having proper business knowledge.

Most of the BSFEs have different backgrounds and none of them comes from business school. They just ventured into fashion business because attracted to the lure of the businesses. [39] agreed that brand identity provides long-lasting competitive advantages that has been used by many successful companies like ZARA, Starbucks and Apples.

4.2.4   *Internal elements of Brand Identity are Significant in Creating resilient BIFEs*

It was found that BSFEs believed that internal elements of brand identity are more important to their business sustainability. 80% of BSFEs has company vision and mission, however, they do not apply it to the entire business entity. The lack of sensitivity towards using the basic Corporate Identity has led to the poor performance to the business since the whole organization does not know where the company is heading to [40]. The findings also revealed the needs for more communication channels to structure and direct communication throughout the organization in order to accomplish better business performance.

5   Conclusion and Discussions

It can be concluded that the role of brand identity can be considered as a strategic tool to create resilient BSFEs to sustain in business. Data form the case study had showed that having difficulties in performing in business due to tough competitions, BSFEs realise the needs of strategic tool to perform in business for sustainability and to formulate the integration among top management, employees, customers, suppliers and other stakeholders.

At the same time, internal elements of brand identity are seen more significant to create resilient BSFEs for business sustainability. Internal elements aim at aligning employees' behaviour to ensure that their actions reinforce the brand messages of stability, honesty, transparency and trustworthiness thus, develop high synergy to

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establish a strong corporate brand established as corporate culture of the company.

5.1   Directions for future study

This study provides a relationship between the role of brand identity and creating resilient BSFEs for business sustainability. Although the focus has been on brand identity contributions to sustain in business, the argument will put forward could be justified on the role of other brand contributions like brand personality, brand positioning, brand knowledge, brand equity for the purpose of business effectiveness. As brand identity is the effective tool that can bring business success [41]. Through the building of brand identity, this will give contribution towards developing strong corporate branding in assisting SMEs in general.

Brand awareness is created in the process on a short-term basis and brand loyalty is developed on a long-term basis. As a matter of fact, a powerful and strong corporate brand will upgrade long-term security and business growth. This would also increase sustainable profits and asset values because of its competitive differentiation in terms of premium prices, higher sales volumes, economies of scale and lower costs as well as greater security of demand.

Therefore, future study should look into other economic contexts as this small-scale research study with a limitation of market segmentation based on larger scale of primary data, is a thought for further broad scale research work in other categories of brand as well. Overall, the significant of the study would assist the government in leveraging the economic growth through private sectors as well as public sectors.

Acknowledgments

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