

## BUILDING A MODEL OF CORPORATE IDENTITY CREATION

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*The present paper aims to highlight aspects related to corporate identity, the way of building, maintaining and improving a unique identity in the internal and external competitive environment. Researches in the area have emphasized certain elements that are imperative for building a specific identity for every company. Several specialized studies suggest theoretical models that can be used by the companies' management in its activity and which we intend to highlight in this paper. Using the experience of multinational companies' managers, we elaborated an identity model that can be used in small and medium-sized companies. Managers of small and medium-sized companies can inspire themselves from the experience of managers who come from large-sized or multinational companies.*

**Keywords:** organizational identity, corporate identity, models identity, multinational companies

### 1. Introduction

This paper, will underline the specialists' concern to define the concept of identity and to establish theoretical models that can support managers in building, maintaining and improving the organizational identity. Building the identity for these organizations leads to the creation of a reputation, which is imperative in challenging the existing competition. As seen from the outside, organizations use policy, strategy and law system that create the philosophy of their existence on the market. From the inside, they have well defined objectives, politics, procedures and working rules, all of these being necessary for the most efficient use of their available resources. According to some specialists in the area, the identity is given by "the stakeholders' internal and external perceptions" [1; p.11]. The way in which the organizational identity is formed and the influence that external and internal factors have on it are also important.

The present research tries to identify the perceived importance of building and improving the organizational identity on the market for managers from small and medium-sized companies who make use of the experience of managers from

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multinational companies. This research aims to find solutions to support managers by establishing an organizational identity model that would be applied within their activity in order to create a good reputation. In order to obtain the identity model, the starting point will be the existing theoretical models defined in the specialized literature, some of which are already implemented in large-sized and multinational companies. Furthermore, the managers' opinions regarding the implementation of these models for the companies they carry out activities will be studied.

## **2. Identity concept and models**

Most specialists who covered the early stages of organizational identity conceptualization, saw the organizational image (brand-visual image, logo-visual image, advertising slogan-audio image, etc.) as part a of the corporate identity.

According to them, “in the past, organizations were able to disconnect their internal functions from the external relations of the environment they activated in, as there were few contacts between employees and the other external factors” [2; p.356]. The people in charge of external relations were the top-level managers (executive managers, marketing managers, purchasing managers, PR managers), while the low-level managers (HR managers, production managers, accounting) handled internal issues [2]. A synthesis of defining identity by various specialists over time was made by Stephen Lloyd in *Corporate reputation: Ontology and measurement* [3; pp.30-31].

Hatch & Schultz (1997) for example defined identity as “what members perceive, feel and think about their organizations: a collective, commonly-shared understanding of the organization’s, distinctive value and characteristics” [2; p. 357] Balmer & Wilson (1998) considered the organizational identity “a coverage of a set of values derived from a subculture which are inside and outside the organization and which continuously develop and are shapeless” [4; p.27] [5; p.1065], [6; p.2]. For He and Melewar the “principal factors influencing the corporate identity/strategy interface were organizational size, leadership and historical legacy” [7; p.422]. Melewar and colleagues defined identity as “a mix of communication, design, culture, behavior, structure, identity of the industry and strategies” [1; p. 10] [10; p.76] [9; p.21] and systematized these aspects which form the organizational identity as in fig. 1.

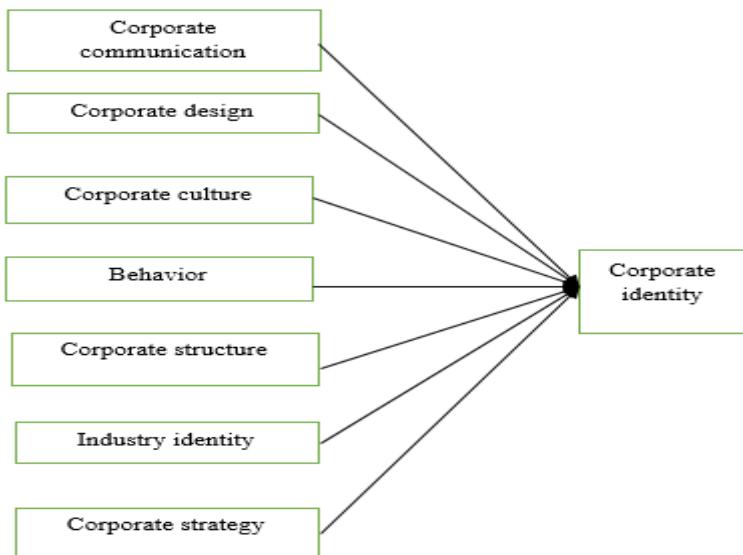


Fig. 1. Mix corporate identity- (Adaptation Melewar)

Source: Vella and Melewar, 2008, p. 10

The extension of the definition developed by Albert & Whetten (1985) was given by Cayla & Penalosa (2012) and in their vision the corporate identity would be “a collective, discursive construction that unites and represents an assemblage of understanding of the organization its symbols and practices, and consumer representations” [10; p.51]. Concerns for defining this concept have continued and are still present. In our opinion, the model proposed by Melewar could be a suitable instrument for the managers working in Romanian companies as well. They can take into account the mix proposed by Melewar in order to build, maintain and improve the corporate identity of the organizations they come from.

Specialists are concerned about finding novelties to support the management of organizations. The factors influencing the corporate identity have been established by the great majority of specialists as being the culture, the values and the vocation, in particular. Regardless of the activity performed by the organization and of the timeframe in which it operated, they are characterized by their own organizational culture. The culture influences the effectiveness of an organization and it is formed by “postulates about the collective action. These postulates are represented by beliefs, norms, myths, stories, legends, symbols, heroes, rituals, values” [11; p.128]. The values form the core and the other aspects represent the cover. The vocation is an important factor regarding the creation and the maintenance of the organization’s image.

The present research tried to identify as many definitions as possible for the concept of identity in order to be able to issue an adapted definition that would be applied by Romanian companies. Firstly, it tried to establish the aspects which

created the identity of these companies. Then, the role of each aspect in creating, improving and maintaining the identity of companies was analyzed.

Several theoretical models concerning the identity of the companies were reviewed and one that was considered suitable for Romanian companies was discovered. A first model is presented, within this analysis, the Van Riel & Balmer model (1997). The authors concluded that “senior managers from a variety of departments including different communication specialist. The main tasks will be to ensure consistency between behavior and corporate communication as well as evaluating the programme in order to determine whether or not the objectives have been met, e.g. analyzing changes in knowledge, attitude and behavioral intent” [12; p.350], fig.2.

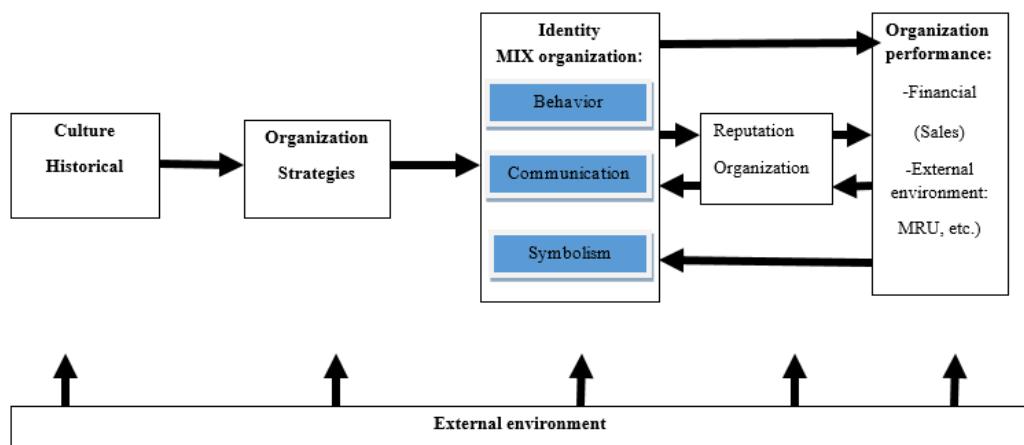


Fig.2. Van Riel & Balmer Identity model.

Source: Van Riel & Balmer, 1997, p. 342

These authors consider that the role of the organization's identity management is “to establish a favorable reputation among stakeholders” [12; p.341] and it is formed by aspects that concern behavior, communication and symbolism. They are permanently influenced by the external environment, but also by culture and strategies. Subsequently, the authors improved this model, especially as, in their opinion, corporate identity influenced the reputation and performance of the organization. This model is a useful tool for the management of the Romanian companies, too. However, following the analysis of this model, it is concluded that culture and strategies are not aspects which build identity, but influence it, although in other research, specialists included them among the core factors.

Another identified model was the Abratt & Kleyn (2012) model, where the corporate identity is defined “as an organization's strategic choices and its expression thereof” [13; p.1051], [6; p.4], (fig. 3).

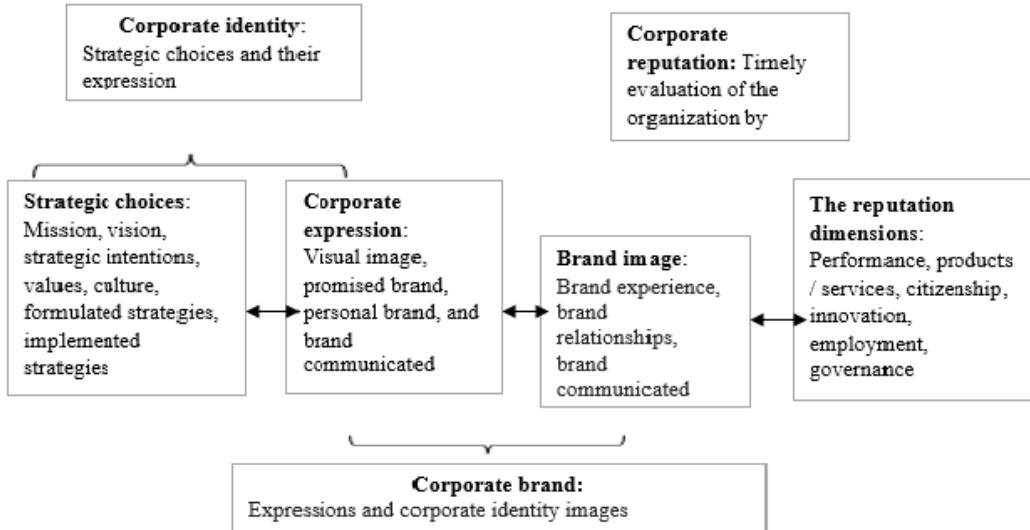


Fig. 3. Corporate identity, corporate brand and corporate reputation: integration.

Source: Abratt & Kleyn, 2012, p. 1050.

The authors consider that “a stakeholder can never interact with an organization’s corporate identity in its entirety – they interact with aspects of the organization’s identity and in so doing build their perception of the corporate brand” [13; p.1050], [6; p.4] and the development of the brand experience leads to the formation of the brand image. In their opinion, stakeholders interact with the brand and analyze if it fulfills its promises according to the expectations.

The corporate identity represents what it is and what it aims to become [13], according to the conclusions drawn by the authors’ model, fig. 3. First of all, it refers to the strategic choices which include mission, vision, values, culture, and strategic intentions and secondly, the corporate expressions build the corporate identity [13; p.1050], [6; p.4]. The organizations will create their identity through strategic choices and corporate expressions and will be obliged to develop a powerful brand through the same expressions, together with the brand image. Abratt & Kleyn consider that the four corporate perspectives issued by He and Balmer “are correct and that visual identity is also part of the corporate brand as it forms part of what we term corporate expression” [13; p.1052]. Other authors identified six types of identities [14], [6; p.3], [15; p.744], by adding the communicated identity and the brand identity, which, according to the authors, are part of the brand image. The statement of the strategies and their implementation are also part of the organizational identity, according to some specialists’ point of view.

Other identity models were also identified: Gray-Balmer model [16], where the corporate identity is the result of communication towards a well defined

audience (1998). Managers should clearly establish their strategies and define the expressions that characterize the company and the market. Among the existing studies [17; p.734], [6; p.3], numerous theoretical models that managers can use in practice were identified.

### 3. Methodology of research

The present research tested the theoretical model proposed in the following chapter. Our proposal regarding the theoretical model is adapted after the studies conducted by specialists in the area in order to be used by managers of Romanian companies. In our opinion, among the models identified in the analyzed studies, the model that is the closest to the manner in which the Romanian companies perform their activity would be the one from fig. 4.

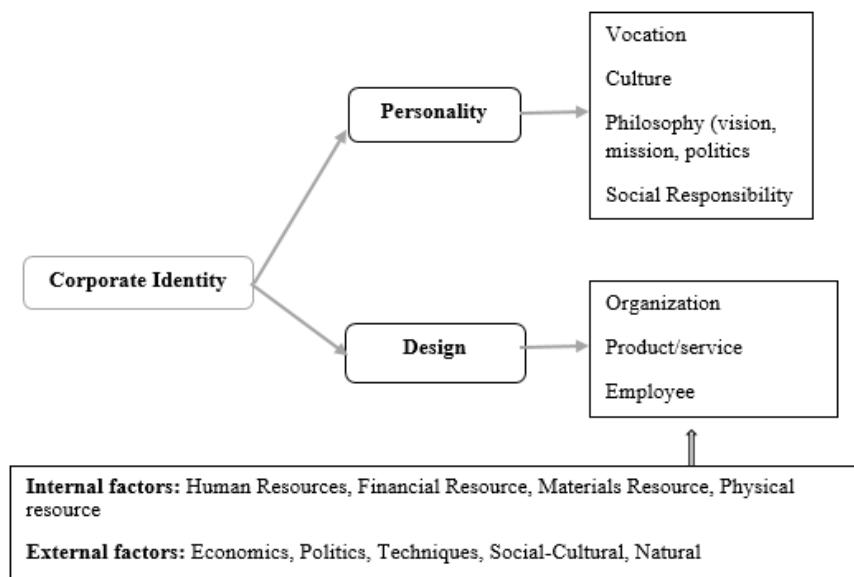


Fig. 4. Theoretical model proposed for companies

The model combines the aspects identified in theoretical models that had already been studied and adapted to the existent situation. The companies' identity should be obtained by combining their personality (which refers to vocation, culture, philosophy and social responsibility) with aspects that differentiate it on the market (these refer to image, company brand, brand products/services and employees). These elements are influenced by both internal and external factors of the company.

Some of the objectives of the research were: the identification of the elements that generated the corporate identity and the identification of the usage

of identity management models within the companies. The instrument used consisted in a self administered questionnaire elaborated on the Google forms platform, with 33 questions and 127 items. It was applied online in the timeframe March - September 2016 to some managers from Romanian companies. The obtained data was processed using the IBM SPSS software for Windows, version 20.

The current paper describes the results of the data analysis regarding the constituent elements and the factors which determine the identity of multinational private companies from Bucharest (n=35). The respondents were 57.1% women and 42.9% men, aged mainly between 36-40 years old and 31-35 years old (each of them 20%). More than two thirds of the managers (23 managers) had postgraduate studies and a third had higher education. Data regarding the managers' employment time within the company highlighted the fact that approximately a third part of the managers (9 managers) had accumulated a total of 5 to 10 years, followed by the ones with 1 to 3 years and 3 to 5 years (8 managers each).

The respondents were managers from multinational companies with a large number of employees. Most managers (29 managers) performed their activity in companies from the services sector (commercial, banking, IT, insurances, consultancy) and only 6 managers from the productions sector. Most of the managers were from the production department (6 managers) and 5 managers from each of the following: commercial/sales, administrative, financial-accounting. Fewer managers were from the research-development department (4 managers) and from the logistic and marketing department (3 managers each).

#### **4. Results**

Furthermore, some of the analysis results regarding the identification and evaluation of some corporate identity elements in multinational companies which also perform in the Romanian market will be presented. Generally, managers were very satisfied or satisfied with the company they worked for, with a percentage of 59.4%, and only a third part of them was neither satisfied/nor unsatisfied (7 managers). They considered that the organizational identity is given to a very great extent by: products/services offered (71.4%), the image created during time (60%), innovations brought by the company (60%), business ethics (54.3%) company brand (51.4%), (fig. 5).

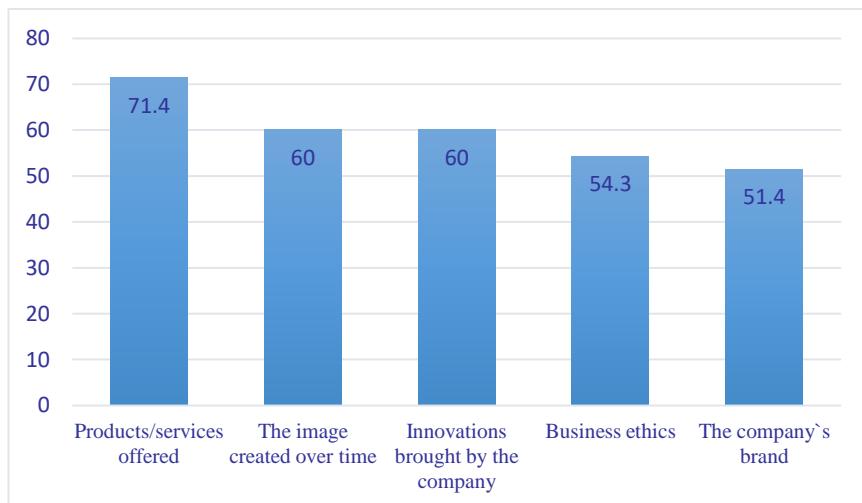


Fig. 5. Elements that build identity (to a very great extent)

They considered, largely, that certain elements are determinant for identity: the company logo (31.4%), the company slogan (34.3%). The element of social actions carried on by the company is equally considered very important and important by ten managers, respectively.

It was determined that managers were aware of the importance of some identity building elements. Among these, the most important for managers are the products/services offered and innovations. The company they came from represented a support for its community in the case of two thirds of them (27 managers), which means for the majority of them. The majority of managers (77.1%) considered that social performance is obtained through the support of the community and these companies were involved in such projects. The companies they came from were involved in projects/social programs for the greatest part of the managers (29 managers), raising funds projects (20 managers), environment projects (21 managers) and other projects (23 managers).

The great majority of the managers used internal regulations within their activity (34 managers), internal norms (33 managers) internal principles (34 managers), internal policies (33 managers) ethical and behavioral codes (34 managers) deontological codes (26 managers) and led their activity after certain performance indicators (32 managers).

Once the identity built, the respondent managers considered that maintaining it is influenced to a very large extent by: the quality of the products/services (68.6%), procurement of some products/ services in accordance to the market's requests (60%), vision, mission and company policies (51.4%), brand of the products/services offered (42.9%), company brand (37.1%) and to a large

extent by: work relationships between employees (42.9%) and the slogan of the company (40%).

The predominant internal factors which would influence the corporate identity to a very large extent for managers were established as it follows: human resources (23 managers), organizational resources (22 managers), clients of the company (21 managers), financial resources (21 managers), infrastructure (19 managers), and suppliers (15 managers). Regarding the human resource, in order to create identity, the companies make use, to a very large extent, of the abilities and competences of the employees (25 managers), of the managers' own experience (19 managers). Moreover, 22 managers consider the instruction and continuous professional development to be important and 22 managers referred to acknowledge of their merits in resolving some tasks as important. The motivation within the company is very important, regardless of being extrinsic or intrinsic, financial (22 managers) or non-financial (13 managers for each of them, to a very great extent/ to a great extent). Even the communication style within the company and with the outside (33 managers) is very important for the company and it influences its identity.

As the most important resource is the human one, this determines the identity and creates the reputation. In multinational companies, the conflicts among employees can influence the built identity to a great/ very great extent, according to the opinion of the majority of the managers (25 managers). The managers admit they had cases of work conflicts within the company (21 managers) and that they were mostly resolved internally (26 managers) or that they had no knowledge of the manner in which they were resolved (9 managers). It is known that in these companies there are specialized departments that solve certain issues from the inside. For the majority of the companies managers came from (26 managers), there were programs of professional development which took place for the benefit of the human resource in order to avoid certain conflicts.

The external factors which would influence the corporate identity to a very great extent would be: the capacity of innovation (23 managers), technical knowledge (18 managers), the economy attractiveness (17 managers), the scientific research development level (15 managers). Among the external factors, the following would influence to a great extent: the financial potential of the company (20 managers), the accessibility of the external resources (17 managers), national strategy (16 managers), the population's purchasing power (14 managers), socio-cultural factors (14 managers), and demographical factors (11 managers). But from their point of view, the variation of the national exchange rate (15 managers) and the country risk coefficient (12 managers) would

influence, to a small extent, the activity of the companies, maybe because they are mainly from the services sector.

From this analysis, one can draw the conclusion that managers do not appreciate all the elements built by authors in the theoretical model. The proposed theoretical model was modified according to the correlations obtained with the help of Pearson coefficient, with respect to the size of companies the respondent managers came from, fig. 6.

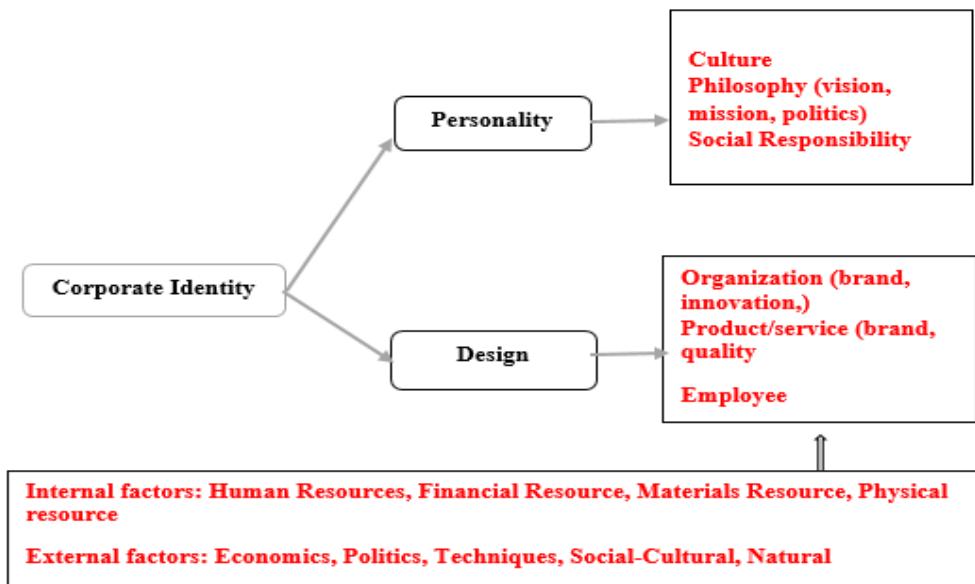


Fig. 6. Identity model resulted from the research – major influences on the corporate identity

The Pearson coefficient was applied in order to obtain some correlations between the size of the company and the constituent elements of the identity. Significant correlations did not result, except between the size of the company and the age of the respondents. The resulted coefficient had a value of  $-0.399^*$  (Correlation is significant at the 0.05 level) and a value of  $0.487^{**}$  for the education level (Correlation is significant at the 0.01 level).

The difference between the proposed theoretical model and the theoretical model resulted from the research consists in the lack of the vocation element in building corporate identities. Although among questions asked to managers there were also included questions regarding vocation, the research concluded that this element is not significant in building the identity.

In conclusion, managers from branches of multinational companies who participated in our study are aware of the fact that they have a difficult mission in building, maintaining and improving the corporate identity on the market. Although companies already have a globally built identity, it is difficult for them

to enter a new market where they are not in the public's eye and must take into account all the constituent elements of the identity, together with the factors that influence it. The resulting model of this analysis can be used by managers of small and medium-sized companies, but it can also be extended for internal and external stakeholders.

## 5. Conclusions

This paper tried to identify a model of corporate identity generation, by taking into consideration the existent research and some managers' opinion. The research conducted so far by specialists in the field, shows that the corporate identity is created from a combination of multiple strategic objectives for organizations (culture, design, communication, behavior, industry- from Melewar, behavior, communication, symbols from Van Riel & Balmer, strategic choices, corporate expression from Abratt & Klein). Unlike previous studies, the model proposed by this paper establishes the following defining elements that generate the corporate identity: personality (organizational culture, organizational philosophy and social responsibility) and design (distinctive design elements, products/services and employees).

The current research can be useful to managers who perform their activity in companies of various sizes and who address to various markets. The proposed model can be further improved through following extended research on internal and external stakeholders. The concept of corporate identity can be redefined by combining some elements related to personality and design and taking into account the influence of the internal and external factors of the company. The role of the managers in identity building, regardless of the company's size, is defining. The experience of managers who come from large-sized or multinational companies can be an example for the managers of small and medium-sized companies.

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