

Strategic Dimensions of Interaction between Strategy and Corporate Identity

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Now, the scarce resources and increased competitiveness of the business environment are the challenges that organizations face. Corporate identity as a source and an effective strategic tool recognises and because of its unique characteristics is the source of competitive advantage. It enhances the company competitiveness.

Corporate identity is a strategic and operational plan for presenting the organization itself based on the philosophy, mission, long-term goals and the desired image to the internal and the external stakeholders.

This paper describes the corporate identity and explains its interaction with the business strategy for competitive advantage. Then the strategic dimensions determine by a theoretical framework. Strategic orientation, strategic action and strategic function are these dimensions.

Keywords: strategy, corporate identity, competitive advantage, strategic dimensions

1. Introduction

Globalization of businesses impacts on the competitive environment and creates opportunities and threats to them; therefore they have to increase their competitiveness. One way to increase the competitiveness of companies in this space, having unique characteristics, is good communication with its stakeholders. Corporate identity draws the strategy, culture and communication in the organization that provides to stakeholders with an ideal personality which associated on philosophy, mission, values, culture and image. (Cornelissen and Elving 2003) Almost two decades ago, researchers (Olins 1989; Gray and Smeltzer 1985) have defined corporate identity as a reason that the company strategy has translated to visible factors, and further research in this direction of thought, corporate identity has been as part of the strategy process (Foo 1997; Miles and Cameron 1982). The other research, corporate identity is a filter in the interpretation flow, analysis and strategic decision-making process. (Dutton and Dukerich 1991) The organization faces with constant challenges by dynamic and continuous changes over time. Since the corporate identity has the relatively stable nature, it is a more intelligent way of dealing with the strategic changes. (Dutton and Dukerich 1991; Ackerman 1988). Corporate identity causes the managers to focus on strategic issues, to manage the resource allocation process and to motivate members of the organization to increase the effectiveness and the performance improvement. (Stimpert and Gustafson 1998; Fiol 1991). Also there is the core competencies which are a source of competitive advantage. (Simoes, et al 2005; Gioia, et al 2000; Fiol 2001) Corporate identity is a source of competitive advantage because it is the distinct image in the minds of stakeholders and especially attractive in mind of customers. It causes the company's reputation and can help the market position of organization. (Stimpert and Gustafson 1998) Identity helps

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managers that focus on the most important and most fundamental strategic issues. So, it has the ability of deep influence on the resource allocation process and closely relate with the organizational assets. (Gioia, et al 2000) Also, corporate identity defines as the complex source of social that is the capabilities and the source of competitive advantage in the resource-based view. (Fiol 2001; Reger and Gustafson 1994) This complex source has the following features:

Homogeneity (the shared beliefs are about the company identity), intensity (the strong opinions and beliefs and the positive effects of corporate identity), complexity (the number of beliefs and identities), summarization (via a range of activities that will give a brief language), and the internal and external content and context, all of which are a source of competitive advantage. As studies show, corporate identity in the process of strategy is the source of competitive advantage, and there is a mutual interaction between these two concepts. This paper aims to describe aspects of this interaction, thus at first it expresses the concept and a view of corporate identity and then it explains some strategic dimensions based on how these concepts interact.

2. Literature Review

2-1 Corporate Identity

Corporate identity is the characteristics of the organization that creates collectively and has central, distinctive, enduring effects. (Albert, et al 2000) And it includes all the words and graphic symbols. (Einwiller and Will 2002) In the other words, it is a common response of organizational member to this question” Who we are as an organization”. (Gioia, et al 2000; Nag, et al 2007)

The main goal of corporate identity is achieving the desired image from the perspective of customers and other stakeholders, or it is a set of physical and behavioral visual signs which causes how recognises from the others of and presents your organization with these signs. (Balmer 2001; Cornelissen, et al 2007) Corporate identity is always that the company identifies itself to all stakeholders.[19] It is the unique capabilities and all signs of company discrimination. (Cornelissen, et al 2007; Gioia, et al 2000, Fiol 2001; Gregory 1999) Olins (1990) noted there were three questions in corporate identity. Who are we, what do we, and how we do it. Ballmer defines the corporate identity as the synthesis is strategy and the behavioral communications. Corporate identity is visual components of a plan that the company distinguishes has shown and the goals and company stable with an emphasis on symbols, icons and logos. So, it is a strategic tool that can use the inside and outside the organization. (Balmer and Dinnie 1999) There are three paradigms in concepts of corporate identity that they are following the separate thought. (Van Riel and Balmer, 1997)

-Graphic Design Paradigm

Corporate identity has been synonymous of cultural terms, logos, styles of behavior and visual identities such as the brand and the slogans. The most theorists in this perspective are emphasized on the design of graphics and understandable.

Olins (1990) noted that visual identity has shown strategies, brand and communication policies. The main goal of this approach is increasing how the organization visible and creates a strategic position that corporate strategy has an essential role.

-Integrated Communication Paradigm

The understanding of graphic designers and marketers of the effectiveness of the consistency in the visual communication have led to this approach that The company's identity is created through an official communication. (Bernstein 1986; Schultz, et al 1994)

The researchers considered the scope, complexity and importance of organizational communication. The company communications mix and its management are essentially more different and more complex of the marketing communications mix and the effective communication with all stakeholders is an important factor in this concept. This communication can be linked the corporate identity with the image as a bridge.

-Interdisciplinary paradigm

Some researchers (Olins 1989; Balmer 1995; Van Riel 1995) consider the corporate identity as the unique characteristics of organization those roots in the behavior of members. In this view, corporate identity management is the strategic importance and it is an interdisciplinary approach.

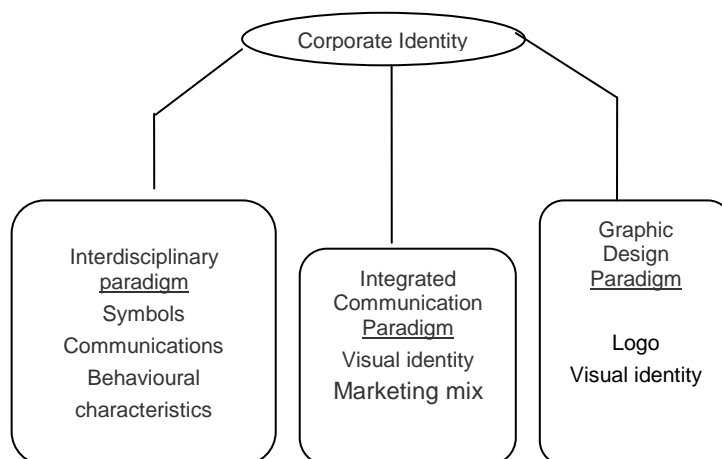


Figure 1: Definitions of corporate identity in the different views

Corporate identity is different the organizational identity. Organizational identity is the feel of employees how to think about the organization and it emphasizes the culture, local beliefs and internal stakeholders. But the corporate identity has emphasized the culture, strategy, structure, past of organization, business activities and business areas and has focused on the differentiation and the attitude of internal and external stakeholders. Against organizational identity, corporate identity tends to focus on the characteristics such as the centrality; in the nature and the essence, differentiation; the others isolated and the enduring; the degree of similarity or continuity over time. (Albert and Whetten 1985) Melewar and Jenkins (2000) have identified five factors to measure the corporate identity:

- Communication and visual identity including: name, logo, colors, slogans, etc.
- Behaviour
- Organizational culture

- Market conditions (nature of the industry and market strategy)
- Product and service

This multidisciplinary approach uses for analysing the corporate identity that defines has the concept of corporate identity in psychological perspective, graphic design, marketing and public relations. In a more general definition, corporate identity has seven components.(Melewar 2006) *The companies communications*, the *companies design* such as company name, advertising slogan, logo and colours; *company culture* and *behaviour of company* that they are the intangible part of corporate identity including the behaviour of employees and managers. *Organization structure*, *corporate strategy* including the goals, scope of activities, products and markets; and *corporate art* referees the different ways of perceptions, emotions, thinking, shared values and sense of belonging staff that has an important role in creating symbols, core values, qualities, activities and organizational competence.

2-2 Engagement strategy and corporate identity

The strategy separates the organisation from the others and creates a unique market position and competitive advantage. (Porter 1980) Competitive advantages are a quality that distinguishes the organization from its rivals and it will be higher than the others. (Peteraf 1993) In recent years, the researchers emphasis on resource-based view of strategy which has focused to find the unique sources, valuable, non-imitation, complex and collective organizational processes.(Barney 2002; Barney and Stewart 2000) This view of strategic management research has led to focus on the resources, the dynamic capabilities and core competencies instead of the analysis of industry.

According to some researchers (Dacin and Brown 2002; Zinkhan, et al 2001) to understanding of corporate identity and the corporate image is the intermediate between strategy and to interpret the strategy. To describe the nature of the relationship between strategy and identity depends on widely how two concepts define. This relationship has considered in many researches. (Simoes et al 2005; Balmer and Dinnie, 1999; Rughase 2006)

Corporate identity implies to some characteristics such the central, distinctive, and enduring effects which are in the organization's mission, while the strategy is achieving their goals and conscious activities. (Simoes et al 2005; Stuart 1998) Identity can be a resource for the organization's strategy. Identity and strategy are mutually co-related so that the identity recognizes, expresses and deploys in the organization by the strategy. (Glynn 2000)

Weick (1995) emphasizes on the identity structure that is the first specificity of sense making and it is an important factor in strategy formulation. As a psychological and social reality, corporate identity is an experimental, theoretical and practical construct that increases the understanding of organizational processes that may prevent or strengthen the organization's strategic processes.

Some researches that study the mutual interaction between the strategy and corporate identity, emphasis on the strategy content and considers corporate identity as the organizational asset (Fiol 2001), the dynamic capability (Glynn 2000) and the strategic initiative.(Rosson and Brooks 2004) The conceptualization of corporate identity as a strategic function, consider to structure, processes and activities and the operational perspective mean that corporate identity has seen in the company's performance.

Corporate identity has considered as part of strategic issues and appropriated the strategy. All components of corporate identity must be coordinated and coherent together. Corporate identity has emphasized on the company reputation with internal and external stakeholders. As it is shown in Figure 2, the corporate strategy affects on corporate identity mix and it impacts on the company's reputation and the performance. (Van Riel and Balmer 1997)

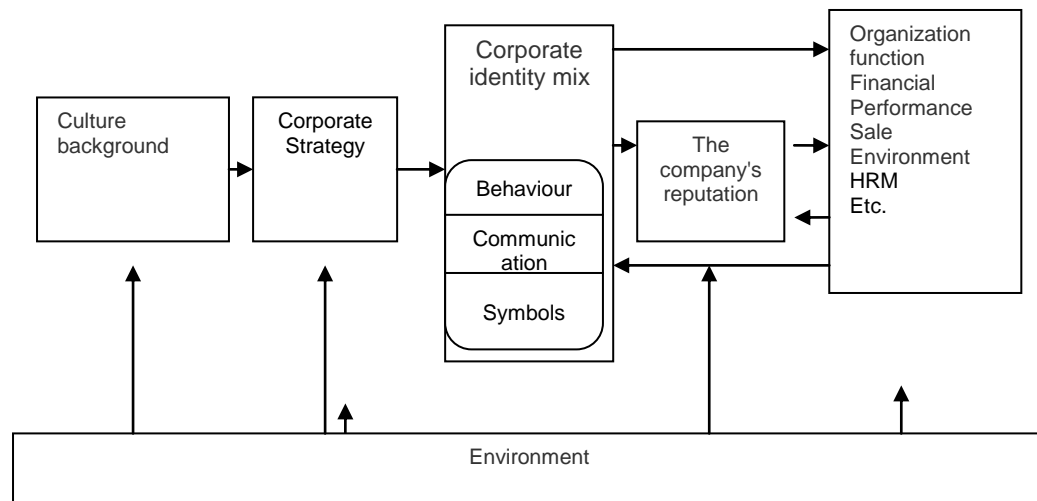


Figure 2: Corporate Identity Management (Van Riel and Balmer 1997)

Organizations without a strong identity can not be committed to the common beliefs and the proper strategies so there will be no stability in the actions and decisions. (Dowling 1994) Corporate and market strategies will determine not only the desirable states in the future but they affect the branding and corporate perceptions. (Melewar and Jenkins 2002; Einwiller and Will 2002; Gioia and Chittipeddi 1991) And creates competitive advantage for the organization also it is an important factor in the mergers and the strategic alliances. (Sarason 1995; Ettenson 2004)

3. Strategic interaction of strategy and corporate identity

Strategic management organizes the resources and functional areas of an organization meet its goals. When the corporate identity as a strategic asset and the strategic resource of an organization it considered to be, also the strategic dimensions of this interaction should be specified in the strategy formation process. Strategic dimensions are the areas of the organization's strategy-making process that corporate identity is affected.

The identity affects on the strategy by managers vision and mission of the organization that it will lead to their strategic behaviour and it also influences on the attitudes of stakeholders through the desired image of the organization. In this paper, three strategic dimensions for engaging corporate identity and strategy is proposed that is shown in a theoretical framework in Figure 3. To identify these dimensions help to analysis the effect of corporate identity in the strategy process and they involve effectively the plan for the corporate identity.

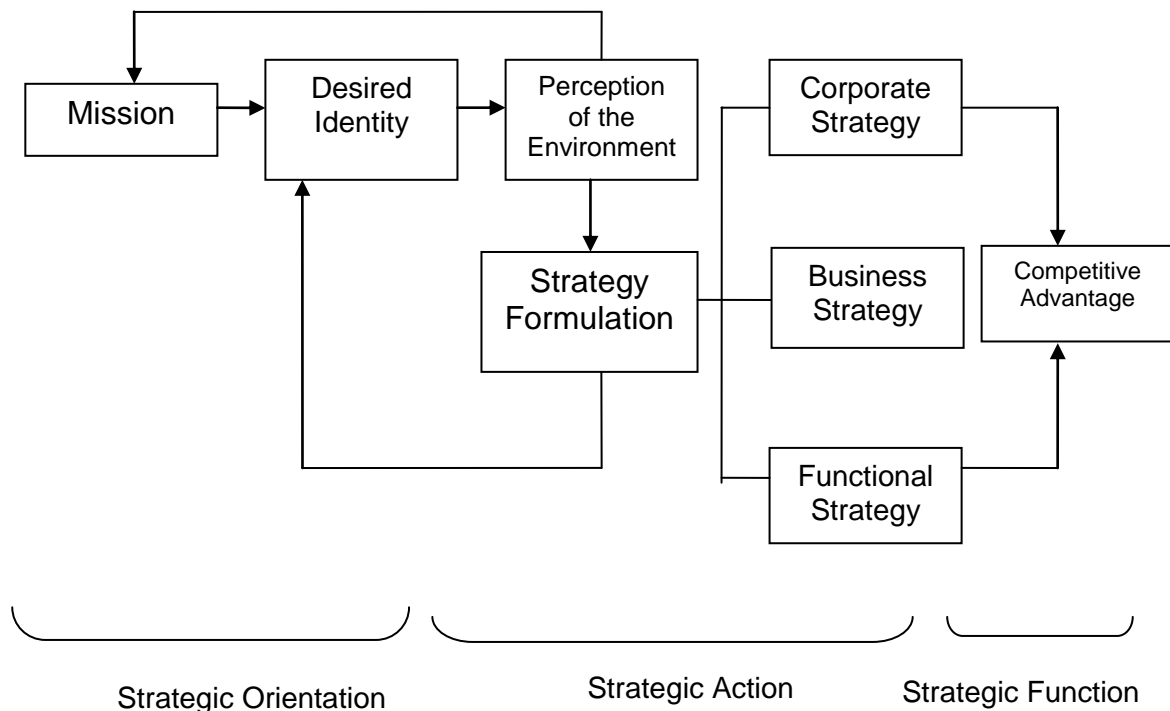


Figure 3: The theoretical framework of the strategic dimensions of corporate identity and strategy

3-1 Strategic orientation

The first strategic dimension of interaction between corporate identity and strategy is the company's strategic orientation. Strategic orientation indicates the nature, how organizational directions. Mission or philosophy, values and vision are the living image of the organization that shows the organizational directions. Strategic orientation is affected the informed balance between the demands and stakeholders management.

The mission statement can be seen as the basis of the strategic planning by which informs the domain of organization performance to all. A mission statement specifies the organization active in what field and that customers are in what class of society. The mission statement is the document that an organization can be distinguished from other similar organizations and reflect the values and priorities of an organization.

Before the concept of corporate identity that was introduced in 1985, this question was raised with the concept of mission, what is the philosophy of our organization. To answer this question, mission sees the organization as a whole and determines social relations with other institutions. About ten years later (1996) this concept used for corporate identity and corporate identity has determined the mission and the core beliefs of the organization. Defining and setting goals, the fundamental policies and the dominant values of governing the organization that has crystallized in the organization's mission, that makes identity and personality of the organization and it creates the personality and behavioural coordination in organization. Mission, reflects the views, values and priorities, and the extent of organizational activities and future direction of the organization that represents the relationship between the organization and their stakeholders.

The mission analysis with emphasis on aspects related to the company's identity causes the desirable identity of the organization in the future and thus it helps the organization to determine the favourite identity for the future and clears organizational direction for employees and managers. The alignment of the organization members and the organization's strategic orientation is essential for positioning in the market and supports the stakeholders and achieves the vision and future beliefs.

Based on the literature review the first dimension, the paper suggests the following proposition:

Proposition 1: Explicit expression of corporate identity in the process of strategic planning causes the alignment of organizational goals and the objectives of the stakeholders at now and the future.

3-2 Strategic actions

When the organizational orientation with an emphasis on identity, the organization is looking for in the future, is characterized, it should be done which these actions are based on the perception of the environment (external and internal). The perception of the environment in order to identify environmental factors that have a significant effect on the performance of organizations.

Strategic action is the process to identify areas of right practice to achieve organizational goals in order to organization's mission and philosophy. In other words, strategies should reflect the environmental analysis and results in achieving the organizational mission and goals.

The strong corporate identity helps identify the company's position in the environment and is considered a strengthened factor in the strategy. The corporate identity impacts on the three levels of strategy.

Corporate strategy is to determine the main direction with regard to the environmental and internal factors and it is the general plan of the management for the organization expansion that covers comprehensively all aspects of the organization and explains how the various parts of an organization has directed in a favourable position. Corporate strategy specifies the set of businesses, markets or industries in which takes competition and clears the distribution of resources among them. Determining goals and strategies, regardless of the corporate strategy will not be possible.

Corporate strategies include: the stability strategy, the growth strategies (the integration strategies or merger, the focus and diversification strategies), the defensive strategies and the combination strategies that can be observed the effect of identity on the each of them. The companies are merging increasingly especially beyond the national borders. In these conditions, the organizations are related with the cultures that are often incompatibilities. Having a strong identity helps to the successful mergers. It should be noted how to create a new company that it is outside of the identity of the company's old and it could be to developing new signs of identity to tracing with connection to the new organization. Also when the organization uses the diversification strategies it requires a programs thereby it achieves a set of known programs that are associated with the identity.

For the organization be seen quickly and effectively in terms of customers, competitors, employees and other audiences needs for the organization with a strong visual identity

that can be detected in real and it shapes the different communication activities. A new identity as a powerful platform will be for the repositioning, new offering of the organization, new product and market.

A business strategy level that called competitive strategies, focus on improving the competitive position of products and services in an industry or the market segment. It includes the six dimensions: markets and products, investment, functional strategies for competing in a market where they are needed, strategic assets is a source of sustainable competitive advantage, allocate resources to strategic business units and synergy between business units.

Also corporate identity works as a driver of differentiation and competitive advantage on the level of business strategy. As it was identified in the literature review, one of the characteristics of corporate identity is different. Thus a strong identity with strengthening the image, it will be a foundation for customer perceptions and will create the unique position in the market and the industry.

Functional strategies are a set of executable programs that are regulated based on the requirements that are characterized by corporate strategies. It sets the thought or ideas of the main strategy to the operational designed activities to achieve annual goals. This strategy will determine the future competitive advantage due to its administrative and operational nature. Corporate identity involves in all functional areas of organizations. For example, it is an effective in market strategy due to the formation of brand the future position of the company and is an effective human resource strategy due to organizational identity and organizational culture.

Proposition 2: Strong corporate identity leads to the right formulation of corporate strategy and causes the effectiveness of competitive strategies and operational strategies.

3-3 Strategic Function

The most important role of identity is creating competitive advantage that is function of strategy. Competitive advantage includes the sets of factors and the capabilities that it ever enables the company to show better performance than competitors. Creating of competitive advantage and stabilizing it are two important factors in competitive advantage. To create competitive advantage focus will be exploit of intra-organizational, the enter-organizational and environmental resources and capabilities and to sustain competitive advantage needs to the special characteristics of these sources among the imitation.

Since the company's identity is unique then it has the ability to create sustained competitive advantage in the organization.

Corporate identity has examined in every step of the strategy process with the goal of creating competitive advantage. The unique characteristics are the clearest part for competitive advantage. Finally, if the interaction of strategy and corporate identity should be considered in strategic perspective, it should lead to competitive advantage. A strong identity attracts the investors, motivates the employees, offers distinguish goods and services in the market, and each of these factors can be a source of competitive advantage for the company.

Proposition 3: If the corporate identity is considered as a core competence in the organization is leading to sustainable competitive advantage.

4. Conclusion

The organizations due to changing technology, globalization, deregulation, the changing nature of business and the changing tastes of customers are under pressure and the every day they face many interactions with customers, vendors, suppliers, etc. In these conditions, organizations need a strong identity for presenting itself.

All organizations have a unique identity that may or may not control it but the strong identity needs management. An effective identity program needs to identify its strategic aspects of the organization.

In this paper, three strategic dimensions of engagement corporate identity and strategy introduced. Strategic orientation, which indicates the nature, quality and direction of the organization by the mission or philosophy, values and vision of the organization. Strategic action that is the process of determining the proper performance to achieve organizational goals, mission and philosophy with emphasis on the role of identity in the three level strategies; corporate level, business level and operational level, ultimately strategy function that results in the competitive advantage.

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