Corporate identity is not only what an organization perceives itself to be but also what an organization says it is. Hence, corporate identity is often understood as an externally oriented concept. The concept has its roots in the consultancy business and marketing. Still, there is a marked increase in literature focusing on corporate identity across several disciplines. One reason for this might be that identity, in general, is seen as important for the foundation of the image and reputation of the organization. This entry elaborates on the plethora of definitions of corporate identity, why academics and practitioners argue for the importance of the concept, the question of whether the entity can be managed, and the theoretical approaches to corporate identity. The entry concludes some words of caution for those wishing to understand or work with corporate identity issues.

Definitions

The concept of corporate identity first appeared in the 1950s and was first used in design studies. Much of the literature dealing with the concept since that time has also been distinctly practitioner driven and oriented. It is, however, a common complaint that there is a lack of consistent use of the concept of corporate identity, both in theory and in practice. Seemingly, the only thing that the literature on this notion has in common is the view that it implies something that symbolizes the organization as a whole. The plethora of meanings assigned to the concept is partly a consequence of how scholars within a wide range of disciplines increasingly have worked with it. Publications on corporate identity can be found in the literature from marketing, corporate communication, management, organizational communication, public relations, organizational theory, and psychology. One conclusion reached by many scholars is that corporate identity is a difficult concept that merits an interdisciplinary approach.

Despite the many different takes, most scholars agree that corporate identity is an externally oriented and mediated concept. From an organizational perspective, it is often defined through the question “Who or what do we say we are?” It has to do with how an organization presents itself in public, and it deals with the mental associations that an organization wants stakeholders to have about it. In other words, the articulation of a corporate identity is a management task and is tied to a managerial
A distinction is often made between corporate identity and organizational identity, the latter being seen as an internally oriented concept. Organizational identity focuses on what all members of an organization think the organization is about. The question an organization might ask is “Who or what are we?”

Corporate identity is influenced primarily by management's articulation of the vision and mission for the organization. Organizational identity, on the other hand, is influenced primarily by the perceptions, feelings, and thoughts about the organization held by its members or employees. Still, these two entities, corporate identity and organizational identity, should be seen as having a dialectical relationship. Management will often influence the organizational identity when offering up symbols that are internalized and used by the members or employees. On the other hand, management will also need to grasp and build on the organizational identity in order to formulate a corporate identity that can be rooted in the organization and that the members feel are relevant to their own experience of the organization. As pointed out by many scholars, however, the strict division between external and internal stakeholders does not necessarily do justice to the situation of an organization because such boundaries often are blurred.

Another useful distinction is between corporate identity, on the one hand, and image and reputation, on the other. Image is often reserved for describing the immediate impression that stakeholders form of an organization, whereas reputation is frequently said to deal with such judgments over time. Reputations are seen as more durable than images; for instance, they have been defined as the collective judgments observers have of an organization based on their assessments of the financial, social, or environmental impact of the corporation over time. In addition, reputations are influenced by the stakeholders’ firsthand and secondhand experience with the goods or services of the organization.

Both image and reputation are entities that reside in the minds of the stakeholders, thus making it futile for organizations to control them. Corporate identity, on the other hand, is something that an organization can control through how it presents itself. In other words, corporate identity can be understood as the way that an organization presents itself to people, which in turn helps form some of the basis for how people think about and relate to the organization. The latter point is also a partial answer for questions in the next section.

**Importance**

The importance of corporate identity is said to have increased as a result of environmental factors such as globalization, increased competition, and deregulation. For instance, whereas a provider of telephone services previously might have enjoyed a monopoly on such services, it now increasingly needs to compete with private companies in the same market. In this new business context, the telephone company is expected to set itself apart from its competitors and look at its identity, both organizational and corporate, as a starting point.

Again, identity is thought to form the basis for the image and the reputation of an organization. In other words, identity is the basis for the distinctiveness that marketers seek when they attempt to position an organization. A growing literature on identity, image, and reputation points to how a consistent and pleasing corporate identity leads to a positive image. Over time, positive images are thought to create a good reputation for the organization. Researchers on reputation and reputation management argue that this attribute leads to several desired consequences for an organization. It is, for instance, maintained that a good reputation helps to increase sales, helps attract investors, increases the ability
to recruit and retain employees, and helps organizations to get favorable media coverage that can cushion the blow to the organization during crises. Attempts to demonstrate and quantify the direct impact of reputation on, for instance, financial results have been wrought with some methodological difficulties. Still, it seems that few would dispute that a good reputation has some value for an organization.

Management

Corporate identity deals with questions such as: What is our business? What is our strategy? What is our history? How do we perform? Where are we going? By answering such questions, organizations are taking steps to manage their corporate identity. Corporate identity then can be seen as a strategic tool of the organization. It is captured in the vision and mission of the organization and the strategies it chooses to reach its goals.

In their seminal work on identity, Stuart Albert and David A. Whetten pointed to three requirements for identity, which in turn can be extended to corporate identity and be made useful for those wishing to manage or analyze it: First, corporate identity has to do with claimed central character; in other words, it involves the answers for questions such as What is the essence of the organization? How crucial are certain characteristics about the organization for the employees? Second, corporate identity involves some kind of claimed distinctiveness. A corporate identity is formulated through answering questions such as How is the organization different from others? How does the organization’s members perceive the organization to be different from others? Third, a corporate identity has to be sustained over time. The question for managers then becomes Can the organization claim sameness over time? The analyst might want to ask what characteristics are used to tie past and future together.

Some have also made the case that the strategic approach to corporate identity is increasingly focusing on not only the questions just mentioned but also on tying those questions to what the organizations want to be. That is, a strategic corporate identity program should help organizations to articulate a vision of where they want to be in the future.

Cees B. M. van Riel argues that what he calls the corporate identity mix is a useful systematic perspective to manage corporate identity. According to him, the corporate identity mix involves verbal communication, visual communication, and behavior. It is with these three means that organizations can demonstrate their distinctiveness. Behavior here encompasses the contact that stakeholders have with organizational members, but also corporate governance and leadership. In public relations, scholars have pointed to the importance of looking beyond the other “traditional” communication means, to build relationships between organizations and publics.

Within marketing, it is particularly the field of corporate communication that is singled out as being responsible for focusing on the whole organization and by implication seeking to harmonize and orchestrate the corporate identity mix. The main task is to close the gap between the desired corporate identity and the identity as perceived by stakeholders. The latter is sometimes called the actual identity.

Research shows, however, that the corporate identity mix is defined in various ways and that practitioners tend to include a greater number of components than do academics. Some researchers have thus suggested that the corporate identity mix should encompass the organization’s communication, design, culture, behavior, structure, and industry identity as well as strategy.
Visual-oriented identity scholars may focus on how elements such as the look, feel, and even the scent in the shops of a retail company help create an identity for that company. An often-used example is the smell in the Body Shop outlets.

Others argue for the need to focus on the structure of the organization to untangle the identity concept. Obviously, organizations have different structures. Some are seen as entrepreneurial and run personally by a manager, whereas others are diversified in distinct business units and divisions. These structures will necessarily influence the corporate identity structure of the organization as well. Some organizations opt for a monolithic corporate identity built around a single defined idea; others allow for their subsidiaries to develop brands that do not necessarily have clear links with the parent company. Procter and Gamble's range of brands such as Gillette and Pampers is a prime example of the latter. Virgin, on the other hand, is an example of the former.

A later addition to the literature is the notion of ethical corporate identity. Here, scholars call for greater levels of reflexivity and a more socially and dialogically embedded kind of organizational practice. An ethical corporate identity is rooted in corporate social responsibility and is formed relationally between stakeholder groups and the organization.

Another way of conceptualizing identity, and in turn its management, is called the AC²ID Test and implies that an organization has five types of identities: (1) actual identity, the current attributes of the organization; (2) communication identity, the controlled identity; (3) conceived identity, as perceived by stakeholders; (4) ideal identity, the optimal positioning of the organization; and (5) desired identity, as formulated by management. These identity types are said to be present in every organization, with each relating to the other. If these identities are misaligned, it might create problems for the organization. Hence, the responsibility of management is to bring these identities as close to each other as possible.

Theoretical and Methodological Approaches

Van Riel and John M. T. Balmer (the latter conceived the previously mentioned AC²ID Test) are among the most important corporate identity scholars and have argued that the literature on corporate identity can be divided in three camps. First, there are corporate identity publications dealing with graphic design—including the organizational logo, the chosen building, and other forms of visual identification. Second, the corporate identity literature includes integrated corporate communication, the term used to describe all the communication activities of an organization, including marketing and public relations. Third is the multidisciplinary approach drawing on organizational behavior. Scholars working in the latter camp have issued what they call the Strathclyde Statement, in which they point out that organizations cannot escape having an identity. This identity articulates the aims and values of the organization and, if successful, helps the organization set itself apart from others.

Scholars following another typology have suggested that the theories of corporate identity either relate to corporate identity as an expression of the corporate personality, or to the corporate identity as an organizational reality, or to the corporate identity as the expression of a company. Joep Cornelissen and Phil Harris criticize what they believe are empirical and theoretical flaws in the two first types of theories. For instance, they argue against the belief that an organization has one corporate personality and against the uncritical transfer of theories relating human identities to corporate ones. They also question the assumption that there is a strict relationship between a company's “inner self” and its expressions.

https://search.credoreference.com/content/topic/corporate_identity
A French school of thought has also been singled out in relation to corporate identity. After the emergence of the concept of corporate identity in the 1960s, the so-called field theory of Pierre Bourdieu was incorporated by some scholars to gain better insight into the internal dynamics of organizations. Researchers use a cultural approach like this to identify elements that make organizations stand out from others and contribute to their identity. A cultural approach also helps analysts to move beyond description toward explanation.

Some scholars suggest that the actual identity of the corporation can be “revealed” through the use of tools such as semi-structured interviews, observation, and document analysis. A combination of such methods is referred to as a “laddering technique” and is used to describe the employee values and behavior necessary to meet certain ends.

Balmer's affinity audit is another such method, which is constructed around four phases: (1) definition of the corporate mission and strategy, (2) revelation of the dominant systems of values and beliefs within the organization, (3) evaluation of these values and beliefs against the corporate mission and strategy, and (4) the nurturing of those values and beliefs that support the corporate mission and strategy. This is thought of as a cyclical process.

Other approaches use other methods to map the values of their employees and the organizational culture that is expected to have an influence on the corporate identity. Consultants will typically ask management and employees how they would describe the company according to some desired attributes like quality, integrity, innovation, responsibility, service, and so on.

Words of Caution

There is reason to caution against a simplified view of the relation between corporate identity and corporate image. Both of these entities are socially constructed in a given time period. This also means that they should be judged on how well they work rhetorically and not only how they fit with actual reality. Indeed, there might be reason to question the rhetoric concerning actual identity or the revealing of corporations’ identities. Instead, it can be argued that identity research needs epistemological and ontological grounding that borrows ideas from social constructionism.

Lars T. Christensen and colleagues have also taken many of the identity searches of corporations to task for being self-absorbed and self-seducing. While constantly hunting for unique selling propositions to make them distinct and visible, corporations often pander to popular notions and values such as trust, care, honesty, and so forth, that do not necessarily having a grounding in the organization’s fundamental identity or raison d’être. Furthermore, it can be questioned whether employees are as preoccupied with these values as management is. Certainly, it often is the case that the search for an identity is a top-down exercise focusing on vague ideas and values that have employees disenchanted. This is particularly the case when management is reluctant to let employees interpret the organization’s vision and mission statements.

Much of the literature focuses on consistency in carving out a corporate identity; meanwhile, it seems that the value of having multiple identities has been ignored. People often hold multiple and contradictory images of an organization without being uncomfortable with this situation. Therefore, some scholars have attempted to reconcile the concepts of consistency and multiplicity to help management of corporate communication. The theory of common starting points is suggested here and denotes the central values that an organization uses but does not necessarily attempt to make
uniform. The attempt to secure clarity and consistency should not override the multiplicity of identities, diversity, and voices in organizations.

See also
Communication Theory of Identity, Corporate Identity, Impression Management, Organizational Identity

Further Readings


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