A Theoretical Framework for Strategic Dimensions of Interaction Strategy and Corporate Identity

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Corporate identity as a source and an effective strategic tool 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. In the process of strategy, it is the source of competitive advantage, and there is a mutual interaction between these two concepts. This paper describes the corporate identity and explains its interaction with the business strategy. Then the strategic dimensions are determined by a theoretical framework. Strategic orientation, strategic action and strategic function are these dimensions.

Key words: M1, M31, L67, G0

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 a good communication with its stakeholders. Corporate identity draws the strategy, culture and communication in the organization and provides 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 been translated to visible factors, and further researches 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 elatively 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 are 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 advantages because it is a distinct image in the minds of stakeholders and especially attractive in the mind of customers. It leads to form the company’s reputation and also can help the market position of organization. (Stimpert and Gustafson 1998) Identity helps managers to 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

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relates to 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 collectively creates 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 members 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 outstanding and distinguishing from the others of and presents your organization with these signs. (Balmer 2001; Cornelissen, et al 2007) Corporate identity is all the ways that the corporate applies in order to be introduced to all the stack holders. [19] It is the unique capabilities and all the signs of company discrimination. (Cornelissen, et al 2007; Gioia, et al 2000, Fiol 2001; Gregory 1999) Olins (1995) noted that there were three questions in corporate identity. Who are we, what do we, and how we do it. Balmer defines the corporate identity as strategic synthesis and behavioral communications. Corporate identity is visual components of a plan that distinguishes the company from others and shows the goals and stability of the company with an emphasis on symbols, icons and logos. So, it is a strategic tool that can be used the inside and outside of 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, from the beginning of existence, 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 graphical designs and the understandable ones.
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Olins (1995) noted that visual identity has shown strategies, brand and communication policies. The main goal of this approach is increasing the visibility of the organization for creating a strategic position that the grade corporate strategy has an essential role.

-Integrated Communication Paradigm

The understanding of graphical 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 vastness, complexity and importance of organizational communication. The company’s communications mixture and its management are essentially more different and more complex than of the marketing communications mixture 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 which roots in the behavior of members. In this view, corporate identity management has the strategic importance and involves an interdisciplinary approach.

**Figure 1: Definitions of corporate identity in the different views**

Corporate identity is different from 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 has adaption for analysing the corporate identity which defines psychological perspective, graphical design, marketing and public relations in the concept of the corporate identity. 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 company treatment which are the intangible part of corporate identity including the behaviour of employees and managers. Organization structure, great 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 heighten the company from 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 it 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 as central, distinctive, and stable effects which are in the organization's mission, while the strategy defines corporate goals and conscious activities to achieve them. (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 consider 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 means that corporate identity has been 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 mixture and also 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 cannot 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 Jenskins 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 to meet its goals. When the corporate identity as a strategic asset and the strategic resource of an organization considered, 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 is affected by corporate identity.

The identity affects on the strategy by managers vision and mission of the organization that it will lead to their strategic behaviour and also it 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 are proposed that is shown in a theoretical framework in Figure 3. Identifying these dimensions helps to analysis the effect of corporate identity in the strategy process since they perform for designing effective plans for the corporate identity.

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

![Figure 3: The theoretical framework of the strategic dimensions of corporate identity and strategy](image)

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, the circumstances methods of 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 a decade later (1996) this concept used for corporate identity and it 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 crystallize in the organization's mission make identity and personality of the organization and it creates the personality and behavioural coordination in the 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 cause 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 with 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 present and future.

### 3.2 Strategic Actions

When the organizational orientation with an emphasis on identity looking for in the future becomes clear, some actions should be done which they are based on the perception of the environment (external and internal). The perceptions of the environment in the line with environmental factors that have a significant effect on the performance of organizations involve.

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

A strong corporate identity helps to identify the company's position in the environment and as a strengthen factor considered in defining the strategy. The corporate identity impacts on the three levels of strategy.

Corporate strategy is to determine the main direction regarding 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 have directed in a favourable position. Corporate strategy specifies the set of businesses, markets or industries in which takes
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competition and clears the distribution of resources among them. Determining goals and strategies, regardless of the corporate strategy will not be possible.

Great 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 observe the effect of identity of 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 successful mergers. It should be noted how to create a new company that is outside of the identity of the both companies and by developing new signs of identity to tracing with connection to the new organization act. 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 to 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.

Business strategy levels 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 are a source of sustainable competitive advantage allocates 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 it’s distinct trait. Thus, a strong identity strengthening the image 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. They set 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, corporate identity in the market strategy is very effective because of the formation of the brand, the future position of the company, future corporate position and 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 encourage the company to show better performance than competitors. Acquiring and creating competitive advantage and stabilizing it are two important factors in competitive advantage. In order to create competitive advantage, focus will be on exploit of intra-organizational, the enter-organizational and environmental resources which are considering specially and to sustain competitive advantage, the special characteristics of these sources among the imitation require.

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 the competitive advantage. Finally, if the interaction of strategy and corporate identity 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, it is leading to sustainable competitive advantage.

4. Conclusion

The organizations due to changing technology, globalization, deregulation, changing nature of business and the changing tastes of customers are under pressure and 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. Identification of three dimensions can help managers that focus corporate identity in strategic decisions and their strategy process. For the organization to be seen quickly and effectively in terms of customers, competitors, employees and other audiences needs for the organization with a strong visual identity, strategic orientation which indicates the nature, quality and direction of the organization by the mission or philosophy, values and vision of the organization, can be detected in real and it shapes the different communication activities.

Strategic action is the process of determining the proper performance to achieve organizational goals, mission and philosophy. A strong corporate identity helps to identify the company's position in the environment, and then strategy process in three level; corporate level, business level and operational level can craft rightly. Ultimately strategy function that result in the competitive advantage. Corporate identity as the
unique characteristics is the clearest part for the competitive advantage that is considered in strategy formulation.

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