CHAPTER OVERVIEW

One of the primary ways in which organizations manage relationships with stakeholders is by building and maintaining their corporate reputations. Reputations are established when organizations consistently communicate an authentic, unique and distinctive corporate identity towards stakeholders. Drawing on frameworks from theory and practice, the chapter discusses how organizations manage their corporate identity in order to establish, maintain and protect their corporate reputations with different stakeholder groups.

5.1 INTRODUCTION

In the previous chapter, we discussed the importance for organizations of communicating with different stakeholders for both moral (legitimacy) and instrumental (profit) reasons. We also highlighted the challenges that organizations face in dealing with the different expectations and demands of stakeholders. One way in which organizations have addressed these challenges is by strategically projecting a particular positive image of the organization, defined as a corporate identity, to build, maintain and protect strong reputations with stakeholders. Such strong reputations lead to stakeholders accepting and supporting the organization. Strong reputations also give organizations ‘first-choice’ status with investors, customers, employees and other stakeholders. For customers, for instance, a company’s reputation serves as a signal of the underlying quality of an organization’s products and services, and they therefore value associations and transactions with firms enjoying a good reputation. Equally, employees prefer to work for organizations with a good reputation. They tend to commit themselves to highly reputable firms, where they may
work harder and may even engage in innovative and spontaneous activity above and beyond the ‘call of duty’.

The chapter focuses on how organizations manage the process by which they project a particular corporate image of themselves and come to be seen and evaluated in a particular way by their stakeholders. The chapter starts by outlining traditional frameworks and principles of managing corporate identity and reputation, followed by more recent models on corporate branding. After a discussion of the basic theory, we turn to practice and demonstrate how these frameworks and principles can be used within corporate communication.

5.2 CORPORATE IDENTITY, IMAGE AND REPUTATION

The emphasis that organizations, both in theory and practice, place on managing their corporate image suggests a preoccupation with how they symbolically construct an image (as a ‘caring citizen’, for example) for themselves through their communication and how in turn that image leads them to be seen in particular symbolic terms by important stakeholders. In other words, corporate image management adds an important symbolic dimension to corporate communication and the process by which organizations communicate with their stakeholders. Corporate communication is not only seen as a matter of exchanging information with stakeholders (an informational or dialogue strategy; see Chapter 3) so that they can make informed decisions about the organization, but also as a case of symbolically crafting and projecting a particular image for the organization. In many actual instances of corporate communication, these two dimensions may blend together and may be hard to separate. For example, when Tesco, a UK retailer, announced its sponsorship of Cancer Research UK, it provided people with information regarding the decision about its sponsorship (to fund research into the prevention, treatment and cure of cancer) and tied the sponsorship into the promotion of its Healthy Living range of products to support a healthy lifestyle. At the same time, through the sponsorship, the company aimed to project an image of itself as a caring and responsible corporate citizen contributing to the fight against one of the deadliest diseases around.

Investing in the development of a corporate image for the organization has further strategic advantages for organizations. These can be summarized under the following headings:

*Distinctiveness*: a corporate image may help stakeholders find or recognize an organization. When consistently communicated, a corporate image creates awareness, triggers recognition and may also instil confidence in stakeholder groups because these groups will have a clearer picture of the organization. Inside the organization, a clear and strong image of the organization can help raise motivation and morale amongst employees by establishing and perpetuating a ‘we’ feeling and by allowing people to identify with their organizations.
**Impact:** a corporate image provides a basis for being favoured by stakeholders. This, in turn, may have a direct impact on the organization’s performance when it leads to stakeholders supporting the organization in the form of, for example, buying its products and services, investing in the company or not opposing its decisions.

**Stakeholders:** any individual may have more than one stakeholder role in relation to an organization. When organizations project a consistent image of themselves, they avoid potential pitfalls that may occur when conflicting images and messages are sent out. Employees, for example, are often also consumers in the marketplace for the products of the company that they themselves work for. When companies fail to send out a consistent image (often by failing to match all their internal and external communications), it threatens employees’ perceptions of the company’s integrity: they are told one thing by management, but perceive something different in the marketplace.

For these reasons, corporate image management is seen as an important part of corporate communication. In theory and practice, the original set of concepts that was introduced to describe this particular aspect of corporate communication involves corporate identity, corporate image and corporate reputation. More recently, the term corporate branding has gained traction in describing the way in which companies aim to develop and build strong symbolic reputations with their stakeholders.

The original concept of corporate identity grew out of a preoccupation in the design and communication communities with the ways in which organizations present themselves to external audiences. Initially, the term was restricted to logos and other elements of visual design, but it gradually came to encompass all forms of communication (corporate advertising, sponsorship, etc.) and all forms of outward-facing behaviour in the marketplace. The German corporate design specialists Birkigt and Stadler proposed one of the first models of corporate image management (Figure 5.1). Birkigt and Stadler’s model put particular emphasis on the concept of corporate identity which they defined as consisting of the following attributes:

- **symbolism:** corporate logos and the company house style (stationery, etc.) of an organization
- **communication:** all planned forms of communication including corporate advertising, events, sponsorship, publicity and promotions
- **behaviour:** all behaviour of employees (ranging from managers and receptionists to front-line staff such as salespeople and shop assistants) that leaves an impression on stakeholders.

Through these three attributes, organizations communicate and project an image of themselves to their stakeholders. Birkigt and Stadler also argued that the image that organizations project through symbolism, communication and behaviour is often also the way in which they are perceived by their stakeholders. The latter concept they called corporate image which involves the image of an organization in the eyes of stakeholders.
One important implication of the Birkigt and Stadler model is that corporate identity is seen as quite a broad concept which encompasses more than corporate logos or corporate advertising campaigns. Because of its breadth, the concept also has a bearing on different functional areas within the organization. Communication practitioners often hold only direct responsibility for corporate symbolism and communication, whilst product and brand managers are responsible for the positioning of products and services, and human resource staff and middle managers for incentivising and supporting employee behaviour.

A second important implication of the original Birkigt and Stadler model is that it suggests that corporate identity, as the outward presentation of an organization through symbolism, communication and behaviour, should emerge from an understanding of the organization’s core mission, strategic vision and the more general corporate culture of an organization. The mission and vision represent the basic who and what of an organization; what business the organization is in and what it wants to be known and appreciated for. An organization’s mission often already includes a statement on the beliefs that constitute the organization’s culture and underpin its strategy and suggests how the organization wants to be known by stakeholder groups outside the organization. Birkigt and Stadler labelled the notion of core values in the organization’s culture, mission and vision as the organization’s corporate personality. Design guru Wally Olins articulates the difference between corporate personality and corporate identity as follows:

Corporate personality embraces the subject at its most profound level. It is the soul, the persona, the spirit, the culture of the organization manifested in some way. A corporate personality is not necessarily something tangible that you can see, feel or touch – although it may be. The tangible manifestation of a corporate personality is a corporate identity. It is the identity that projects and reflects the reality of the corporate personality.
In other words, corporate identity involves the construction of an image of the organization to differentiate a company’s position in the eyes of important stakeholder groups. Corporate personality, on the other hand, is based on deeper patterns of meaning and sense-making of people within that same organization and includes the core values that define the organization.

The French sociologists Larçon and Reitter added a further dimension to the concept of corporate identity when they argued that it not only involves the visible outward presentation of a company, but also the set of intrinsic characteristics or ‘traits’ that give the company its specificity, stability and coherence. In their view, a corporate identity is not merely a projected image in the form of visual design and communication, but is also fundamentally concerned with ‘what the organization is’ – the core of the organization as it is laid down in its strategies and culture. This notion of corporate identity ‘traits’ has also been referred to as an ‘organizational’ identity as opposed to a ‘corporate’ identity, again to make the distinction between core values that people share within the organization (‘organizational identity’) and the outward presentation and communication of those values through symbolism, communication and behaviour (‘corporate identity’).

The management experts Albert and Whetten, who were amongst the first to define this notion of ‘organizational’ identity, similarly talked about specific characteristics or ‘traits’ of an organization in all its strategies, values and practices that give the company its specificity, stability and coherence. They argued that just as individuals express a sense of personal distinctiveness, a sense of personal continuity and a sense of personal autonomy, equally organizations have their own individuality and uniqueness. And just as the identity of individuals may come to be anchored in some combination of gender, nationality, profession, social group, lifestyle, educational achievements or skills, so an organization’s identity may be anchored in some combination of geographical place, nationality, strategy, founding, core business, technology, knowledge base, operating philosophy or organization design.

For each organization, according to Albert and Whetten, its particular combination of identity anchors imbues it with a set of distinctive values that are core, distinctive and enduring to it. For example, many would argue that Sony’s differentiation in the marketplace is quality consumer products, and they certainly do have ability in that area. But what makes Sony truly distinctive is the company’s core value of ‘miniaturization’, of producing ever smaller technology. This feature of miniaturization, which goes hand in hand with a drive for technological innovation, is at the heart of Sony’s organizational identity or corporate personality. At the same time, this organizational identity has been carried through in all products, services and communications; that is, in Sony’s corporate identity. Similarly, Virgin, a company that is active in very different markets (e.g. airlines, music stores, cola and mobile phones) has meticulously cultivated the value of ‘challenge’ with all of its employees. Headed by its flamboyant CEO Richard Branson, Virgin has carried through its core organizational identity of ‘challenge’ in its distinctive market positioning of David versus Goliath: ‘we are on your side against the fat cats’. This projected corporate identity has led to the widespread perception that Virgin is a company with a distinctive personality: innovative and challenging, but fun.
Figure 5.2 summarizes the process of corporate identity management as originally articulated by Birkigt and Stadler. The aim of corporate identity management is to establish a favourable image, or reputation, with the organization’s stakeholders which it is hoped will be translated by such stakeholders into a propensity to buy that organization’s products and services, to work for that organization or to invest in it (organizational performance). In other words, a good corporate reputation has a strategic value for the organization that possesses it. It ensures acceptance and legitimacy from stakeholder groups, generates returns and may offer a competitive advantage as it forms an asset that is difficult to imitate. A good corporate reputation, or rather the corporate identity on which it is based, is an intangible asset of the organization because of its potential for value creation, but also because its intangible character makes replication by competing firms more difficult. Figure 5.2 shows the corporate identity mix (symbolism, communication and behaviour of members of the organization) as based on the organization’s core values in its history and culture and which inform every part of its strategy.

Theoretically, the concept of identity thus refers both to strategic communication with external stakeholders as well as to internal patterns of meaning-making and identification within the organization. To make this distinction more clearly, it is useful to briefly discuss the three main theoretical traditions of identity in management research: social identity, organizational identity and corporate identity. Whilst these concepts overlap, they are, at the same time, distinct in terms of their primary definition and focus. Social identity, first of all, refers to how individuals define themselves in terms of membership of certain groups, such as a profession or department. Organizational identity refers to the overall self-definition of the organization, often described as an answer to the question of ‘who we are’ as an organization. Corporate identity, finally, refers to the distinct image that is projected by an organization and its members to external stakeholders (Table 5.1).

The concept of social identity emerged from social psychological research that examined the causes and consequences of individuals seeing themselves, and being seen by others, as part of a social group. A core idea here is that such group memberships contribute to a person’s sense of self. The theory of social identity suggests that once

**FIGURE 5.2** Corporate identity in relation to corporate reputation

individuals define themselves in terms of such group membership, they seek to achieve or maintain positive self-esteem by positively differentiating their own in-group from a comparison out-group on some valued dimension. This quest for positive distinctiveness means that when people’s sense of self is defined in terms of ‘we’ (i.e. social identity) rather than ‘I’ (personal identity), they strive to see ‘us’ as different from, and preferably better than, ‘them’ in order to feel good about who they are and what they do.

Different group memberships within organizations in turn may lead to distinct social identities around professions or departments, or based on other groupings such as gender, ethnicity or seniority. A challenge for organizations is to ensure that groups do not differentiate themselves within the organization from one another and in an unhealthy way that unsettles the common orientation and goals of the organization. For example, when people strongly identify with their profession, with a department or with a particular business unit, they may value other parts of the organization more negatively compared to themselves.

The concept of organizational identity is one level up from a focus on specific groups to that of the entire organization. The primary interest at this level is whether besides any group memberships, individuals have a common sense of what values and traits they share as an organization. Organizational identity has a specific strategic purpose in that it cuts across departmental and other group boundaries and aims to foster a common orientation for everyone in the organization. As such, it may also provide another source for identification and a sense of belonging for members of the organization and may furthermore channel their energies into behaviours that support the organization in realizing its goals.

A further distinction between social identity and organizational identity involves the actual process by which individuals form a sense of who they are, either as a group or as an organization. Social identity assumes a more or less automatic categorization, where people define themselves and others as belonging to certain groups. This categorization rests on the principle that through socialization and prior experiences, people’s understanding of group memberships is fully internalized as a set of categories that people have in their heads. In many cases, such categories may have become taken for granted, so much so that individuals simply define and see themselves as engineers, technicians, administrators or managers, to name but a few examples.
Organizational identity, on the other hand, is described as an active process of collective sense-making within the organization, in contrast to accessing and retrieving an internalized set of categories (Figure 5.3). Sense-making highlights the active production and negotiation of shared meaning at the organizational level. Individuals from various functional backgrounds, levels of seniority and departments come, in effect, together to produce a joint understanding of ‘who they are as an organization’. The crux here is that unless a particular social identity dominates an organization – say, an organization being an engineering-driven firm – individuals need to develop common ground about who they are at this organizational level. Organizational identity, in other words, involves a sense-making process in which individuals collectively come to define those features and values of the organization that are ‘central, enduring, and distinctive in character [and] that contribute to how they define the organization and their identification with it’. When in turn they themselves strongly identify with those features and values, this leads to a sense of ‘oneness with the organization’, meaning that they feel that they belong to the organization and embody its values.

Organizational identity is thus more malleable than social identity and corporate communication practitioners have an important role in facilitating dialogue about the definition of the organization’s identity. They also have this role in ensuring that the company has a clearly articulated definition of its identity, which can then in turn

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**FIGURE 5.3** The relationship between social, organizational and corporate identity

feature in corporate identity campaigns. The general principle that corporate communication practitioners work from is that the corporate identity – the picture of the organization that is presented to external stakeholders – is grounded in the core values and traits that members of the organization themselves associate with the organization and that define the organization’s mission and vision (organizational identity).

Making sure that the corporate identity that is presented is rooted in the organizational identity not only offers a distinctive edge in the marketplace, but also ensures that the image that is projected is authentic, rather than cosmetic, and also carried and shared by members of the organization. In this context, corporate identity and organizational identity can best be seen as two sides of the same coin within corporate communication. Developing a corporate identity must start with a thorough analysis and understanding of the organization’s core values in its mission, vision and culture, rather than rushing into communicating what might be thought to be the company’s core values in a superficial manner. Equally, it is the case that whatever picture is projected to external stakeholders has an effect on the beliefs and values of employees, and thus on the organizational identity, as employees mirror themselves in whatever messages are being sent out to external stakeholder groups.10

Figure 5.3 presents a summary of these definitional differences between social, organizational and corporate identity. The figure basically highlights these differences on the basis of whether the focus is primarily internal (e.g. employees) or external (e.g. customers) to the organization, and whether the form, or the way in which identity is manifested, is cognitive or symbolic. At the cognitive or psychological end of the dimension, identity is defined as involving a mental framework, categorization or agreed-on set of beliefs and attributions in the minds of individuals. The symbolic end of the same dimension defines identity as the symbolic manifestation or projection (through language, artefacts and behaviour) of an identity.

Figure 5.3 also again emphasizes that organizational identity and corporate identity are naturally connected, in that organizations want to present a coherent, distinctive and authentic image of themselves to external stakeholders. This point is reinforced by studies into ‘excellent’ companies carried out over the past few decades. Writers such as Hamel and Prahalad, Peters and Waterman, and Collins and Porras, have found that what truly sets an ‘excellent’ company apart from its competitors in the marketplace, in terms of the power of its image and products, can be traced back to a set of values and related competencies that are authentic and unique to that organization and therefore difficult to imitate. Collins and Porras, in their analysis of companies that are industry leaders in the USA, argue that ‘a visionary company almost religiously preserves its core ideology – changing it seldom, if ever’.11 From this adherence to a fundamental set of beliefs or a deeply held sense of self-identity, as Collins and Porras point out, come the discipline and drive that enable a company to succeed in the rapidly changing, volatile environments that characterize many contemporary markets.

5.3 CORPORATE BRANDING

Reputation scholars Fombrun and Van Riel carried out comparative analyses of the corporate reputations of the most visible and reputable organizations across the world.
Based on stakeholder evaluations of companies within different countries, they found that organizations with the strongest reputations are, on average, characterized by high levels of visibility (the degree to which corporate themes are visible in all internal and external communication), distinctiveness (the degree to which the corporate identity or positioning of the organization is distinctive), authenticity (the degree to which an organization communicates values that are embedded in its culture), transparency (the degree to which an organization is open and transparent about its behaviour) and consistency (the degree to which organizations communicate consistent messages through all internal and external communication channels) in corporate communication. In other words, a key driver for the strength of an organization’s reputation is the degree to which the values that it communicates are not only authentic but also distinctive.

Many communication practitioners indeed draw heavily on the idea of uniqueness or distinctiveness in corporate identity because it encapsulates the idea that the organization needs to express its uniqueness in the market and with other stakeholders. The principle behind this idea is that it enables an organization to

<table>
<thead>
<tr>
<th>Identity structure</th>
<th>Definition</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monolithic</td>
<td>Single all-embracing identity (products all carry the same corporate name)</td>
<td>Sony, BMW, Virgin, Philips</td>
</tr>
<tr>
<td>Endorsed</td>
<td>Businesses and product brands are endorsed or badged with the parent company name</td>
<td>General Motors, Kellogg, Nestlé, Cadbury</td>
</tr>
<tr>
<td>Branded</td>
<td>Individual businesses or product brands each carry their own name (and are seemingly unrelated to each other)</td>
<td>Procter &amp; Gamble (Ariel, Ola), Electrolux (Zanussi), Unilever (Dove)</td>
</tr>
</tbody>
</table>

**FIGURE 5.4** Monolithic, endorsed and branded identities
differentiate itself from its competitors and to attain a preferred ‘position’ in the minds of consumers and other stakeholders (see Chapter 3). Recently, the term ‘corporate branding’ has become fashionable alongside corporate identity to highlight the importance of distinctiveness. The idea of an organization as a brand is a logical extension of the product branding approach, with its original focus on products and brand benefits and on individual consumers. The notion of a ‘corporate brand’ was also inspired by Wally Olins’ framework on monolithic corporate, endorsed and branded identities. Figure 5.4 displays these three types of identities.

The monolithic corporate identity refers to a corporate brand: a structure where all products and services, buildings, official communication and employee behaviour are labelled or branded with the same company name. Examples include Disney, Coca-Cola, Nike, McDonald’s, Wal-Mart and BMW. The fully branded identity refers to a structure whereby products and services are brought to the market, each with their own brand name and brand values. Companies such as Unilever and Procter & Gamble have traditionally followed this branded identity structure where neither the company’s name nor its core values figured in the positioning and communication of its products. This branded strategy traditionally made sense for Unilever and Proctor & Gamble as they were addressing very different market segments through the different products in their product portfolio. An increasing number of organizations that were previously branded giants are, however, changing their organizations into monolithic corporate brands. Unilever is an example of an organization that has moved in the direction of a monolithic identity, with the purpose of having its product brands more strongly associated with the company name (Case Example 5.1).

**CASE EXAMPLE 5.1**

**UNILEVER: FROM A BRANDED GIANT TO A MONOLITHIC CORPORATE BRAND**

Back in 2005, Unilever announced that the corporate name would appear more prominently on all of its products. The announcement formed part of the company’s long-term strategy and was driven by the company’s belief that many consumers were demanding more and more from the companies behind the brands, increasingly bringing their views as citizens into their buying decisions. The logo of the company was redesigned, bringing together 25 different icons representing Unilever and its brands. The redesigned logo and its more prominent place on products and in advertising were meant to highlight the company behind the products to consumers, employees, investors and other stakeholders. The initial redesign of the logo also went hand in hand with a strategic repositioning of the brand portfolio. The brand portfolio had involved 1,600 disparate products that did not coherently relate to each other or to a singular business objective. Unilever, in other words, had become too diffuse, lacking a coherent brand identity and a unifying driver of growth. The design agency Wolff Olins redesigned the logo and helped conceptualize the strategic identity-defining idea for the company at the time, which was that all its brands should bring ‘vitality to life’. The brand portfolio was reduced to around 400 brands with each brand meeting customers’ ‘needs for nutrition, hygiene, and personal care with brands that help people feel good, look good and get more out of life’.
This initial repositioning and redesign of the Unilever logo already brought it up front, as a monolithic brand, rather than being in the background for consumers and other stakeholders alike. In recent years, CEO Paul Polman has further redefined the strategy for the corporation around its Sustainable Living Plan. Established in 2010, the Plan sets the company on an ambitious course of transformational change through which it aims to alter the world in environmental and social terms for the better. The Plan also underscores the notion that individual product brands need to add a social purpose to their brand positioning, with the company finding that those brands that do this well are growing much faster. With this new chapter in the company’s history, the Unilever brand and logo are further evolving into a ‘trust mark of sustainability’, in the words of its chief marketing officer.

Question for reflection

What do you think about the strategic repositioning of Unilever and its move towards becoming a corporate brand? Apart from any other strategic reconsiderations, do you think this will help the company strengthen the reputation of its products?

One important reason for organizations to move from branded to endorsed and monolithic identities is that monolithic identities have become enormously valuable assets – companies with strong monolithic identities, and the reputations associated with them, can have market values that are more than twice their book values – and can save money as marketing and communication campaigns can be leveraged across the company. Many brand rankings such as the ones published by Interbrand and Business Week confirm the impact of monolithic identities on companies’ financial performance. The 2015 Interbrand ranking of the most valuable brands, for example, features corporate giants such as Disney, Apple, General Electric, IBM, Microsoft, Google, McDonald’s, BMW and Amazon at the very top of the list. Not surprisingly, therefore, many academic writers and communication professionals have emphasized the importance of branding the entire organization and of focusing communication and marketing on the organization rather than on individual products and services. Where previously the brand portfolio strategy of an organization may have been geared towards the branded end, with different consumer brands targeted at separate market segments, increasingly companies consolidate their portfolio around a more limited monolithic or endorsed range. This reflects not only that customers and consumers are increasingly interested in the corporation behind the brand, but also the recognition that the point of difference from competitor brands often rests on corporate values, company-wide technology and IP, or specific organizational capabilities. This is easily spotted in technology and automotive brands, but also, for example, in clothing brands. Burberry, for instance, has different consumer brands, such as Burberry Prosum (high-end couture and runway fashion), Burberry London (easy to wear styles) and Burberry Brit (casual wear), for different market segments, but the crucial point of difference for consumers lies in the quintessentially British heritage and classic design capability of the company around, for example, the iconic tartan pattern.

The branding terminology that puts this insight further in perspective is the notion of points-of-parity and points-of-difference between brands. Points-of-parity are...
features and associations that are not necessarily unique to the brand but may be shared by other competing brands. They may nonetheless still be important to consumers and other stakeholders as ‘hygiene factors’. In other words, these features may not be the prime reason for liking or choosing a brand, but their absence can certainly be a reason to exclude or discount a brand. A point-of-difference, on the other hand, is a feature or association that consumers and other stakeholders find relevant and believe they cannot find with competing brands. It forms the basis for superiority over competing brands. This terminology highlights two things: first, and as mentioned, points of difference for customers and consumers buying specific products and services are increasingly based on organizational capabilities, values or technology, or more generally associations with the company or corporate brand. Second, it suggests that besides a claim for distinctiveness, a degree of similarity to other companies and their products and services may also be important. HSBC, for example, has claimed a distinctive value of being ‘the world’s local bank’, whereby the company claims to tune its global scale to the local demands of individual customers. At the same time, HSBC has claimed very similar values as its competitors (Barclays, Citigroup, BNP and ING) regarding being a global or international institution that is focused on ‘customer service’, ‘value creation’, ‘professionalism’ and ‘technological and financial innovation’.

The distinctive identity of the organization is the core foundation of corporate branding and forms a key differentiator in the marketplace. In this sense, the idea of corporate branding is in principle not that different from the more traditional idea of corporate image management. As Majken Schultz, one of the leading writers on corporate branding puts it, the focus in corporate branding is on how an organization can formulate an enduring corporate identity that is relevant to all its stakeholders. Similar to corporate image management, corporate branding is aimed at all stakeholders of the organization, which contrasts the concept with product branding which is exclusively focused on (prospective and current) customers and consumers. Schultz further emphasizes that the core of corporate branding is the alignment between the company’s vision, culture and image. Culture and image relate to how the organization and its identity are seen by employees (culture) and the company’s external stakeholders (i.e. the external image). The vision of senior managers adds a strategic dimension in that by setting directions for possible ways of changing or transforming who we are as an organization, it may change how the company is seen internally and externally. For example, the vision of senior managers in Unilever of strengthening and highlighting the corporate brand behind its products is one that sets a strategic direction for the company. It fundamentally changes the identity of the organization and how it is seen by customers and other stakeholders (image). Importantly, it also presents a break from the company’s past strategy and internal culture where brand and product managers had executive responsibility for planning communication and marketing strategies (culture). The new identity thus goes hand in hand with a new culture that fosters collaboration between managers and employees and a commitment to a monolithic Unilever identity.

As in this example, the role of all employees (not just communication and marketing staff) becomes much more important in corporate branding as employees...
are the brand ambassadors of the organization. Ideally, the identity behind the corporate brand would thus pervade the entire organization, from top to bottom. Organizations often therefore provide support to employees in the form of brand manuals, intranet resources and brand briefings or workshops to ensure that employees do not just know about the corporate brand but also live and enact it as part of their day-to-day jobs, regardless of whether those jobs involve direct contact with stakeholders or not.15

5.4 ALIGNING IDENTITY, IMAGE AND REPUTATION

Generally speaking, in order to manage the company’s reputation it is strategically important for organizations to achieve ‘alignment’ or ‘transparency’ between its internal identity and its external image. According to reputation experts Fombrun and Rindova, transparency is ‘a state in which the internal identity of the firm reflects positively the expectations of key stakeholders and the beliefs of these stakeholders about the firm reflect accurately the internally held identity’.16 Along these lines, many practitioners, consultants and researchers stress the importance of alignment between (a) the organizational culture as experienced by employees, (b) the corporate vision as articulated by senior managers, and (c) the corporate image or reputation in the minds of external stakeholders. Importantly too, where these elements are non-aligned (so that, for example, corporate rhetoric does not match the experienced reality), a range of sub-optimal outcomes are anticipated, including employee disenchantment and customer dissatisfaction.

A useful way of analysing the alignment between an organization’s vision, culture and image or reputation is the toolkit developed by Hatch and Schultz.17 The toolkit (Figure 5.5) consists of a number of diagnostic questions based on three elements:

- **vision**: senior management’s aspirations for the organization
- **culture**: the organization’s values as felt and shared by all employees of the organization
- **image**: the image or impression that outside stakeholders have of the organization.

The questions each relate to a particular interface between the three elements and are meant to identify the alignment between them. The first set of questions involves the interface between vision and culture – that is, how managers and employees are aligned. They are:

- Does the organization practise the values it promotes?
- Does the organization’s vision inspire all its subcultures?
- Are the organization’s vision and culture sufficiently differentiated from those of its competitors?
There is a potential for misalignment (vision–culture gap) here when senior management moves the organization in a strategic direction that employees do not understand or support. For example, senior managers may establish a vision that is too ambitious for the organization to implement and that is not supported by its employees.

The second set of questions involves the interface between culture and image and is meant to identify potential gaps between the values of employees and the perceptions of stakeholders outside of the organization. The questions are:

- What images do stakeholders associate with the organization?
- In what ways do its employees and stakeholders interact?
- Do employees care what stakeholders think of the organization?

Misalignment between an organization’s image and organizational culture (image–culture gap) leads to confusion amongst stakeholders about what a company stands for. For example, employees of the organization may not practise what the company preaches in its advertising, leaving a tarnished image with its stakeholders.

The final set of questions addresses the interface between vision and image. The key objective here is to find out whether management is taking the organization in a direction that its stakeholders support. The questions are:

- Who are the organization’s stakeholders?
- What do the stakeholders want from the organization?
- Is the organization effectively communicating its vision to its stakeholders?
There is potential for misalignment (image–vision gap) here when organizations do not sufficiently listen to their stakeholders and create strategic visions that are not aligned with what stakeholders want or expect from the organization.

Based on these three sets of diagnostic questions, organizations can monitor the alignment between their vision, culture and image so that they can make adjustments accordingly. All three interfaces are equally important to an organization in order to make sure that the identity or image that is projected to stakeholders is carried by both senior managers (vision) and employees (culture) and furthermore understood and appreciated by stakeholders (image). A classic example of an organization that failed to sufficiently align its vision, culture and image is British Airways in its design of a new identity in the late 1990s that was not picked up nor appreciated by its staff and customers.

Robert Ayling, the CEO of British Airways at the time, articulated together with his senior managers a vision for the company of becoming ‘the undisputed leader in world travel’. This vision was coupled with a repositioning of the company in 1997 which involved blending the traditional British values of the company with new values of cosmopolitanism and global appeal. To give this repositioning shape, BA unveiled a striking new visual identity scheme. The 50 ethnic designs commissioned from artists around the world were meant to adorn the tailfins of BA’s entire fleet, as well as ticket jackets, cabin crew scarves and business cards. Over the next three years, the idea was that the new look would gradually replace the sober blue and red livery and crest along with the traditional motto ‘to fly, to serve’ which dated back to 1984. The decision to change was based on the CEO’s foresight about the consolidation of the airline industry around a few international players and on a piece of market research in the early 1990s which had suggested that passengers viewed the airline as staid and stuffy. The vision of senior managers within BA was that the repositioning presented the airline with an opportunity not just to tone down its national origins and project a more modern image, but also to reposition itself as a ‘citizen of the world’ in recognition of the fact that 60 per cent of BA’s passengers came from outside the UK.

The colourful designs did attract tremendous free publicity at the time, with the front pages of most British newspapers featuring large colour photos. But they also generated more controversy than anticipated, with many seeing the revamp as extravagant, confusing or, in the case of the then Prime Minister Margaret Thatcher, a national betrayal. At the launch of the new designs, Margaret Thatcher famously draped her handkerchief over one of the new designs. The backlash was disappointing, but Ayling hoped, at the time, that these emotionally charged reactions from the more conservative-minded sections of the British public would soon blow over. However, the negative news coverage of the new designs endured and carried over to BA customers and the general public in the UK who then voted with their feet (i.e. a vision–image gap). BA customers appreciated the company’s traditional values and British heritage which they felt were being lost with the new designs and repositioning. In addition to repainting the planes’ tailfins, the company had also decided to remove the British flag from all its aircraft. This triggered a strike by cabin crew who apparently did not agree with the new corporate values and also felt that they had not been included in consultations on the new vision (i.e. a vision–culture gap). Employees not only disagreed with the new vision, they also did not share and live the new values of a multicultural ethos as communicated in the
new designs. Because they did not embody these values, there was thus real potential for a gap between what the company communicated (cosmopolitanism) and employee behaviour which was still firmly rooted in a sense of Britishness and stakeholder images (i.e. an image–culture gap). Before it came to that, Ayling and his senior management team acknowledged that they had made a wrong decision and abandoned the design programme. When Rodd Eddington took over from Ayling as CEO in 2000, one of his first actions was to announce a return to British livery and he reintroduced the Union Flag on each tailfin of the BA fleet.

The vision–culture–image toolkit provides communication practitioners with crucial insights into the alignment between the different parts of the company’s identity and allows them to spot gaps that need to be repaired or redressed. The vision–culture interface, for example, captures the extent to which the aspired identity for the company, as laid out in the vision of senior managers, connects with the experienced identity on the ground and in the hearts and minds of employees. If managers are not preparing employees for a shift in identity, as in the British Airways case, a crucial gap in perception between managers and employees may result. The vision–image and culture–image interfaces capture the degree to which the promoted and expressed identity by the company is also how the company is being seen and what it is appreciated for by stakeholders. The importance of these two interfaces is that if corporate organizations are, in communications and behaviour, out of step with stakeholder expectations for too long, then the performance and continuity of the organization will be at risk.

However, when the image or reputation of stakeholders is broadly consistent with the projected images in communication, symbolism and behaviour, it ensures that the organization is respected and understood in the way in which it wants and aims to be understood. Yet, when there is a gap between the projected identity of an organization and the way in which it is regarded, an organization is not standing out on its own turf and may not have a strong enough individual reputation as a result. Its reputation is then based on more general associations with the industry in which the organization is based or is informed by reports from the media. Shell, for instance, in the wake of the Niger Delta crisis, realized that its poor reputation since the 1990s had, more often than not, been based on media reports and the tainted image of the oil industry than on its own identity and the values that were at the heart of its business and operations. Shell has since put considerable effort into a rethinking of its identity and values, redesigning systems for stakeholder management and running global corporate identity campaigns to close the gap between its identity and reputation.

Corporate organizations, in other words, benefit from continuously analysing the alignment between their vision, culture and image, and in the context of changing and shifting stakeholder expectations over time. This also means that an identity that was once fit for purpose – such as Polaroid and Eastman Kodak’s innovative edge in instant film – may no longer have traction. As stakeholder expectations are shifting, this may be the downfall for some companies, but, at the same time, it also creates opportunities for others to change their identities and make the most of the changing scene in their industry. This is essentially what British Airways aimed to do in the context of a consolidating and deregulated airline industry, and companies such as BP and Shell tried to do, in the wake of growing criticism in the late 1990s, in restyling themselves as sustainable and environmentally responsible corporations.
A key question, however, is when organizations should decide to go for a full-scale overhaul of their identity in a changing environment. This requires not only a great deal of foresight, but also a considered judgment. The guidance that Hatch and Schultz provide is that they generally warn companies against hyper-adaptation, where instead of their own inner strengths they are quickly fashioning images to meet with fleeting stakeholder expectations. Instead, it seems that the key point is to wait for the onset of a defining moment when a new set of conventions across stakeholders or a new cultural story is emerging. In that way, a truly new foundation emerges that can be used for identity and brand-building. This, in effect, has been a formula for iconic identity changes, such as Sam Palmisano changing IBM’s identity from a hardware to an integrated solutions and service provider in the context of changing customer expectations (see Case Study 9.1).

As in the case of IBM, the CEO and the senior management team are the most obvious patrons of organization-wide identity questions, as well as of the way in which these are translated into mission and vision documents and spread throughout the organization. When in a similar way Carlos Ghosn took the helm at Nissan in 1999, he personally led the restoration and strengthening of Nissan’s identity, which had become sloppy, weak and insufficiently exploited. Alongside a restructuring and cost-cutting programme to boost productivity and profitability (for which he took a lot of flak), Ghosn revamped Nissan’s identity of quality engineering and the uniquely Japanese combination of keen competitiveness and a sense of community. He ensured that through his own performance and commitment, as well as through internal communication, these values trickled down through the ranks to embrace all employees.

As the example of Nissan shows, it is important that a sense of organizational identity is internalized by members of the organization, so that they can live and enact the company’s values in their day-to-day work. Particularly those members of the organization who represent it in the eyes of stakeholders such as the CEO, front-office personnel and front-line staff (salespeople, retail staff), and of course those who are responsible for marketing and communication, need to have a fine grasp of the organization’s core ideology and values. Senior managers, with the help of senior communication practitioners – as the experts on stakeholder management – can facilitate this understanding by articulating and actively communicating the company’s values to all staff within the organization through policy documents, briefings, identity workshops and internal communication (see Chapter 10 for more details).

**CASE STUDY 5.1**

**BMW: AN EXERCISE IN ALIGNING IDENTITY, BRAND AND REPUTATION**

BMW, the German car manufacturer, has been strategically focused on premium segments in the international car market. With its BMW, Mini and Rolls-Royce brands, the company has become one of the leading premium car companies in the world. BMW’s strong identity and marketing campaigns are often credited as a crucial part (Continued)
of the company’s continuing success. For the last couple of years, BMW has been rated as the most valuable automotive brand in the world.

At the heart of the BMW identity are four values: dynamism, aesthetics, exclusivity and innovation. These values have been central to the company’s leadership in design and are consistently communicated across all its corporate communication, corporate design and consumer advertising as well as through the behaviour of managers, designers and retail staff. The brand consultancy Interbrand argues that these four brand values align customers’ images and associations with the vision and culture of BMW.

BMW has long focused on innovation but made it the driving force for its product development process and its philosophy at the end of the 1990s. Since then, the company has put a lot of emphasis on its research and development (R&D), making it a core element of its corporate strategy. The innovation process within BMW is aimed at systematically channelling potential innovations to the actual product development stage, and to ensure that the company can maintain its positioning around producing technologically advanced cars. Besides its focus on innovation, the company has also been a powerhouse of creative and aesthetic designs of cars. According to Christopher Bangle, global chief of design for BMW until 2009, ‘our fanaticism about design excellence is matched only by the company’s driving desire to remain profitable’. Bangle sees the company’s core value as being ‘an engineering-driven company whose cars and motorcycles are born from passion’. In his words: ‘We don’t make “automobiles”, which are utilitarian machines you use to get from point A to point B. We make “cars”, moving works of art that express the driver’s love of quality.’

Besides innovation and aesthetics, the company’s other values of dynamism (or driving dynamics) and exclusivity are carried through in all of the company’s communication to consumers and other stakeholders. They feature as brand promises in dealer and customer materials, including showroom interior designs, tradeshow materials, advertising and customer promotion packages. Particularly through its advertising, the BMW brand has come to be associated with the words ‘driving’ and ‘performance’. The company’s taglines in many adverts have, for a long time, been ‘The Ultimate Driving Machine’ and ‘Sheer Driving Pleasure’. According to marketing guru Al Ries, this association with ‘driving’ was a very powerful component of BMW’s brand as it led consumers to associate BMW with high-performing cars. This association also reinforced the design excellence of BMW and nurtured for customers the importance of feelings and pleasure derived from driving an advanced car.

Branding the entire corporation

Besides a strict focus on cars, as products, BMW has also tried to bolster a strong image or reputation for the entire company. Corporate and consumer adverts have, for example, over the years highlighted the innovation culture of the company. These ads communicate BMW’s independence and freedom to pursue innovative ideas, as it is neither owned by nor part of a division of another company. These advertisements still feature the tagline ‘The Ultimate Driving Machine’, but place little emphasis on its high-performance features. The focus instead is on the theme of BMW as a ‘company of ideas’, where radical design and ideas are encouraged as a way of
supporting the tagline around performance. With this series of ads, the company reinforces the alignment between its internal culture and external image. The series has also made employees and existing and loyal customers proud of the company’s success story.

BMW has also embarked on a series of ambitious sustainability initiatives, something which it highlights in recent corporate print adverts. The adverts stress BMW’s achievements in developing fuel-saving engines, clean production facilities and state-of-the-art recycling techniques. BMW also suggests in these adverts that it is ‘intent on playing our part in actively shaping the future – for the long term. We do so both for the common good and for the sake of the environment: in the interests of our customers – and, naturally, in the interests of our company, its employees and its shareholders. Because sustainability secures all our futures.’

The company in fact aims to integrate sustainability throughout the entire value chain, as it believes that sustainability will become a must in the premium segment of carmakers. As such, embracing sustainability issues, and being at the forefront of development, will give BMW a competitive edge. According to the Dow Jones Sustainability Index, BMW is the world’s most sustainable carmaker, having being ranked at the top since 2005. The company has been driven to develop increasingly better solutions to sustainability issues on the basis of its strong innovation culture, but also to meet the growing expectations of its stakeholders. BMW in fact believes that sustainability is core to innovation nowadays and that it can as such be incorporated into the company’s identity and brand. A good example of this way of thinking is the BMW i series of electric vehicles. The i3 has the same sleek design that customers expect of BMW and was in 2014 ranked as third amongst all electric cars sold worldwide.

**Stakeholder engagement**

From 2011 onwards, BMW has also initiated a number of stakeholder dialogue sessions in major cities across the world to get direct input from stakeholders on sustainability issues and goals. These face-to-face sessions are, in the company’s words, a new format for ongoing exchange with our stakeholders around the world. The goal is to create a comprehensive learning process for the constant development of ideas – which will allow us to align our company’s goals with the needs and expectations of a global society. This dialogue helps us identify trends early, strengthen our commitment to society and reach our sustainability goals.

In recent years, these dialogue sessions have become split between separate sessions with experts and with students. BMW has even set up a specific stakeholder engagement policy to foster and coordinate stakeholder dialogue sessions across global and local operations. The company believes that such sessions will be immensely helpful; the policy states that ‘gaining stakeholders’ input on and responding to their needs regarding social and environmental issues can improve decision-making and accountability and positively influence our license to operate, our competitive advantage, and our long-term success’. In this way, then, BMW aims

(Continued)
Conceptual Foundations

(Continued)

to listen to its stakeholders on important issues as well as have another means in place to ensure an effective alignment between its vision and strategy, its internal culture and the company’s external image or reputation.

Questions for reflection

1. Describe the alignment between vision, culture and image for BMW and discuss how BMW manages this alignment, and whether there is the potential for gaps between them.
2. Does the emphasis on sustainability change the identity and brand of BMW, and can it, in your view, be easily incorporated alongside, or as part of, the traditional four values of the company?
3. Consider the four traditional values of the identity and brand positioning of BMW. Are these values authentic, distinctive and unique from the perspective of consumers and other stakeholders in the premium car market?


5.5 CHAPTER SUMMARY

The chapter has outlined the theoretical background to the frameworks and concepts that organizations use to build strong and distinctive images or reputations with their stakeholders. One important observation that was made is that communication practitioners need to look inside their organizations for the core values that define the organization and that can give them a competitive edge in communications with internal and external stakeholders. Indeed, many organizations which have not thought seriously about their corporate identity and whether their profile is appreciated by stakeholder groups, often appear to hire and fire outside agencies with regularity, trying to find the one with the ability to ‘sell’ a message that people do not seem to be ‘buying’. In other words, such organizations have not given enough care to crafting an identity that is authentic and distinctive, and also meaningful to stakeholders.

DISCUSSION QUESTIONS

Pick a company with which you are familiar or that you have worked for in the past. Describe the alignment between the company’s vision, culture and image. Are there any gaps between these elements?

Identify a company with a world-class reputation in its industry. What, in your opinion, has been the main driver of its reputation?
KEY TERMS

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<th>Brand(ed) identity</th>
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FURTHER READING


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NOTES


