CORPORATE IDENTITY AS ONE OF THE IMPORTANT MANAGEMENT ACTIVITY

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1. Introduction

Corporate identity is complex view of organization, which is made by its philosophy, history, rules of leading people and perspectives of organization. The reason of corporate identity is simply and quick identification of company as a subject by the stakeholders. Therefore Corporate identity must be unique, sounding, understandable and easily remember. Each of organizations has their own identity.

In real corporate life we can meet this approaches towards corporate identity:

- Some of companies don't make attention to Corporate identity. In this group of companies we can found huge quantity of organizations. This attitude carry large risk, while organization is not clearly profiled and can be therefore in mind of their customers easy replace with another one.

- Second category cover organizations, which formulate their vision, mission and identity, but their real life don't response this ideas. Company is not able to align planned corporate identity with its real life on the market and in this way it seems not trustworthiness. Probably it is not stabil enough.

- The last group of companies is slight small. There are companies whose has real programm of Corporate identity and make real steps to fullfil it. This group
of companies is growing up (as we found) as competition on the global markets is growing up. In this way Corporate Identity seems as one of important managerial tools for increasing company competitiveness.

In our research and consultancy we focused on experiences with processes of implementation Corporate identity (CI) in organisations of the Slovak republic. We collaborate with many organisations and increase their internal and external communication, effectiveness of marketing application and we monitor their effort on their way to build a successful company Corporate identity. In this paper we would like to share our theoretical knowledge and practical experience.

Nowadays, the empowering globalisation tendencies in economy and growing dynamics of the environment require more and more from the company management. As a result of this tendency, there is the need to find the appropriate approaches to the company management because it is important to ensure high performance, high effectiveness of the company in global economy [2]. It is important to find and include all possible managerial tools to increase competitive advantage of the company.

Marketing is one of managerial processes and marketing is a philosophy of managing and focus of business and is still considered as key to success of any organisation [3]. The present dynamically developing market is putting high emphasis on marketing as a driving engine of an organisation and its future success. Therefore, in terms of a future success, competitiveness and effectiveness, it is essential to define marketing strategy of a company for the 21st century and to implement it in practice [5].

The problem of Corporate identity is that it is being dealt by many specialists in the field of marketing, human resources, psychology, sociology and design. At the beginning, only large companies in the USA and Western Europe paid attention to this problem. Later, this phenomenon spread into all zones of commercial and non-commercial organisations. In Slovak Republic, this theme is known less and it can be heard only on some meetings with managers mainly from larger companies (other east block countries are not considered to be in a different situation). There are not many organisation and company leaders that understand the abbreviation of CI. That means it is important to know more about it.

2. Corporate Identity

Corporate identity means company or business identity but it can be also an identity of non-commercial organisation, federation, region or undertaking. Behind CI we can find the keystone of every subject or organisation – its past and history; its “personality”, values and principles that professes; plans and objectives that it is trying to achieve.

Corporate identity is strategically planned and operatively applied presentation and behaviour of an organisation inwards and outwards. It is based on a business philosophy,
long-term objective setting and clearly defined image with the adherence to application of all tools of organisation manners inwards and outwards.

Every organisation has its own identity, whether it wants it or not [1]. Organisation identity can be compared to the human identity. Every human is an individual and every organisation has also characteristics that are unique and that is why the organisation is also an individual. With the increase in the market globalisation and rise of the competition in most of the industries, it is now a common feature that organisations are offering the same product with almost the same quality for almost the same price. What is thus determining the success of the organisation? It is exactly the identity of the organisation that is becoming the carrier of a product or a service credibility and is creating stable and long-lasting relations between the organisation and the customers, business partners and especially own employees [4].

Identity creation is always managed process passing hierarchically up-to-down direction, it is long-running and can be realised only in sequential phases. Organisation identity includes everything that has something to do with the organisation. Everyone, that organisation is in touch with, wants to know who is s/he talking to and what s/he might expect. Organisation identity is a system, a method and an objective that modern managers try to reach to ensure success of the organisation in following years. And that is why CI is the most important organisation value and the pillar that should not be underestimated and overlooked.

Corporate identity is the accumulation of a subject history and it is also its main strategy. CI is mostly liable to development changes, but an important event in the life of the organisation can result in its radical change. Corporate identity is playing central part in strategic organisational planning and it integrates and coordinates all its areas. CI is the common factor for all activities of the organisation and its objectives are integrated organisational presentation and interpretation, but also the feeling of loyalty and fellowship.

History of Corporate identity (CI) begins where is conscious and targeted differentiation of trademark, product, organisation or social group. The need to identify something is very old. Our ancestors had the need to differentiate, e.g. by the heraldry or army uniforms. Here we can see the beginnings of CI.

Organisation identity at present is relatively young tool of strategic management and marketing. This term appeared for the first time in USA, where the market was so various that companies tried to create something to be different from the others and at the same time, they could express positive image about themselves.

The creation of traditional period of the identity of the organisation is dated from the beginning the 20ties of 20th century. It is characterised by the personality of an organisation leader that formed the organisation philosophy and behaviour inwards and outwards. Hierarchical-patriarchal organisation leading also determined visual image. It happens many times that even if the leader left, his personality had stayed. Standard
examples can be names like Bosch, Bat'a (Czech and Slovak republic), Siemens, Grundig etc.

The 30ties and 40ties were specific for trademark-technical period. Organisation identity was recognised through the trademark identity. There was a school created that was trying for professionally created and uniquely identified trademark. Its mission was to gain public trust with quality, uniformed packing, form of modification and unified prices. The stress is laid on logo, heading paper and organisation building.

In 50ties, 60ties and 70ties of 20th century were in context of an organisation identity presented as design period. This period was characterised by the dynamic influence of media development. Expansion of printing technologies, and media laid the stress on colour (filming industry and TV) moved the centre of CI on Corporate Design. Colours, movement and presentation style became the symbols of CI and also the most effective form how to present organisation messages to the public. This trend could be seen mainly in automobile industry - American cars became familiar to the public and they have kept this position till the present. Advantage of strong design orientation was profiling “organisation face”; disadvantage was stereotype and uniformity, but mainly excessive valuation of design as CI carrier.

The period that started at the beginning of the 80ties and lasted till the present is called strategic period. 80ties were specific with the consistent identity building, mainly in multi-national concerns. Using CI as a tool of marketing communication brought new impulses. Decisive factor forming the CI of the 90ties was the expansion of the internet and multimedia applications that helped to spread CI in the virtual world. Another feature was the search for mutual European identity and creation of CI in the areas that were not touched by this phenomenon before (region, town, and undertaking).

3. Corporate Personality

Important term in the field of CI is Corporate Personality. For showing the relation between both terms there is a parallel between human individuality and subject artificially created by human. (company, organisation, undertaking). The basis of the identity of every human being is his/her personality, it means dispositions, skills and abilities, character, forms of behaviour and values for life, as well as the physical appearance. Human personality is also his past, actual living and ambitions, objectives and visions into the future.

There is a similarity in case of the organisation – every organisation has its own past, actual performance or state as well as future objectives and visions. It means that we can see organisations' character, temperament, values for the behaviour and some features. These are the core of Corporate personality (CP). It happens that the characteristics of the organisation are similar to the characteristics of its founders –
people that influence the development in major way. CP should be conjunction of how the organisation is understood by the founders and by the customers (Corporate image).

CORPORATE PERSONALITY

![Diagram of Corporate Personality and Corporate Identity]

**Fig. 1 Relation of Corporate Personality and Corporate Identity**

One of the most important bases for the corporate personality should be the hierarchy of the values. Values for organisation behaviour enable long-term profiling. Organisation whose values are transparent and solid for the communication partners (including own employees) becomes readable and it is the first step of trust creation. This trust enables the organisation to rely to the support of those, without whom it wouldn’t exist – clients, investors, commercial partners and especially own employees. Meaning of this trust will appear in critical situations where every step of the organisation is under public view.

Even Corporate personality is something abstract, created by the imagination of people, forming of this personality can be left on random influences. It is necessary that appearance of this phenomenon should be directed in basic document. Basic characteristics of organisation from all the areas are held in so-called organisation CI-manual.

Decisive factor, if this personality is perceived in the accordance with the ideas of its founders, is reality itself through organisation image in the eyes of customers, commercial partners, investors and own employees. Organisation image is resulting mirror of corporate personality.
4. Corporate Image

Economical encyclopedia defines image as a ,,symbol, imagination“ of a certain product, organisation and contractors that the purchasers sequentially create on the basis of own knowledge, information and facts resulting from activity of certain subject.

Corporate image – is the vision of organisation “face” within their clients, commercial partners, employees, share-holders or public. Corporate image provides the organisation with the answer to the question, how it is perceived by the public and whether its movement is in accordance with intentions of the leaders. To gain and maintain good image is very hard work that assumes large and frequent researches of external environment, strategy planning and great organisation and managing within the subject. Every organisation should realise that creation of good image has to start within the business beginning, defining the organisation vision. It is important that image should be understood as one of the strategic objectives and it should be a part of strategic process management.

Following facts have to be taken into account within strategic planning and image creation:
- Image creation is long-term activity,
- Monolithic organisation image does not exist,
- Image is variable.

Corporate image is the extension of corporate identity; it is the picture created in public. Corporate image (Clm) is the sum of all activities and arrangements of corporate philosophy (CP), corporate culture (CC) and corporate design (CD) that are mediated by corporate communication (CCom).

Fig. 2 Relation \((CP+CC+CD) \ast CC = Clm\)
When evaluating actual corporate image, two types of problems may occur:

- **Image is better than the reality** – operational problem; this situation leads to the satisfaction that the public does not know about bad sides of the organisation. This situation happens in practice when the organisation is more successful in one field.

- **Image is worse than the reality** – communication problem, it occurs when, even in spite of targeted building of CI organisation and following the values and arrangements, it comes to certain lagging of image. This problem is typical for organisations operating in the field that is under the public judgement or negative media image.

### 5. Types of Corporate Identity

Organisation identity is related to the organisational structure. If the structure is simple, the mission of organisation identity is to give “face” to the organisation. When the organisation owns, operates and communicates with more commercial activities or product trademarks, the mission is more difficult. In this case, organisation identity has to profile the trademarks and also has to express certain relationship between the trademarks and “parent” organisational trademark.

Types of organisation identity are evolved from organisation character and objectives. It means, “parent” trademark or product trademarks can dominate, or it can be a combination of both. In practice, we are meeting with three types of organisation identity:

- monolithic identity
- brand identity
- endorsed identity

**Monolithic identity** of the organisation occurs in organisations that applies one name in all the areas of the business. We usually can see it in newly created or specifically oriented organisations. This type of identity is also applied in powerful organisations that have the potential to enlarge the trademark into various activities. This way is usual for organisation disposing with the up-to-date technology (they can use the head start in other areas; e.g. IBM, BMW), or service providers that have quality employers (e.g. consultant companies).

Monolithic identity is applied very often in Japan, where there are a lot of business areas and activities under one name. (e.g. Yamaha – engines, motorbikes and musical instruments; or Mitsubishi – cars, aeroplane, banking, food industry, etc.). This type is not very popular in Europe. Organisations with monolithic identity are often the
symbol of quality and they consider their identity as the main form of differentiation from the competitors.

Advantages of monolithic identity:
- ability to enlarge the trademark on new activities
- savings in communication with targeted groups

Risk is that failure of one product influences image of organisation and other products as well. Monolithic identity requires consistent realisation with high quality, continuous attention to the details and never-ending self-criticism.

**Brand identity** is the opposite of monolithic identity and it means visualisation of the individual commercial activities or product trademarks. It is used mainly in organisations producing quickly-turned goods that allow the market segmentation and customer addressing without the need of identifying him with the organisation trademark.

Basic thought is to facilitate the product (the same as the others) with special characteristic – special name, packing and support of advertising and wide distribution. The power of branding (brand or trademark building) lies in the creation of the trademark for specific group of people in concrete time. It enables the organisation to work with strong, complex, highly effective symbolism targeted on specific part of the market. Examples of brand identity are chemical-food concerns Procter&Gamble or Unilever that have built many famous trademarks. One of the most successful organisations building brand identity is Coca-Cola Company, that have built individually very successful trademarks Coca-Cola, Sprite, Fanta or Kinley, everyone with its own identity.

Advantage of brand identity is that failure of one trademark has no negative influence on other trademarks. Big disadvantage of this type of identity is expensiveness and communication severity; companies have to support several individual trademarks.

**Endorsed identity** - This type of organisation combines both previous procedures. Organisations with the endorsed identity are mostly a compound of many acquisitions and their activities are wide-spectral. Parts of organisation are referring to good organisation name, but they also want to apply own style of management, compensation, attitudes and sometimes even specific name. Reference to the “parent” organisation is usually represented as in-reference (organisation XY, member of Z group) or as a graphical expression. Endorsed identity are mostly used in organisations that started their business under one trademark and during some period of time have expanded – by acquisitions or on the basis of commercial activities development. Example of endorsed identity is General Motors that have divisions Chevrolet, Pontiac, Oldsmobile, Buick or Cadillac. Every trademark is built individually, but all of them are subjected to General Motors identity.
Endorsed identity has the **advantage** of being able to ensure the balance between holding (organisation) trademark and trademarks of relatively separated activities or products of organisation.

Main **disadvantage** of endorsed identity is that the in-reference (connection with “parent” organisation) has to be in compliance with organisation objectives given by history and competitive advantage of the organisation. It is often very hard to communicate with different targeted groups, because endorsed organisational structure is various and complicated.

### 6. Structure of Corporate Identity

Organisation identity consists of several parts. Organisation can not target only one part and ignore the others. In foreign literature, there are some parts of organisation identity preferred more and some are even forgotten. But when the definition of CI is kept, organisation cannot prefer or leave out some part. When the organisation wants to be successful in this task, it has to behave as one unit, inside and outside. Everything that organisation, community, undertaking or domicile is doing has to start from organisation identity that is built on four pillars: Corporate Philosophy, Corporate Culture, Corporate Communication and Corporate Design.

**Corporate Philosophy** - is the part of identity that influences organisational behaviour from inside. It explains how the organisation plans to realised own activities. It expresses the confidence, values, aspirations and priorities that are pursued in organisation management. It presents “the highest thought” in organisation that is usually uttered by clearly formulated policies and organisation credo.

Corporate philosophy presents at the first place clear and ethical organisation meaning. It should create common understanding between the employees of the organisation. It should be expressed in relationships between employees and organisation, in relationships with customers, creditors and other business partners, even the competition [6]. Corporate philosophy forms the basis for organisational policies that are the starting point for realisation of all the activities in the organisation. Organisation policies specify organisation philosophy for all the parts of organisation, including top management and executives as well. They also establish code of conduct and cooperation of organisation with external environment.
Corporate philosophy is included in organisation mission as well. To specify the mission means to justify the organisation existence in economical surroundings and to answer basic questions: “Why does the organisation exist? Who are we? What are we doing? Where are we going?” and others. Through the mission organisation can define and determine its uniqueness and differentiate from others in the industry.

![Fig. 3 Parts of corporate identity](image)

![Fig. 4 Place of corporate identity within objectives hierarchy](image)
Corporate philosophy creates the basis for determination of organisation objectives that are the starting point for formulation of marketing objectives. Organisation objectives are realised by Corporate Culture - is more and more important tool of organisation management and one of the decisive factors of customer satisfaction, productivity and human resources stability. Stability and profiling of the culture is essential for external communication and organisation identity building. Corporate culture is one of the keystones for corporate identity.

Corporate culture is the set of values, symbols, attitudes, assumptions and perspectives that are influencing the employees’ actions with one another and in relation to external surrounding as well. Every organisation has its own culture that is being formed with its founding.

Corporate culture can be considered as strong or weak on the basis of the amount of positive or negative reactions. When the corporate culture is weak, the employees do not trust the managers and colleagues that creates contra culture. Strong corporate culture exists where the employees understands the objectives and strategy of the organisation and participate in the realisation. Strong, noticeable corporate culture creates specific and original “face” of the organisation. It is necessary for obtaining own identity in the relationship to the customers and other representatives of external surrounding.

**Basic common features of corporate culture**

Every organisation has unique corporate culture that is specific and completely different from other corporate structures. Nevertheless, there are some common features that are the same for all the organisations and their cultures:

- **tradition** (origin of corporate culture is in the past, it has been created during certain time-period until today’s’ state),
- **ability to change** (adaptation of corporate culture to the influences of external and internal environment),
- **multiplayer** (corporate culture consists of various subcultures that are influencing each other),
- **ability to take corporate culture and to learn it** (employees can understand it from certain symbols and in long-term horizon they can accept or refuse it),
- **overrun the individuality** (by the time being, corporate culture becomes independent from the personalities that personalised it before and still takes more of the group influences).
Determinants of corporate culture

Corporate culture is influenced by various factors. These are affecting and forming it. We call them determinants. Organisation is operating in the open environment; internal and external forces are affecting it. They need to be frequently monitored and evaluated.

Internal influences - organisation history, organisation size, capital, legal form, subject of business, profit rate, used structures and processes, dominant technology, organisation strategy, competence and interests of the leaders, employees (mentality, education, opinion of growth).

External influences - market position, speed of the market feedback – competition, character of higher level cultures, geographical dislocation, regional effects, economical system, social system, political preferences, legislative, ecology, level of science and research in the field of business.

Corporate Communications - every organisation exists in environment with other organisations and competition. There is a need for interaction with the environment, so it has to use another part of corporate identity - corporate communications.

Communication is the process of information changing between two or more participants. Corporate communication is process that converts corporate identity into organisation image through managed and planned communication with decisive targeted groups. Communication is necessary for targeted groups - employees, customers, shareholders and others - to understand the corporate identity, its values and strategy. Communication needs to have targeted audience - recipient of the message.

Several kinds of recipients exist and it is essential to identify the right one. There are 2 main groups of recipients:

- internal – employees
- external – organisation surrounding

Objective of internal communication is empowering of internal integrity of organisation social system, creating the feeling of responsibility and formulating the conscious of “us, our organisation”. Objective of external communication is to inform about organisation activities, products, results and future intentions. Communication activities relate to product sale and represent the straightest form of external communication. Communication is being managed with the help of marketing mix tools as:

- Advertising
- Sales promotion
- Direct sale
- Public relations (PR)
Corporate communication is given by visual, verbal and other utterances outside and inside. From all of these perceptions customers and other targeted groups form the organisation “picture”.

**Corporate Design**

Corporate design is visual identity that is giving the organisation an original “face”. It should reflect basic future plans and values of organisation and by the visual form to integrate its corporate personality. Corporate identity precedes the corporate design - never the other way round. If corporate design does not result from CI base, even if its perfect, can supply some functions of CI only in the short-term. It fails in the long-term within profiling visual support of corporate identity communication.

Corporate design consists of components that predicate the organisation and are expressly known by external and internal public. They have to reflect organisation mission and be clear, easily identified and transparent. Main components of corporate design are:

- **logo**
- **raster (head paper, envelopes, call cards and others)**
- **script and typography**
- **organisation colours**
- **organisation architecture (buildings, offices, shops)**
- **others (promotion articles, uniforms, cars, etc.)**

All components of corporate design need to be combines in a way to create easily remembered and consistent impression. Corporate design creation requires co-operation between management and professional designers and should result in creation of so-called **design manual**. It is a document, rule and law that is obligatory when using any visual medium of organisation. Design manual is a manual for designer and organisation as well. The objective is to help the company defining own visible face that is presented to the public

7. **Conclusion - Building Corporate Identity - Slovak experience**

To build or revise corporate identity is not easy and is not cheap probably not only in Slovakia. It is not the kind of thing for which you can prepare and implement it in a couple days. Corporate identity building needs to be applied sequentially, together with the development of society in company and in the wider environment. Scientific literature does not mention exact methods and procedures how to proceed with building corporate identity.
On our previous experiences with larger companies that work in Slovak republic we can offer some access and simple advice that should be followed when building CI in an organisation. We suppose that this offers approach that can be suitable in other countries and companies as well. The mentioned rules are:

- the most important person to start this process is CEO
- it is suitable to create highly motivated team for implementing CI into organisation
- the changes have to be started inside the organisation
- every change needs to be serious
- building CI has to be supported by the employees - the success is not possible without their co-operation
- within CI building, all the parts have to be defined and implemented
- new CI should be introduced to the public after successful implementation of all its parts inside the organisation
- all the organisation partners should know this important change, together and at the same time
- after successful CI implementation, the result has to be actively used
- CI, as it was created, is not fixed but still adapting to the new conditions, people and surrounding.

It was useful when the task of creation successful CI was held mainly by the top management, marketing department and supported by specialised consultant organisations, designers and other parts of organisation (by multi function team and to use experience from project management). Even the successful implementation can be done with own forces; it is better to use some help from external specialised expert and agencies.

Information revolution and emergent virtual space will essentially influence the world of marketing (communication). It will be world where the success of the company will be associated mainly by the quality level of the internal and external communication. In this environment will be the slogan “Communication create good relations, good relations are the base of good business, good business means satisfaction of the shareholders.” As Austrian consultant Martin Schoiswohl said: “Who communicates, wins.”

As we found on the base of collaboration of companies in Slovak republic the process of creating successful Corporate Identity is not easy. That is really run for a long
distance. First achieved result indicates that it is very important to start quickly, and then results can be are worthwhile for company and its stakeholders.

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Resumé

CORPORATE IDENTITY JAKO JEDNA Z DÔLEŽITÝCH ČINNOSTÍ MANAŽMENTU

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Článok sa zaobiera manažérskymi procesmi ktoré sa spájajú s problematikou Corporate Identity (Podniková identita - CI) v marketingu. Stručne poukazuje na históriu, zaobiera sa princípmi, možnošťami a skúsenosťami jej využitia v podmienkach Slovenskej republiky. Článok ponúka tiež užitočné pravidlá úspešnej implementácie CI v organizáciách. Článok charakterizuje jednotlivé časti CI jako súčasti manažérskych procesov známých ako efektívna marketingová komunikácia u tých organizácií, ktoré majú záujem zvyšovať svoju konkurenčnú schopnosť.
Summary

CORPORATE IDENTITY AS ONE OF THE IMPORTANT MANAGEMENT ACTIVITY

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Paper is dealing with Corporate identity (CI) as one of the important management processes in marketing. We try to show CI history, principles, possibilities and experiences of using it in the context and conditions of Slovak republic. This article offers a set of useful rules for successful implementation CI in the organisation. This paper characterises individual parts of Corporate identity as the part of managerial process known as effective marketing communication of those organizations that want to increase their competitiveness.

Zusammenfassung

CORPORATE IDENTITIY WIE EINE WICHTIGE TÄTIGKEIT VON MANAGEMENT

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