

The corporate identity at SMEs in Hungary
Method, results and questions

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„Part of the power of the constructs comes from the need for a situated sense of an entity. Whether an organization, group, or person, each entity needs at least a preliminary answer to the question "Who are we?" or "Who am I?" in order to interact effectively with other entities over the long run. Similarly, other entities need at least a preliminary answer to the question "Who are they?" for effective interaction. Identities situate the organization, group, and person.” (Ashfort, Dutton, 2000, 13. p.)

The background of the research

Several corporate identity models are known and these models give well defined methods to firms to answer these questions above. But on closer examination the case-studies of articles we primarily can meet are samples from the world of multinational (or at least big) companies.

In Hungary 71% of the total employment is in the sector of small and medium-sized companies (incomings between 100 and 500 M Ft), and contributions of these firms to the GDP is 50,2%. (Némethné, Sinkovics, Szennyesi, *Közgazdasági Szemle*, LV. évf., 2008. 09, 810. o.)

Therefore it is necessary to analyse how can these small and medium-sized companies absolve the economic models and how these models work in this emphatic section of the economy indeed. The background is interesting for another reason too: the leaders of these companies usually have never learnt special economy, they often have „only” professional knowledge. (The lack of entrepreneurial culture is an important factor in that case (Hámori et al. 2007, 580. o.) The adaptation of economic models and its result can be the indicator of their capability of creativity and self-developing.

There is another special factor which has an effect on Hungarian leaders of small and medium sized companies: the ambivalent judgement of entrepreneurs: the general opinion is often apt to think the successful entrepreneurs just maneuvered themselves into a good position (Szerb, Kocsis-Kisantal, 2008). Therefore the small and medium-sized companies have their special situation and challenge to develop themselves without learning contemporary economic models.

Introduction

In the theoretical background of corporate identity a lot of authors emphasize the strategy (Sándor, 2003), or the difference of the identity and the image (Selame, 1988). There are more explanations for the reason of varied definitions. Livengood and Reger (2010) wrote about the firm's history, the most important market, the certain product and service as the source of corporate identity. The point is that the identity domain represents the competitive arena that best represents the organizational identity of the firm and, thus, carries certain psychological and cognitive importance, becoming the turf most salient to the firm's top managers". (Livengood, Reger, 2010, 49. p.).

Selame talked about the difference between identity and image: (identity is like the sun. It radiates energy from solid mass. Image, on the other hand, is like a balloon: it is all surface and spends too much time avoiding pin pricks" (Selame, 1988, 7.p.)

For my research I used the model of Birkiigt-Stadler-Funck because it contains every important part of the corporate identity and emphasizes the inside values of the company. The parts of the models are:

Core parts: corporate strategy, philosophy, culture and mission

Outside parts: corporate design, communication, behaviour

A synergic corporate identity programme should be based on the core parts of CI. According to Szeles it is not necessary to use every part of the model to achieve synergy: the key is the balance and truthfulness.

„The concept of corporate identity grew out of a preoccupation in the design, marketing and corporate communications communities with the ways in which organizations present themselves to external audiences – e.g. in their visual images as well as through more elaborate forms of corporate advertising and communications" (Balmer, Cornelissen, Haslam, 2007).

My earlier research proved the overrated role of design in corporate identity, especially at small and medium-sized companies (Almási, 2007).

Empirical work on corporate identity

Based on the most relevant corporate identity theories my hypotheses were:

1. The centre of corporate identity model (culture, mission, strategy and philosophy) is necessary to be created for synergic CI.
2. There is more synergic corporate identity at the IT sector than building industry, because the IT sector's activity is based on information technology, therefore it has higher level knowledge about contemporary IT channels. Nowadays when Facebook is one of the firms' main communication channel the online marketing knowledge can mean advantage in competition – or in corporate identity.
3. The higher level of human resource (HR) management means more synergic corporate identity. HR strategy is based on corporate culture and philosophy and the change of corporate structure/hierarchy can be the indicator of a synergic CI programme.
4. There is more synergic CI at that firm, where the centre of the CI model (culture, mission, strategy and philosophy) is equal with profit. Where only the outcomes of the company (products and services) are emphasized by the firm, only the outside level of the CI model (design, communication and behavior) is worked out. With the elaborated CI centre the companies can achieve more synergic corporate identity.

Research context and data collection

First a questionnaire was planned for objective data analysis. The IT and building industry sectors were analyzed, 50-50 companies were collected which corresponded to the conditions (being a small or medium-sized company, having a website, etc). There was an accidental selection, the sources were industrial fairs and conferences (for example Construma, BI), database or classified directories. First the websites of the companies were analysed on the basis of desk research questionnaire, and after the data evaluation 5-5 interviews were made with the leaders of the companies. The website test followed up the parts of CI model (culture, mission, design, communication, etc), and gave a static result about the company and its identity. The interview helped to reveal the dimension of time (which can show the

development of CI) and cause an effect (the motivations and background of this CI development).

Research method

First there were 50-50 websites analysed from IT and building industry sector for desk research. The central idea of CI can appear in several forms: for example in 'About us' or 'Career' menu. The Internet penetration was 60 % in the age-group of 15-69, and the Internet usage is growing too: the 93% of Internet visitors have Internet connection in their homes, and 3 Million users visit the Internet every day (MillwardBrown-TNS-Hoffmann Research, <http://nrc.hu/hirek/2012/01/13/Internetpenetracio>). With these data the justification of website analysis seemed to be adequate.

The questions come round the parts of corporate identity, the interval scale questions help to measure the different quality levels of the main topics.

The second period of the empirical research was an interview with 5-5 corporate leaders. The target was to reveal the most important aspects and factors of corporate identity in the building industry and IT sector. Of course the low level of interviews is not enough to prove industrial specialities, but these conversations helped to find the background reasons, the leader's motivation and the process of CI creation. The leaders answered a concrete guidelineed questionnaire, and a lot of useful and interesting information was shared which means an important base for further researches.

The guideline contained the next main topics:

The period of company establishment:

- Was there marketing activity and did it have plans?
- Which units were created from a list (for example logo, business card, website, business papers, product design, slogan, advertisements, catalogues, presentation design, company philosophy, organisational structure and competences/authorities, career management, inside norms, exhibition installation, company car design, crisis communication handbook, identity handbook, etc)?

The later period of the company:

- Which units were created further, when and why, or who managed them ?
- Was a specialist (inside or outside consultant) assigned for this task?

- If the leader started again the company establishment, which tasks would be assigned to specialists?
- Does the leader have plans or in the future, which units does he/she want to change?
- Does the leader feel the advantages of corporate identity?
- What are the main values of the firms according to the leader?

Conclusions

The company philosophy and culture has an interesting role, because two converse situations were experienced. One group of leaders established the company only for profit, and in this case the culture and philosophy – the central idea of corporate identity – was one of the last created unit. In the case of the other group the leaders established their firm with a strong target, and they have a further vision about their firms. These companies had more synergic corporate identity, and they started building CI from the first day of the company. The result became a strong company culture with committed employees and loyal customers, and satisfied business or wider environment. Of course this information was not part of the survey, therefore it needs to be tested in another empirical research, but my hypothesis is that the leader is the key of corporate identity at small and medium--sized companies, and the owner's carisma and purposes can guarantee the synergic corporate identity. If the leaders established their firms again they mostly would choose other practice in the next tasks:

- Nowadays they sense the advantages of corporate identity so they would pay attention to this topic in the first period
- They used a few channels to communicate, a lot of leaders relied on their relationship capital too much, but after years it did not seem to be enough. They would start the company again with communication and behaviour strategy. And it is a difficult project without routine: "like the missionary appearing before the cannibals" as Harry O'Neill said about the danger of media (Selame, 1988, 7.p.)
- The leaders would let the professional communication and marketing work for a specialist: they saw that their time and energy is more expensive than they would spend it with doing things in what they are not competent.
- They would consider the company culture and structure creation in the first period, because the lack of culture rendered more difficult to keep employees. They had to employ newer and newer employees, and their coaching demanded a lot of energy and

time. The well--defined company structure and culture – the centre of CI – would have helped to develop loyalty, inner commitment and cheaper motivation methods.

- The leaders did not have enough information about their own target group in the earlier period of the company. They spent more money for untargeted campaigns, and they did not find their own communication style to their relevant customer group. After some years of work they realized this problem but in many cases they have not had sufficient knowledge about their customers and the environment, or the sources yet. The leaders would like to apply more efficient communication and company behavior – but the reason is mostly the efficiency, not the demand for synergic CI.

A building company's leader said: „I like learning, always developing and I would like to find inspiration in order to self-evolution. It works in the opposite direction too: people hear me, and this reciprocal respect and knowledge transport, development and innovation vitalize my work. This aspect can be compatible with profit.”

I think this summary shows the essence of CI at small and medium- sized companies: maybe the leader does not use correct economic definitions but he/she is able to feel and express the company philosophy – of course it is mostly the leader's own philosophy, but it is able to drive a whole company. As Olins said: „all organisations have an identity whether they explicitly manage it or not and whether they are aware of it or not.... Identity can project four things: who You are, what You do, how You do it, where You want to go.” (Olins, 3. p.)

This research was only about revealing the background of corporate identity development at small and medium- sized companies, especially in the IT and building industry sector in Hungary. The process of research – reduced for two market sectors – helped to point at the speciality of different industries. This research method was necessary because of the small sample too: a complex survey covering the whole market would not have showed specialities and valuable data about small and medium -sized companies and their CI programme.

The revealed information is not enough to prove the practice of the topic, but it provided a base for further researches of corporate identity at small and medium -sized companies.

As I experienced, the industrial factors can determine the leader's attitude for corporate identity and its development. The leaders have imagination about their company and the customers' or environment's demand on the firm's identity, and this influence is strong enough to avoid the change. But the change is the key: every leader who was interviewed talked about a new situation which induces the corporate identity development. My own

earlier experiences proved this motivation. It can be the company name's change, moving or building a new office, winning a new customer group with different demands, new business relationships, using new communication channels, etc. However the change needs to be thought of the central values of the firm, and usually this process does not stop at design – even if the leaders never paid attention to the other factor of corporate identity model (Corley, Gioia, 2007, Ravasi, Schultz, 2006, Corley, Gioia, 2004).

The change can be a trap too: „the good image changes so slowly as the human face” (Bergler, 1963 in Sándor, 2003, 63. p.).

The next interesting result of the survey is the role of instincts: these leaders never heard about CI models, but they are able to find the right way to build a synergic corporate identity, if they have their own philosophy. Sometimes the leaders start the firm establishment with this inner value, sometimes a change helps to awake the importance of synergic CI. However, leaders, who got through the CI development process, talked about the evident advantages of CI and its profitable effect for their firm. Another research proved that the synergic CI correlates with higher price-level, customer's loyalty and employee's commitment (Höffner, 1989 in Sándor, 2003, 58-59 p., Szeles, 2001, Edelman, 2009)

Following researches

I believe that the analysis of these sectors and this topic is necessary because we have incomplete information about this important part of economy, and the trends show the increasing importance of corporate identity. If we accept the fact that customers primarily decide on the basis of last impressions and emotions, not only by disciples of rationalism (Kahneman, Ariely), the small and medium- sized companies have to use their identity to increase their competitive edge. The leaders recognised this necessity, and they need the knowledge of economic methods and models to apply this information. And the role of leaders in the process of synergic CI development is emphasized, especially at small and medium- sized companies, when the leader is often the owner too (Oliver, Roos, 2007, Olins, 1995). The key is the authenticity, and if a leader can be honest and is able to draw up the most important values of the firm, it can be a strong base of synergic CI: „No organization can be honest with the public if it's not honest with itself. But being honest inside an organization is more difficult than it sounds” (O'Toole, Bennis, 2009).

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