



## Corporate Identity Congruence: A meanings-based analysis

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### ARTICLE INFO

#### Keywords:

Corporate identity  
Congruence  
Grounded theory  
Corporate communication

### ABSTRACT

This paper introduces the five-dimensional concept of Corporate Identity Congruence. Companies sometimes create complex identities involving multiple meanings, that may not work well together, and unknowingly send mixed messages to stakeholders. Failure to evaluate corporate identity congruency creates the risk of internal and external misalignment. The authors draw upon interpretations from 153 interviews with company senior managers, onsite observations and hundreds of documents from 124 companies in seven countries within a grounded theory study. The new conceptualization of Corporate Identity Congruence includes congruence of corporate identity meanings within one top manager's mind, alignment between several top managers' perceptions, cohesion among a set of elements/signals, correspondence between meanings and signals, and consistency of meanings and signals over time. This paper suggests that one corporate identity can contain multiple meanings so the overall corporate identity congruity must be holistically analyzed. Moreover, this study suggests incongruity does not always need to be avoided.

### 1. Introduction

Corporate identity is a critical firm resource (Balmer, 2008; Melewar, 2008) that influences corporate image and reputation (Deephouse, 2000; Roberts & Dowling, 2002). Many studies report that corporate identity has become a significant strategic concept (Balmer & Greyser, 2006) due to the promising performance implications of its effective management (He & Mukherjee, 2009). However, research on this important resource is still evolving (Balmer, 2017). Corporate identity involves managing numerous elements, including communication messages that are traditionally assumed to be congruent. Congruence here essentially means how well anchoring identity concepts work together to create a unified whole (Christensen & Askegaard, 2001; Simoes, Dibb, & Fisk, 2005). However, the nature of congruency regarding corporate identity has not been directly investigated, thus any focus on performance implications seems tenuous and pre-mature. In particular, a firm can have more than one conceptual meaning contributing to its identity. For example, a firm can anchor its identity on family, tradition and excellence (e.g., Bush Brothers & Co 2017). These concepts are signaled to stakeholders through various elements; visual identity, website and comments by senior managers are three examples of many that provide indicators of company focus. As such, all corporate identity elements are advised to be integrated and coordinated as part of intentional corporate

positioning (Baker & Balmer, 1997). Managers need to understand clearly what their firms stand for and the messages they are sending about the company through all elements they manage (He & Balmer, 2007). These elements work together to form a holistic corporate identity, even though each element individually may highlight only one unique identity conceptual meaning (Melewar & Jenkins, 2002). However, not much is actually known about what it means to be congruent across these conceptual meanings and the signals that convey them. In addition, we know little about how to determine if incongruence exists and then its nature.

Some congruence problems are especially acute when a firm attempts to adapt its strategies, or even radically change them, in ways that may not necessarily align with its corporate identity (Abratt & Mingione, 2017). In particular, in an attempt to carve out an altered identity and then communicate it to various stakeholders, a company can fall into the trap of unknowingly sending mixed messages to customers and other stakeholders (Connelly, Certo, Ireland, & Reutzel, 2011). For example, the oil giant bp™ attempted to shift its identity to appear environmentally friendly and move beyond oil to other forms of energy. Yet bp™ continued to acquire other oil companies, explore new drilling locations and fail to invest in certain environmental and safety assets, yielding an identity that seemed to reflect a confusing array of incongruent conceptual meanings and messages. This necessitated a significant rework of leadership thinking and corporate communication

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(Slider, 2009).

This paper opens a discussion and introduces a new Corporate Identity Congruence (CIC) definition by more thoroughly exploring the congruence of meanings in corporate identity. Specifically, by analyzing the mix of meanings and signals companies send to the marketplace, we reveal five forms of congruence that exist within the concept of corporate identity. This analysis is based on an extensive inductive grounded theory study. That interpretive process led to an exploration of the complexity of crafting a corporate identity and a more precise recognition of the signals firms are intentionally and unintentionally sending to the market.

The purpose of this research was to uncover the multiple domains reflecting what firms are saying and doing to define their corporate identities. We discovered significant complexity, some of it potentially confusing and possibly conceptually incongruent within single firms. Although discovering varying degrees of incongruence is not entirely surprising upon retrospect, its global ubiquity as well as the apparent lack of recognition by company senior managers revealed a need for deeper insights and better ways to examine corporate identity. Some initial evidence in other domains, such as brand management, suggests that moderately incongruent signals can sometimes create positive responses (Delgado-Ballester, Navarro, & Sicilia, 2012). These incongruent corporate identity-related signals can be referred to as mixed signals (Connelly et al., 2011). To the best of our knowledge, the concept of congruence has not been applied to or examined with respect to corporate identity. Thus, we ask a few questions: how can we determine core corporate identity meanings and understand the extent of their congruence? What core meanings are firms signaling to the marketplace, intentionally and unintentionally? Are the signals within the mix congruent with each other? Do the mixed signals align with senior managers' conceptual understanding?

The next section offers relevant literature, as background on the theoretical domain of congruence and corporate identity, to set the foundation for a discussion of the research methods and findings. As directed by grounded theory, literature was used to theoretically sensitize our research team while not clouding our vision to emergent and unexpected findings from field data.

## 2. Relevant literature

### 2.1. The concept of congruence

In cognitive psychology, congruence generally refers to how well elements seem to conceptually fit together in the human mind. Schema congruity addresses this by articulating how individuals process new information, aligning it with existing schema in their minds (Alina & Ioan, 2013). Schemata forms general expectations which then affect individual information processing (Alina & Ioan, 2013). In this sense, schemata can exist about a corporation in terms of a general class of similar firms, a specific organization – even one's own firm, or companies from a specific region or country such as country-of-origin research suggests (Herz & Diamantopoulos, 2013). For example, a manager will reflect on whether his or her company is innovative by comparing his or her company to a general class of firms he or she perceives as being innovative. According to Mandler's schema incongruity processing theory (Mandler, orig. 1982: 2014), congruent information generates feelings of comfort and familiarity, while incongruent information stimulates cognitive processing and possibly discomfort as one tries to make sense of the incongruent information.

Within the realm of brand management, Delgado-Ballester et al. (2012) note that some research relying on Mandler's schema incongruity processing theory has identified positive effects of communication information incongruence (Lee & Thorson, 2008; Törn & Dahlén, 2009), contrary to the commonly accepted goal of high message congruence within integrated marketing communication (IMC). Delgado-Ballester et al. (2012) themselves find in their limited, controlled

setting that moderate and extreme levels of incongruence have different effects. Moderate incongruence sometimes has positive effects while extreme incongruence has negative effects. Similarly, information processing has been used to examine cases of extreme congruity or incongruity between product communication and consumers' schemata about the product category (Cohen & Basu, 1987; Sujan, 1985). In these cases, products seen as congruent with the category elicit positive affect, whereas incongruence activates more complex cognitive processing. Building on this work, Meyers-Levy and Tybout (1989) examined less extreme cases – specifically, cases where products claimed some attributes were congruent and others simultaneously incongruent with the product category schema. They found that moderate overall/net incongruence elicited some positive responses. The idea of being unexpectedly different from the 'norm' sometimes stimulates more complex processing and reactions (Moon, 2010).

The concept of congruence within organizations has a rich heritage both at micro and macro levels. He (2012) found that some organizational members are not always clear about "who/what they are" and "under such an ambiguity situation, they might resort to external image (how they believe they are seen by others) in order to find a sense of themselves" (He, 2012, p. 622). Brown, Dacin, Pratt, and Whetten (2006) also stress the importance of understanding internal alignment as managers contemplate firm-stakeholder interactions. To advance understanding of internal alignment, value congruence has a vast literature base that refers to the similarity between individuals' values and organization-espoused values (Edwards & Cable, 2009). Numerous examples like this apply congruence to organization theory. For example, congruence between an organizational context and the structure of an organization has been referred to as "fit" (Drazin & Van de Ven, 1985), but could be termed context-structure congruence. Person-organizational pace congruence, also referred to as 'fit' between the two, is a congruence framework drawing on person-environment interaction theory; it assumes organizational outcomes are a function of congruence between individuals and their environments (Jansen & Kristof-Brown, 2005). Along these same lines of person-organization fit, research has explored member-to-constituency goal congruence, supervisor-subordinate goal congruence (Vancouver & Schmitt, 1991) and congruence between employee behavior and a corporation's social responsibility (Haski-Leventhal, Roza, & Meijs, 2017).

One interpretation of congruence in sociology is treated as cohesion. The concept of cohesion in sociology refers to the extent of connectedness and unity among groups, and can be thought of as an absence of social conflict and the presence of strong social bonds (Eisenberg, 2007). Perceived cohesion refers to group members' perceptions of the group connectedness (Bollen & Hoyle, 1990; Casey-Campbell & Martens, 2009). Extending this particular concept to corporate identity, the elements used to signal the essence of the corporation become the 'group members' and cohesion would refer to how well these signals are connected.

In a classic sense, a signal sent to the market can suggest high quality (Stiglitz, 2000), can split the market by revealing costly and difficult to imitate corporate investments (Smith & Bird, 2005), and can pre-signal future corporate intent (Basdeo, Smith, Grimm, Rindova, & Derfus, 2006; Carter, 2006; Heil & Robertson, 1991; Menon & Menon, 1997). Actions taken within corporate identity elements, if observable by the market, can potentially serve as signals when they are unique to a firm, costly and difficult to imitate. These can help it differentiate from competitors driving unique market responses. However, firms send multiple signals simultaneously to the market; those signals can compete with one another and could result in mixed messages (Connelly et al., 2011). In addition, unintended signals that complement the intended signals disturb the signaling process and could confuse receivers (Taj, 2016).

Enriching the concept of congruence to address the signaling process over time we must consider the fit between current signals and previous signals similar to brand communication consistency

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