



Corporate Identity, Corporate Branding and Employer Branding – Together the Three Pillars for a Competitive Edge

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Abstract

This study aims to provide a framework of understanding the interrelation between corporate identity, corporate branding along with the employer brand image. Social media, mobility and emerging technologies are commoditizing industries, transforming competition and revolutionizing product. In consideration to which all organizations nowadays need to adapt to change, that impact the overall business performance. In the core of these changes lies the organizations identity. A strong corporate identity and corporate culture are seen as a source of as well as a hindrance to success. Corporate Identity is a symbol of how the company sees itself, how it wants to be perceived and recognized by others; which is therefore independent of how a company stands economically. This should increase the recognition value and the image among the customers, the cooperation partners or in the industry. Corporate branding necessitates a different management approach. Building a corporate brand involves everyone in the organization, so the employees are treated as brand ambassadors. The need to actively align and engage employees in the delivery of strategy is now more important than ever. This has highlighted the concepts of internal branding and employer branding, which argue for a closer alignment between the employees' values and those of the corporate brand. As the world's highest performing companies know, actively engaged employees are more productive, more customer-focused, more loyal, and ultimately, more committed to business success. Theoretically, corporate branding, employer brand image and corporate identity are different concepts and have evolved separately from each others. The current paper tries to draw a relation between these concepts by addressing research work from corporate branding, employer branding, corporate identity, and so forth. The arguments provided here are typically based on various scholars' findings relying on classic and contemporary text within organization theory, organizational behavior (OB), business management, human resource and marketing. The paper suggests few empirical investigations as future scope of research to provide a concrete understanding of the relation between corporate branding and employer branding which in turn moves the corporate identity.

Introduction

With increasing global competition, companies are searching for assets that they can leverage for a sustainable competitive advantage. In today's business environment, organizations are using branding as a strategic tool with increasing regularity. From the early 80's, the understanding of corporate identity has gradually broadened and is now considered to indicate the way in which an organization's identity is revealed through its behavior, communications, as well as through symbolism to internal and external audiences. Many of the academics scholars

acknowledge that the management of an organization's identity as an organization's unique characteristics rooted in the behavior of members of the organization is of strategic importance and requires a multidisciplinary approach. They also argue that senior managers can narrow the gap between the actual and desired corporate identity through marshalling the corporate identity mix (communications, symbolism and behavior). The corporate identity is typically visualized by way of branding and the use of trademarks. Research has indicated that brand name may lead to a greater profitability for a company via



premium pricing and increased probability of consumers choosing the brand (Aaker, 1991). Although brands and branding are not new ideas, however firms are applying them to more diverse settings where the role of branding is becoming increasingly important (Wentz & Suchard, 1993). A strong, favorable corporate brand is a powerful “navigational tool” to a variety of stakeholders, which include not only existing employees and shareholders, but also potential employees (Balmer and Gray, 2003). This underlines that effective corporate brand management needs to balance an external orientation with an internal orientation. Once brand consciousness had become commonplace, it was only a matter of time before some companies started to see the potential for extending their brands to promote their organizations as employers. After all, if the dream and brand experience is to be real to customers, it should be the same for employees. The fact that most employees want to make a difference ought to be music to corporate ears in an era when people, the business’s human capital, are the only source of long-term competitive advantage. In other words, literature within “employer branding” was favored more towards the development of a positive framework of an organization, which existing employees would comply with and associate themselves. Furthermore, it could be argued that employer branding shapes employee’s identity to transform into a fixed set of values, stable (Alvesson et al., 2008) and expected to be consistent with the reframed positive image of the organization that is corporate brand thus establishing the corporate identity as a competitive edge in the transforming market. There are a number of studies which investigate the concepts of corporate identity, corporate branding, and employer branding. However, how the three concepts, namely corporate identity, corporate branding, and employer branding, are fundamentally and mutually inter-related has not been fully addressed.

Without this basic understanding of their inter-relationships, it is difficult to understand how a consistent corporate identity can be established, and to pursue any future research to understand how these inter-relationships may vary by the type of industry, market and organization. Employer branding and corporate identity as a more encompassing part of corporate culture and brand serve competitiveness and enable businesses to “stand out” from the masses. The aim of this paper is therefore to review the existing literature linked to the emerging field of employer branding, corporate brand and corporate identity with a view to adding insight from the perspective of the management of human resources and demonstrate through proposed conceptual model the interrelationship between the three concepts. The review helps to integrate the existing literature in a way which can help personnel practitioners to immediately see the relevance of theories and research from a range of key academic and consultant’s fields.

Literature Review

Corporate Identity

Increasingly academics acknowledge that a corporate identity refers to an organization’s unique characteristics which are rooted in the behavior of members of the organization. However, A corporate identity or corporate image can be defined as the manner in which a corporation, firm or business presents themselves to the public (such as customers, investors and employees). Corporate identity is a primary goal of the corporate communications, for the purpose to maintain and build the identity to accord with and facilitate the corporate business objectives. The corporate identity is typically visualized by way of branding and the use of trademarks. (Knapp & et al, 2001) Each organization has its own personality, uniqueness and individuality. The concept of corporate identity is thus holistic: “it articulates the corporate ethos, aims and values and presents a sense of individuality that can help to differentiate the organization



within its competitive environment”. There are different views within literature as to what is meant by corporate identity. Originally, corporate identity referred to organizational nomenclature, logos, company house style and visual identification. Main developments variously equate corporate identity with graphic design, integrated corporate communications, or rather with a multidisciplinary approach which draws heavily on organizational behavior. (Van Riel & Balmer, 1997) To put together this brief overview of the corporate identity literature, a few observations can be made. First, there is a growing realization that corporate identity is a broad concept that embraces several management disciplines. Second, there is a consensus that a key element of an organization’s identity is to be found in the values held by personnel. (Balmer & Wilson, 1998). While the marketing literature focuses on corporate identity, the discussion of identity within the organizational literature is based on the concept of organizational identity. Organizational identity refers to what members perceive, feel and think about their organizations. While these concepts are understood largely in the same way, marketers and organizational behaviorists also have a lot to learn from each other (Hatch & Schultz, 1997). The concept of organizational identity was defined as “the collective shared understanding of the organization’s distinctive values and characteristics” (Hatch & Schultz, 1997). Organizational identity has a number of external influences. Organizational identity is communicated to the various stakeholders of the external environment who form organizational images, at least partly in response to the identity-based communications. The forms and means of such communication differ, ranging from unplanned appearances by top management in public media, to a conscious strategy of external corporate communication involving design management, corporate advertising as well

as public relations (Hatch & Schultz, 1997). It is important to strike a balance between “what the organization is” and how it desires to position itself in relation to all stakeholder groups (Stuart, 2002). The concept of corporate identity can be used for the characteristics of an organization and its behavior, while the concept of desired identity may be used to address what management aims at (Vos and Schoemaker, 2006). Identity is powerful. However, a strongly anchored identity can become a trap when it constrains strategic choices that the organization cannot adjust effectively with a changing environment. In those cases, unless employees work to transform the company’s identity, genuine strategic change is not possible or may never result in sustained improvements in the company’s performance (Bouchikhi & Kimberly, 2003). Thus, the top management can narrow the gap between the actual and desired corporate identity through marshalling the corporate identity mix (communications, symbolism and behavior) (Van Riel & Balmer, 1997).

Corporate Brand

Branding is “the process of developing an intended brand identity” (Kotler & Lee, 2008). Branding is often used to differentiate products and companies in order to build economic value for both the consumer and the company. Corporate identity reflects the values that are central to a corporate brand. Therefore, corporate identity forms the foundation of a corporate brand (Balmer, 2001). The aim of corporate branding is to deliver values which attract key stakeholders to the organization so that they can develop a sense of belonging to the organization (Hatch and Schultz, 2003). Existing corporate branding literature tends to focus on the internal audience. The importance of employee involvement has been emphasized (de Chernatony and Harris, 2001) to ensure the consistent delivery of brand values to stakeholders. Employees are considered the ambassadors for their organization. Internal branding has been



used as a means of aligning the values of employees and the corporate brand (Reichheld and Rogers, 2005). By delivering the consistent corporate brand messages to all stakeholders, internal branding enables organizations to differentiate themselves and achieve competitive advantage (de Chernatony and Harris, 2001). However, internal branding has its focal point on existing employees; it has not sufficiently explored the recruitment of the 'right' people in the first place. The external perception of the corporate brand has tended to focus on customers' opinions. Therefore, research on the internal branding perspective has not adequately explored the opinions of the prospective employees who play an important role in corporate brand management. The recruitment of the 'right' people could contribute to the corporate brand development (Ind, 1998). Corporate branding concerns with the systematic planned the management of behavior, communication, and symbolism in order to attain a favorable and positive reputation with target audiences of an organization (Einwiller and Will, 2002). More specifically, the 'behavior' aspect could refer to the employee's behaviors in delivering on the promise of a corporate brand. Because a brand acts as a promise between an organization and its potential and existing customers, the promise has to be understood internally and the entire organization has to be committed to deliver on it. It needs to permeate throughout all actions of a company (Tilley, 1999). Alignment between an organization's vision and employees' values must also be met (Hatch and Schultz, 2001) so that a brand promise and values delivered by employees can facilitate the communication of a consistent brand image and its associations to external constituents (Berry, 2000). The importance of employees in the corporate branding literature has been extensively highlighted (e.g. de Chernatony and Harris, 2001).

The behavior of employees is seen as having a major influence on how external stakeholders perceive the corporate brand and make sense of its identity and image (Anixter, 2003). "Employees have the potential to make or break the corporate brand" (Ind, 1998). Therefore, close alignment of the employees with the corporate brand values may provide an organization with a sustainable competitive advantage (Pringle and Thompson, 2001).

Employer Brand

The holy grail of branding is about creating loyal customers. Inside the organization, the customer is the employee, the living link in the chain that connects the enterprise with the ultimate customer for its products and services. Anything that strengthens that chain of customers has to be a bonus. While internal branding has focused largely on ensuring that existing employees deliver on the brand promise; organizations as part of the corporate brand management process, have begun to realize the importance of recruiting employees whose values fits with an organization (Hatch and Schultz, 2003). This is achieved through developing an "employer brand" which creates a perception of the organization as a desirable place to work within the external labor market (Sullivan, 2004). So building a powerful employer brand makes eminent sense. Employer branding has been defined as a process of 'promoting, both within and outside the firm, a clear view of what makes a firm different and desirable as an employer' (Backhaus and Tikoo, 2004). At a high level, the main objective of employer branding is to establish 'the image of the organization as a "great place to work" in the minds of current employees and key stakeholders in the external market (active and passive candidates, clients, customers and other key stakeholders) (Bruce & Harvey, 2008). But there is much more to it than developing a set of generic attractions. What kind of people a company wants will reflect a whole set of criteria, including the brand values that the business wants to



develop through the way the organization operates and behave. Employer branding allows the organization to differentiate itself from other employers competing for talent and to attract applicants who ideally possess similar, if not the same, values as the organization (Backhaus and Tikoo, 2004). Employer branding therefore provides an organization with the benefit of increasing applicant quantity and quality (Collins and Han, 2004) and organizational performance (Fulmer et al., 2003) keeping up with their corporate identity and brand.

The Interrelationship among Corporate Identity,

Corporate Branding and Employer Branding – The Two Way Bridge

Through all available means of communication, a self-image is established internally and externally. Through a combination of colors, design elements, messages and words, a company communicates about itself and its corporate philosophy. Corporate identity is a symbol of how the company sees itself, how it wants to be perceived and recognized by others. The corporate identity is therefore independent of how a company stands economically. The goal is that the company is associated with certain attributes such as "innovative", "green" or "competent". This should increase the recognition value and the image among the customers, the cooperation partners or in the industry. In the context of human resources and the representation as an employer, the corporate identity is first moved by the employer branding. Although most authors argue that employer branding aims to communicate to both prospective and existing employees that the organization is a desirable place of work (e.g. Lloyd, 2002), most research focuses upon enhancing the process of person-organization value-matching through effective communication during the recruitment process (e.g. Davies, 2008). The primary focus of the employer branding literature therefore concerns how an organization externally

communicates its brand to potential recruits rather than how this should be done internally to existing staff. Similarly, the internal branding literature has its focus on existing employees, i.e. internal stakeholders thus building a corporate brand, but fails to explore how these employees could be recruited from an external labor market in the first place. For a successful employer brand, the vision is to bring the culture and image of a company to a common denominator without creating dissonance. If the external image (corporate brand) and the self-image (corporate identity) match, it can be used to create an authentic employer brand. This paper therefore reviews the argument to ensure that an effective corporate brand is achieved; there is a need to align internal branding and employer branding. Moreover, because a corporate brand promise is derived from the corporate identity and culture, this review paper also argues that the corporate brand values should act as a guide for employer branding as the competition for employees will increase because of demographic trends and several other factors and brands are the key to attracting future employees. (Hieronimus et al., 2005). Concurrently, employer branding should clearly understand what promise of benefits its corporate brand can offer prospective and current employees to avoid the perceived violation of a psychological contract. Employer branding can ensure that the new recruit continues to understand what the brand stands for and what values the corporate brand is proposing to the external stakeholders (e.g. Aurand et al., 2005). This process is important since the role of employer branding does not end at identifying what prospective employees can expect from the organization in terms of rational and emotional benefits (Mosley, 2007). Employer branding serves to position organization better in the job market than the competitors as an employer brand. On the other side, an attractive brand attracts the interest among potential candidates and



best talents in the market. Also, the identification with the employer brand increases the loyalty of the workforce and reduces the willingness to change. After all, a company wants to use the messages to inspire the best of the best, and not to give it over once it has been won in and costly. An employer brand can help a company hone its profile as an employer. It's not just marking oneself different from the competitors but also authenticating the benefits employees get from working at this company. Maybe they will benefit from a competitive salary, perhaps from a particularly high flexibility; perhaps the work is particularly meaningful. 'The vast majority of employees today are looking to make a difference in an organization that makes a difference in the world.' The Towers Perrin Global Workforce Study 2007–2008, based on responses from almost 90,000 people in 18 countries, confirms that this is a worldwide phenomenon. Aligning employer branding with corporate brand should in theory lead to a closer working relationship between the HR and marketing functions and ultimately an increase in the organizational performance and a strengthened corporate identity (Foster et al., 2010). Thus, the three concepts are mutually interrelated to each other for creating a successful corporate performance mix.

Objective of this Paper

Develop conceptual model for "The mutual interrelationship among the corporate brand, employer brand image and the corporate identity?"

Limitation of the Paper

The paper doesn't empirically investigate the relation between corporate branding, employer brand images and corporate identity.

Rationale of the Study

The study may be proven beneficial to theoretically grasp the advanced literature on corporate identity, corporate branding and employer brand image. This study may be helpful for us to understand how

employees in an organization prefer to construct a positive corporate identity in alignment with corporate brand. The study is strictly limited towards the theoretical justification to explain the mutual influence of corporate identity, corporate branding and employer brand on each other. Therefore, future empirical studies are suggested to explain this issue further.

Methodology

Since the current paper is aimed towards theoretical explanation of relationship among the corporate brand, employer brand and corporate identity, an exploratory method of research is followed. The approach taken entails reviewing books and academic journals from the area of organization theory, organizational behavior (OB), business management, human resource and marketing. Appropriate references are given in the bibliography section of the paper.

Discussion and Conclusion

The literature review tries to address the theoretical gap by providing a framework for understanding the interrelationship between the corporate identity, corporate branding and employer brand image. The main argument behind presenting this theoretical framework is to explain how corporate brand and corporate identity is in relation to the organizational employer brand image. Therefore, a multidisciplinary approach is required to understand corporate identity construction, through consideration of good employer brand image in alignment with a strengthened corporate brand image. The main limitation of the review is that, while different areas and fields of research are being drawn on to help identify useful knowledge that can improve one's understanding of what effective employer and corporate branding might involve, the literature and research in each area will be (necessarily) selective. Hence, this review aims to address the gap in knowledge by exploring the relationship between corporate identity, corporate branding and employer branding.



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