The role of Corporate Identity in Informing a New Business Relationship

Cláudia Simões¹ and Katy Mason²

¹School of Economics and Management, University of Minho, 4710-057 Braga, Portugal, Tel: +351 253 604562, Fax: +351 253 601380, Email: csimoes@eeg.uminho.pt

²Department of Marketing, The Management School, University of Lancaster, LA1 4YX, Lancaster, United Kingdom, Tel: + 44 (0) 1524 594840, k.j.mason@lancaster.ac.uk
The role of Corporate Identity in Informing a New Business Relationship

Abstract

While an extensive literature examines the different dimensions of successful business-to-business relationships, little research examines how perceived corporate identity of the firms developing market relationships with each other is likely to influence those relationships development. This research explores how a buyer and supplier draw on their own identities and the identities of each other in ways that enable them to develop a basis on which to conceptualise and operationalise a strategic sourcing relationship. An in-depth, longitudinal case study of a buyer-supplier relationship which involves an engineering buyer and design services supplier. The study suggests that the corporate identity of companies involved in a relationship has a prominent role in informing and moulding the relationship. Further, the strategic scope of the analysed business relationship adds to the significance of corporate identity in informing the relationship and, ultimately, the business policy.

Keywords: Corporate Identity, Supply Networks, Relationship Marketing
Introduction

Increasingly, companies use collaborative business relationships with selected stakeholders to innovate and sustain market offerings. Relationships may take various forms such as relational contracting (MacNeil, 1980), working partnerships (Anderson and Narus, 1990) or strategic sourcing relationships (Parmigiani, 2007). Overall, it is acknowledged that business relationships entail advantages such as opportunities for learning that open up new markets or product and/or service innovations (Christensen 2000; Kraatz 1998). Ultimately enduring positive relationships with key stakeholders affect performance and contribute to long term business survival. However, embarking on collaborative business relationships is a challenging process calling for drivers to establish and cultivate those relations. Considering that perceptions of the corporation affect how stakeholders and/or societal constituents respond to the company and its offers, corporate identity (CI) emerges as a potential instrument to support the relationship progress (c.f. Karamanos 2003).

The notion of CI conveys an idea that each organisation has its own personality (Bernstein, 1984). In the light of such concept corporate identity evokes the uniqueness of a company (Balmer and Soenen, 1997) reflecting an integrated posture over time that may consubstantiate into features such as coherent behaviours and deployment of articulated instruments or artefacts (e.g., corporate brand, visual systems). Audiences’ perception of the reflected corporate identity determines how they respond to company activities and offerings (Simões et al. 2005). Market relationship dynamics have been associated with marketing developed at the corporate level (Bengtsson and Servais 2004; Brown and Dacin 1999). This reasoning suggests, within supply chain relationships, how suppliers and buyers perceive and interpret their trading partners’ corporate identity, impacts on the business agreement and ultimately on business performance (Robson et al. 2002). That is, the corporate identity of a firm is likely to impact on inter-firm relationships and determine the ‘character’ of the relationship. Although previous studies established a connection between corporate associations and responses in a relationship context, (e.g., Brown 1995), no study seems to have explicitly focused on how corporate identity affects market relationship dynamics.
In the next sections we briefly introduce the main background concepts for this study. We then present our research method followed by a description of the findings. Finally, the closing section exposes the main conclusions, limitations and avenues for future research.

**Relationship Marketing vs. Corporate Identity**

Marketing paradigms emphasise the construction of relationships between audiences and the company. *Relationship marketing*, as it is known, suggests that businesses are interested in encouraging and building long-term relationships. That is, initiating, developing and maintaining customer or other relationships. Morgan and Hunt (1994) consider commitment and trust to be key to inter-firm relationships. There is evidence to suggest that trust and commitment are important components of successful inter-firm relationships (c.f. Anderson and Weitz, 1992; Siguaw et al. 1998; Urban et al. 2000) and as such should be considered as dimensions of inter-firm relationship management. A further dimension is channel leadership (El-Ansary and Robineaux 1974; Little 1970), in particular leadership style. Leadership style focuses on the actual leadership behaviour, what the leader does and how it is done (Katz and Kahn, 1953; Stogdill and Coon 1957). The final proposed determinant of inter-firm relationship typology is channel power. Power is conventionally defined in the behavioural science literature as the ability to evoke a change in another’s behaviour (c.f. Cartwright, 1965; Munson et al., 1999). Gaski and Nevin (1983) highlight the difference between channel power and channel leadership, commenting: “[n]ote, especially that power is defined as an ability, a potential, rather than actual alteration of behaviour.” (p.130).

There is a significant body of literature acknowledging that market relationships can add value to the products and service offerings firms develop for end users. There are many examples in the business press to illustrate how firms, have developed new and innovative market offerings through collaborative relationships. For example, Nokia’s recent CWM (Comes with Music) has been made possible by collaborating with leading record labels to offer free ‘as much as you can each’ music bundled with a phone and service contract (The Economist, 2008). In this way, a critical capability for business success is being able to develop relationships in ways that give organisations access to capabilities and resources of other organisations in their business network. Adopting the resource-based-view, Håkansson and Snehota (1995) explain how buyer-seller relationships involve the development of inter-
dependencies that can enable organisations to increase their efficiency, achieve innovation and influence the behaviours of others (Ford et al. 2003). Dyer and Singh (1998) suggest that a firm’s critical resources become embedded in inter-firm resources and routines and that such inter-firm relationships, can become a competitive advantage for firms. In this sense, the actors (and for example the power they might have), the activities carried out (for example, channel leadership activities) and the resources accessed, can be understood as the dimensions of business relationships (c.f. Håkansson and Snehota, 1995; Mason et al. 2006).

One driver of strong inter-firm relationships is strategic sourcing initiatives. In such cases, the buyer organisation systematically evaluates company activities to decide, if, how and why specific activities should be carried out in-house or using third party suppliers. Such evaluations are associated with drivers such as cost reduction, capability or capacity shortages and innovation and efficiency initiatives (Axelsson, Rozemeijer and Wynstra, 2006). Much of the literature exploring strategic sourcing agreements with third party suppliers examines the complex nature of the products and/or services being purchased (e.g., Novak and Eppinger 2001). For this reason, buyers invest significant time and effort in identifying and developing relationships with potential suppliers that stand to deliver the quality and reliability of products and services required, along with the conventional benefits associated with outsourcing (increased efficiency, cost saving, access to new capabilities and capacity). Therefore, the perceived corporate identity of potential suppliers is an important influence in relationship instigation and development (c.f. Karamanos 2003).

Identity “comprises the ways that a company aims to identify itself or position its product” (Kotler, 1997, p. 292). Corporate identity portrays a notion of identity transposed to organisations. When applied to a company “corporate identity is what helps an organization, or part of it, feel that it truly exists and that it is a coherent and unique being, with a history and a place of its own, different from others” (Kapeferer 1996, p. 919). Such concepts convey an abstract idea suggesting that every organisation has its own personality, singularity and individuality (Bernstein, 1984) – that is, its own character. Identity can be viewed as the platform that expresses an organisation’s character to different audiences shaping the company’s conduct. Overall, this research takes the view that Corporate Identity through its instruments and management, ought to base a consistent, enduring behaviour and posture in the marketplace.
The management of CI facilitates corporate differentiation by establishing the unique features and singularity of an organization. Corporate identity may be conveyed through various vehicles such as visual identity systems, communications, brand and staff behaviours and symbolic dimensions of identity. Managers have an interest in managing or manipulating symbols and communicators (e.g., rituals, logos, advertising, physical settings) to convey the company’s identity (Ashforth and Mael 1989). This rationale leads to the general idea that the management of corporate identity has controllable dimensions (e.g., Zinkhan et al. 2001; Bhattacharya and Sen 2003; Simões et al. 2005). Moreover, internal and external players in the marketplace may also affect and/or communicate the company’s identity. As Bhattacharya and Sen (2003) acknowledge “...a company can exert greater control over the identity communicated by members of its value chain (e.g., employees, channel members) than by those who are not part of the value chain (e.g., shareholders, customers)” (p. 78). This means that the identity may evolve over time encompassing constituent’s claims (Handelman 2006).

Existing studies directly or indirectly approaching the management of CI take account of specific aspects. Kennedy (1977) conducted empirical research into the importance of personnel in image formation. The author’s findings showed that a positive corporate image development goes beyond formal communications having personnel as a touchstone. Melewar and Saunders (1998; 2000) brought corporate systems to the fore as an essential element of a business projected image in a global context showing the relevance of standardising visual identity systems for multinationals as a vehicle for projecting the company identity. Simões et al. (2005) specified dimensions of CI that ought to be managed internally, in particular, at the business unit level. As they explain, the management of corporate identity embraces “(1) the endorsement of consistent behaviour through the diffusion of a company’s mission, values, and goals; (2) the expression and pursuit of brand and image consistency in the organization’s symbols and forms of communication; and (3) the implementation, support, and maintenance of visual systems” (p. 153). Overall, it should be noted, that managed corporate identity ought to be capable of transmitting a unique posture that a corporation conveys about itself, embracing values and communication. Employees (actors) form the personification of identity for external audiences. The articulation of behaviours and artefacts/instruments should be interactive and consistent in all its forms (internal and external) in order to transmit the desired identity.
Research Design

Using a single case-method (Easton, 2003; Flyvbjerg, 2007; Halinen et al., 2005), we conducted a longitudinal study designed to examine the development of a new business-to-business relationship as two firms worked together to reach a strategic sourcing agreement (Eisenhardt, 1989; Pettigrew, 1990). The exploration of a buyer-supplier relationship is likely to generate in-depth insights into how firms develop perceptions of their own firm and other firms with whom they establish relationships. The study tracks the relationship from the moment when the buyer decided to pursue the idea of a strategic sourcing agreement, through the initial approach to potential suppliers, the tendering process, to the point of the contract award. Accordingly, empirical data were collected over a twelve month period, from both firms: EngCo. (the buyer) and DesignCo. (the supplier). These companies were selected because of their endeavours to understand each other and develop an effective strategic sourcing relationship that would enable them to work together to generate cost savings and to utilize design capabilities of engineering service providers. Firms and employees have been renamed to protect their identity. The collected data included personal interviews, contracts, minutes of meetings, quarterly reports, archive materials and various procedure and review documents concerning the interactions between the companies. Additionally, detailed field notes recorded researchers’ impressions from each visit.

As our objective was to generate in-depth insight into how perceptions of CI were developed and in which terms they affected the relationship dynamics, more weight was placed on the repeated semi-structured, personal interviews with key informants (Yin, 1994). In this case, people responsible for initiating and developing the relationship. Key informants included interviewees from both EngCo and DesignCo: the heads of each of the core functions and the line-managers involved in the relationship. Thus, directors, middle managers and executives were identified as the most relevant sources as their day-to-day involvement with strategic development and operations cast them in this role. A total of twenty-eight interviews were carried out (Table 1). We developed a guide for conducting the semi-structured interviews based on the formation and development of the relationship. The guide helped us explore inter-firm understanding and the perceptions each firm developed of the other, based on the events and objects that influenced them. At the beginning of each interview, respondents were asked to describe and explain the relationship development activities they had recently been involved with. The remainder of the interview consisted of open questions based around the changes made to business practice and activities and why, how, when
and with which individual or groups of actors the changes were developed. The interviews covered the same topics with each respondent, were conducted individually and typically lasted two hours. Respondents were re-interviewed every three months. Interviews were audio-recorded and transcribed. Data analysis involved inductive reasoning and comparative methods and placed a significant emphasis on verbatim quotations from informants. A systematic approach to the analysis of transcripts was adopted in a procedure akin to that of Turner (1981). Analysis was carried out simultaneously with data collection creating an iterative process between interviews, literature reviews and analysis. The findings that follow illustrate how corporate identity informed and affected the development of a strategic sourcing relationship.

Table 1: Key Informants and Interviews

<table>
<thead>
<tr>
<th>Company</th>
<th>Seniority of interviewees</th>
<th>Name</th>
<th>0-6 months</th>
<th>6-12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>EngCo.</td>
<td>Senior Buyer</td>
<td>Chris</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Director</td>
<td>Peter</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Senior Manager</td>
<td>John</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Director</td>
<td>Gary</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>DesignCo.</td>
<td>Director</td>
<td>Mike</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Senior Manager</td>
<td>Tony</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Total no. of interviews</td>
<td></td>
<td></td>
<td></td>
<td>28</td>
</tr>
</tbody>
</table>

Findings

In this section we discuss the empirical findings of the study. We first explain the background for the new relationship. Next we describe how corporate identity and relationship parameters are brought into light.

- Finding a Strategic Sourcing Partner and establishing the new relationship aims

In 2004 a large Europe-based engineering firm (EngCo) decided to try and take advantage of the efficiency and cost based advantages that might be created through a strategic sourcing agreement. This would entail sending some of its engineering design work to a specialist third party provider. Because of the sensitive and complex nature of the work that would be outsourced EngCo knew they would need to work closely with the new supplier. EngCo had
an established contract review process. They adapted the contract review process to help them identify and engage a new strategic sourcing agreement for the design work.

The first stage of the review process was to recognize what EngCo wanted to achieve through the strategic sourcing relationship. EngCo conducted a make/buy analysis to identify if there were any design service providers in the market place and if so, if they might be likely to have the capabilities needed. Having used contacts, company records and the internet to identify potential suppliers, EngCo sent out a ‘Request for Information’ to chosen design service providers (and to other contacts), asking for general information about the types of services they provided, their capabilities and the way they worked. At this stage EngCo broadly knew the type of work they wanted to outsource but they were unsure how they might do it. There was much discussion between the Business Development Director (Gary) and the Senior purchasing team regarding what EngCo was trying to achieve. A member of the purchasing team (Chris) explained,

“we don’t really know how it’s going to work... We realize there’s going to be a learning curve on both sides.... We don’t really have a sense of what the market place can and can’t offer us yet.”

To try and crystallize what EngCo wanted from suppliers Gary and Chris returned to the core mission and values of their firm. Two of EngCo’s values were repeatedly emphasized in formal and informal communications with potential suppliers; being ‘trusted to deliver excellence’ and ‘commitment to year on year growth’. Other values emphasized by EngCo included, “reliability” (concerning the generation of customers trust); “integrity” (concerning the way EngCo operated and behaved); and “innovation” (concerning the way EngCo operated, “remaining open minded and flexible in our work”). These values became particularly prominent in the following stage of the strategic sourcing review process.

- Corporate Identity and relationship parameters

Using feedback generated by the ‘Request for Information’ process, EngCo identified their ‘most desirable outcome’ and their ‘least acceptable alternative’, to create parameters for negotiation with potential suppliers. EngCo decided to hold a Supplier Conference with six invited design service providers. Chris [EngCo] explained,
“by this time [the time of the conference] we’d already got our eye on DesignCo and [A.N.other], as possibly the only two [firms] that could really provide a solution...”

The Suppliers Conference gave EngCo the opportunity to share information about what they wanted from the strategic sourcing agreement; the opportunity for the suppliers to see each other (to see their competition); and, the opportunity to interact with suppliers. The conference began with a PowerPoint presentation made by Chris (from the EngCo Purchasing team). The presentation became an instrument and a vehicle that would establish the outset of the relationship. As such it was important to portray and convey the EngCo.’s identity and the grounds upon which the relationship would be developed. In particular, it is relevant to look at dimensions such as (i) visuals and imagery, (ii) mission and values, and (iii) image consistency implementation (Simões et al., 2005; van Riel and Balmer, 1997; Balmer and Soenen 1999).

**Visuals and imagery**

The Supplier Conference was held at EngCo’s manufacturing plant where they have conference facilities. The potential suppliers had the opportunity to observe the enormous size of the plant and the drawings and photos of EngCo’s products in use and under development which were on the walls. The corporate colours (blue and silver) and the company logo were highly visible in the reception area and in the conference area. Suppliers were exposed to a space using clean lines and looking cared-for; there was an underlying impression of efficiency, precision and quality.

EngCo were first to present at the conference and used PowerPoint. The first slide made use of corporate colors (blue and silver/white) and depicted the company’s logo, a picture of their products, title and date. The remaining slides were white with black text showing bullet points and a double blue stripe running across the bottom.
Mission and Values

In terms of written content, EngCo’s slides focused on explaining the objectives of the proposed supplier agreement and the value of sustaining a long-term relationship. To a certain extent the slides and the oral presentation transmitted the strategic nature of the intended relationship and attempted to set the tone for how it ought to be initiated and developed.

For example, there were seven slides addressing the company growth trajectory. A bullet point at the top of one slide read, “Year on year performance improvement targets – including costs!” The presentation also depicted some of the expectations of what the agreement might (and might not) involve, such as: ‘No volume commitment’, ‘Non exclusive agreement’, ‘Resources on demand’, ‘Protection of intellectual property’, ‘Expectation that the supplier will meet its commitments from the outset’.

An additional vein of the slide’s content mirrored the supporting guidelines for the relationship. One slide underlined two key facets: quality and commitment. It read, “do not under-estimate the amount of time and effort necessary to maintain the required level of quality performance... “if you want a place in the sun you’ve got to put up with a few blisters!” – Abigail van Buren”. Similarly, another reinforcing point was, “the expectation is 100% commitment conformance – formal change management of commitment – no surprises!”. The slides’ content carried on to include phrases such as: “working together for the future; securing stability for both organisations; sharing and discussing problems; embracing each other’s point of view; constant communication is key”.

The verbal discourse consistently captured the essence of the intended relationship. During the presentation Chris frequently referred to the strategic sourcing agreement as a ‘partnership’ emphasizing the settings for working with the new supplier. He also emphasized that EngCo would layout the process and operating mechanisms for the relationship, explaining,

“the process and documentation will be franchised to the vendor,... whichever one of you that might be.”

In other words EngCo intended to provide instructions to the supplier regarding how the relationship would function, yet the supplier would take responsibility for the activities. In this regard, some tension occurred between EngCo’s aim to develop a new type of
relationship in line with the company’s values associated with “remaining open minded and flexible in [their] work” and the mission “to be trusted to deliver excellence”. By relying on a supplier to conduct such job, EngCo was transferring a central part of their activity to a partner. As Chris explained to the potential suppliers,

“your capability will dictate our XXX engineering quality and delivery performance... and therefore customer satisfaction”.

Chris described how the presentation finished in a way that emphasised EngCo’s identity. He reiterated how EngCo’s identity needed to be firmly stamped on the buyer-supplier relationship’s identity:

“We finished the presentation with this slide. It had our mission on it, ‘trusted to deliver excellence’ and in red, stamped over the top we put “our reputation will depend on your performance” – ‘cause they really need to hammer the point home that this wasn’t just business as usual.”

From the EngCo perspective, the identity related discourse was central to the initiation and development of the relationship. Some of the potential suppliers in the audience suggested that they would not conform to such lines. For example, there were two suppliers who had previously subcontracted designers to EngCo on an hourly basis (it was short-term, low-skilled work with designers being managed onsite by EngCo managers) and whom did not appear to accept the relational approach EngCo was now proposing. They did not understand the shift to a long-term relationship approach where the aim was to use interactions between firms to generate joint problem solving activities. The interlocutors interventions remained focused on ‘cost reduction’ generating quality concerns for EngCo. Chris explained,

“I finished my presentation with a slide that I overlaid with ‘our reputation in your hands’, but they just didn’t get it.”

**Image consistency implementation**

To establish the relationship grounds there was the need to clearly integrate all forms of communication and brand dimensions that could affect the perceived identity. The message
that was being transmitted by EngCo was conveyed by coherent and complementary vehicles such as the imagery, symbols, mission, objectives and discourses. Having in mind a long term strategic partnership required a profound understanding of the EngCo’s message by the prospective supplier’s. Additionally, it was expected that such consistency would partly establish the basis for the relationship identity.

Chris and Gary spent a lot of time talking with suppliers at the conference. This resulted in EngCo inviting three firms to tender. During this time period between invitation to tender and tender submission, Chris spent more time talking on the phone to the firms, answering questions and reiterating what EngCo was trying to achieve through the strategic sourcing agreement. DesignCo’s tender document added details explaining how the business relationship might work. The document outlined both formal and informal communication channels so that the inter-firm activities and routines could be developed and improved over time (see Figure 1). The objective was to help individuals learn from each other’s experiences.

**Figure 1: Relationship Development: Communication Flows**

![Relationship Development: Communication Flows](image-url)
Conclusion

This research attempted to uncover the role of corporate identity in establishing a business-to-business relationship. Although we identified a vast literature devoted to outlining the increasing importance of corporate identity and a parallel stream concerned with the management of successful business relationships, little is known about how corporate identity affects and emerges from a business-to-business relationship. This research suggests that the identity of companies involved in a relationship has a prominent role in informing and moulding the relationship. Throughout the development of this study it was clear that parameters sustaining each company’s identity (e.g., mission, values and symbols) were used to pillar and establish the nature of the relationship.

The strategic scope of the analysed business relationship adds to the significance of corporate identity in informing the relationship and, ultimately, the business policy. In keeping with the observations of Ford et al. (2003), our findings suggest that relationships are developed through the interactions of actors (both individually and in groups, through company representations), the emergent inter-firm activities they agree to and the resources they share (c.f. Håkansson and Snehota, 1995). Further, we suggest that the relationship is informed by the corporate identities of each firm. Indeed, although it was core to the buyer to present the aims and goals of the relationship, the identity of the company was explicit and/or entangled in the discourse in order to raise a holistic understanding of the relationship itself and how it was expected to subsist.

This study endures the usual qualitative research limitations such as small sample size and method bias. Nonetheless the complex nature and lack of previous studies addressing our research problem required targeting key informants conducting an in-depth analysis of the data. Our findings shed light on the role of corporate identity in informing business-to-business relationships and how the relationship identity may emerge. Such outcomes may trigger future studies on further analysing how to bridge corporate identity and business relationships. Additionally our study only addressed the 12-month period of the tendering process. An understanding of the evolution of the relationship and its identity remains open to further inquiry.
References


Balmer, John and G. Soenen (1997), "Operationalising the Concept of Corporate Identity: Articulating the Corporate Identity Mix and the Corporate Identity Marketing Mix.," Working Paper Series - International Centre for Corporate Identity Studies, University of Strathclyde.


Easton, G. (2003) "One case study is enough", Academy of Marketing Annual Conference Aston University, Birmingham.


Novak S, and Eppinger SD (2001), Sourcing by desing: product complexity and the supply chain. Management Science, 47, 189-204


