

## A THEORETICAL REVIEW OF A TERMINOLOGICAL CONFUSION: CHARACTER, IDENTITY, IMAGE OR REPUTATION?

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### **ABSTRACT**

*The concept of corporate reputation draws academic attention from numerous areas of social sciences. Depending on the perspective, reputation can mean rather different things. It can be considered from the point of view of each stakeholder. Mainly, scholars conceptualize the term corporate reputation from either an economics/managerial paradigm that consider corporate reputation as internal and external stakeholders' expectations and estimations of certain organizational attributes or as an impression that reflects the perception of a collective stakeholder group. In particular, strategic management perspective entitles reputation as a valuable asset that helps to sustain the organization and its competitive advantage over the course of its life time and a substantial tool that organizations use in order to protect themselves in turbulent times. However, given that corporate reputation is a complex construct, understanding corporate reputation is complicated owing to the interdependence and interrelatedness of its component parts; identity, image and character. Hence, marking out these analogous terms explicitly within theoretical perspective has become a "sine qua non". Thus, instead of bringing forward new definitions into the definitional landscape, the main purpose of this paper is, to depict the theoretical backgrounds and approaches towards the terms corporate identity, corporate image, corporate character and corporate reputation in a framework that reflects the terminological confusion within an inductive methodology.*

**Keywords:** Corporate Reputation, Image, Identity, Reputation Management

## 1. INTRODUCTION

The last few decades have witnessed significant growth in interest, conceptual development and empirical research in the topics of corporate identity, corporate image and corporate reputation (Abratt and Kleyn, 2012) in the scope of various disciplines including *management, marketing, economic, finance, accounting and public relations paradigms*. "Research on corporate reputation has identified the benefits of good reputation in explaining how a high-tech firm may benefit and best strategically position itself through its reputation" (Wang, 2013). Higher customer retention rates, increased sales, higher product selling prices, and reduced operating costs are suggested as some of these advantages of a good reputation. Particularly in managerial perspective, reputation is seen as an important asset that can be used for sustaining competitive advantage and for increasing performance. In this respect "a good reputation is identified as an intangible resource which may provide a firm with a basis for sustaining competitive advantage due to its valuable and hard to imitate characteristics" (Roberts and Dowling, 2002). However, despite the broad consensus in the importance of corporate reputation as a strategic asset and its great potential to impact corporate strategy success, corporate reputation as a research object still lacks deeper conceptualizing both in theoretical and empirical approaches (Adeosun and Ganiyu, 2013). This could mainly be attributed to "muddy" nature of the concept as several scholars emphasize noting that the terms identity and image are often used interchangeably with corporate reputation (Melewar and Jenkins, 2002). Considering the term corporate character that was suggested by Davies *et al.* (2003) together with the aforementioned terms, the need for an extensive review of the terminological confusion in which all these terms are investigated theoretically has arisen.

## 2. METHODOLOGY

With the objective to investigate the theoretical confusion regarding the terms corporate identity, corporate image, corporate character and corporate reputation, an extensive review of the corporate reputation literature offered in various databases was conducted. As a part of the design of the survey, rather than suggesting a new conceptual approach or a definitional framework, publications from a wide variety of disciplines including management, marketing, economics, finance, accounting and public relations paradigms have been analyzed systematically and viewed here inductively.

## 3. LITERATURE REVIEW

### 3.1. Corporate Identity

"There are divergent views within the literature as to what is meant by corporate identity" says Van Riel and Balmer (1997) and refer to three main paradigm *graphic design, integrated corporate communication and multidisciplinary approach* respectively. They assert that the topic has gained popularity among management, marketing, organizational behavior, human resources, strategic movement, graphic design, and public relations academics. Judging by the number of publications for the past decades, they have ultimately proven to be righteous.

Corporate identity has traditionally referred to the physical ways an organization defines itself. "These can include logos, typography, colors, signage, packaging, annual reports and uniforms amongst others" (Dalton and Croft, 11). Marketing paradigm, for instance, readily

accepts this definition and use the term identity to refer to “brand imagery and often to visual identity, a product’s get-up and logo” (Burke *et al.*, 2011:47). But from the viewpoint of strategic management paradigm, the idea that corporate identity is merely the visual elements of a corporation and it is only these visual elements which could distinguish one organization from another is a bit facile for a number of reasons. First and perhaps the most important reason is that the term corporate identity is the shared perceptions an organization’s members hold, in particular those central, distinctive and enduring qualities that guide behavior (Burke *et al.*, 2011). “Identity is akin to the concept of identity in mathematics, a representation of the firm that equates to its current state. It is not identifying *with* a firm, but rather, the identity *of* the firm” (Barnett *et al.* 2006:33). It affects the way managers interpret and react to environmental circumstances, and is a product of the shared values and assumptions within cultural context and certain shared principles as organizational ethos, aims and values that create a sense of individuality differentiates a company from the others and help organizational stakeholders associate such certain genuine features with a certain company (Martin and Hetrick, 2006:93). Davies (2006:12) refers to this originalization as “*saluting the flag*” and asserts that “each organization need a defined and clear identity, partly to distinguish them from other organizations and partly to rally support”. Apparently he bases his conceptualization on the traditionally repeated idea that certain aspects of an organization’s identity, such as its history, products and services it offers are enduring and unique.

He and Balmer(2007),on the other hand, have brought forward four sub-perspectives for corporate identity. These are *visual identity*, *corporate identity*, *organization’s identity*, *organizational identity*. Among these terms they differentiate two seemingly similar concepts out of common and by addressing the term *organization’s identity* as the most central, defining, enduring, basic characteristics of an organization perceived by the organization’s numerous stakeholders about the organization whereas defining the term *organizational identity* as the identity of people within the organization. It has been discussed in many disciplines such as marketing, management, organizational studies, industrial psychology and consequently the notion of organizational identity has been defined as what members perceive, feel, and think about their organization (Hatch and Schultz, 1997). Indeed, though such an effort to mark out these analogous terms explicitly brings a new dimension to the identity concept, various new publications do not seem to have indigenized the differentiation as a “*sine qua non*”.

As for corporate identity, within the frame of marketing discipline, Abratt and Kleyn (2011) describes it as the “strategic choices made by the organization including the organization’s mission, vision, strategic intent, values and corporate culture and, secondly the corporate expression”. This approach coincides largely with management view according to which a “company’s identity shape a firm’s business practices, as well as the kinds of relationships that managers establish with key stakeholders” (Fombrun and Van Riel, 1997:8). Creating alignment with such external stakeholders requires a fundamental understanding of their beliefs about the organization.”The term corporate visual identity, on the other hand, consists of the corporate name, logotype and/or symbol, typography and color” (Melewar and Saunders 1998, 291). In other words, visual identity refers to various visual cues and/or anything else that is related to graphic design and is a part of corporate communications

policy (Abrat and Kleyn, 1051). Such visual cues, elements or symbols are widely utilized on an organization's business offices, vehicles, corporate clothing and as mentioned above previously, marketing discipline embraces this identity perspective substantially.

That is probably why some researchers use the term visual identity synonymously with the term reputation. However, using visual identity and reputation interchangeably would practically not be true with respect to controllability as changing visual identity via graphic design to refresh or update a tired perception of stakeholders is not the same as changing reputation. "Reputation is externally perceived, and therefore largely outside the direct control of firms' managers" (Fombrun and Shanley, 1990).

### 3.2. Corporate Image

Similar to terms *corporate identity* and corporate character, *corporate image* is another focal point within reputation management and various researchers from divergent perspectives embrace the term in a relatively distinct way. For the most part, corporate image is generally defined as "the mental picture of the company held by its audience what comes to mind when one sees or hears the corporate name or sees its logo" (Gray and Balmer, 1998) or the view of the company held by external stakeholders, especially that held by customers (Davies *et al.*, 2001). In addition to scholars above, Chun (2005) and Walker (2010) also emphasize on "the *perceptions of external stakeholders*" explicitly. On the other hand, Whetten (1997:27) rejects such an approach on the grounds that "If image is what organizations want external stakeholders to know, then it emanates from within the organization and is not based on the perceptions of external stakeholders". Briefly, though many seem to have agreed on the definitions, the term has still not been marked out clearly within the scope of reputation management terminology. Actually, this could partly be attributed to divergent theoretical approaches in the pursuit of reputation management. According to Balmer (1998) for example, there are three distinct disciplinary approaches to corporate image and these are the psychological paradigm, the graphic design paradigm, and the marketing and public relations paradigm.

Furthermore, in-depth analysis of literature corroborates that the term corporate image is another problematic topic along with the concept of identity, as some scholars take it as a separate notion, others use it synonymously with reputation. Indeed, even those scholar of the same conceptional category have not been able to reach a consensus. The survey of Gotsi and Wilson (2001), for example, indicates that "conceptualization efforts for image and reputation could be broadly merged into two dominant schools of thought". First one is the analogous school of thought in which image and reputation is regarded the same and used synonymously. Second one, on the other hand, is the differentiated school of thought that considers the terms to be different but interrelated. Here authors note that the former could have been affected the by the popularity of image notion as a part of terminological fashion. Nonetheless, this argument could only be partly valid today as many marketing paradigm scholars avoids using the term corporate reputation on purpose. When it comes to the latter one; differentiated school of thought, approaches vary greatly even within itself. According to Gotsi and Wilson (2001) there are three dominant views here. First one, which seems to have lost its validity, is that corporate reputation and corporate image are different and separate concepts. The second view asserts that reputation is a building stone of corporate image whereas the third view advocates vice versa. Another relatively novel

systematic categorization regarding the term corporate image is done by Cian and Cervai (2014) who individuate the terms corporate image, construed image and organizational projected image.

They also assume the “*projected image*” and “*corporate image*” have the cognitive, the emotive, and the symbolic dimensions. Based on this new differentational viewpoint, corporate image is composed of perceptions of external stakeholders reflecting observers’ beliefs and feelings. In other words, the “image”, as a construct, is supposed to be composed of emotional and functional elements, in which the emotional side seems to be the prevalent one (Palacio et al., 2002). Construed image, however, does not reflect the way external stakeholders see the company, but rather how they are assumed to perceive the company by internal stakeholders (Radomir et al., 2014:226). According to the authors, this construct also takes place in literature under the names of “*construed external image*”, “*perceived external prestige*”, “*perceived organizational prestige*” and “*reflected stakeholder appraisal*”. Lastly, they define organizational projected image as what is projected outside the company by its internal stakeholders or is how the organization would like to be perceived by its customers.

### 3.3 Corporate Character

Another term within reputation management is corporate character. It has been asserted by Gary Davies and his colleagues (Davies *et al.*, 2003), who entitle organizational reputation as “the alignment of identity and external image”. They base their argument on the assertion that reputation is “the collective term referring to all stakeholders’ views of corporate reputation” including internal (organizational) identity and external image and they entitle this two-way interaction as corporate character. Indeed, judging from the literature view, the number of scholars recognizing that this two-way interaction (between employees’ and customers’ views of the company) is not few. But we should note here that what Davies *et al.* (2003) refer to as organizational identity is defined as organization’s identity by He and Balmer’s (2007) conceptualization above. Davies *et al.* (2003) spent a few years in order to develop a corporate character scale which is able to assess the reputation of an organization from the perspectives of employees and customers and consequently they developed five major and two minor dimensions of corporate character that employees and customers can use to evaluate an organization’s identity, image and reputation (Martin and Hetrick, 2006:101).

*Table following on the next page*

*Table 1. Major and Two Minor Dimensions of Corporate Character*

Major and minor dimensions	Facets	Scale items associated with facet/dimension
<b>Major Dimensions</b>		
Agreeableness	Warmth	Friendly, pleasant, open, straightforward
	Empathy	Concerned, re-assuring, supportive, agreeable
	Integrity	Honest, sincere, trustworthy, socially responsible
Enterprising	Modern	Cool, trendy, youthful
	Adventurous	Imaginative, up-to-date, exciting, innovative
	Bold	Extravert, daring
Competent	Conscientious	Reliable, secure, hardworking
	Driven	Ambitious, achievement-oriented, leading-edge
	Technocratic	Technically competent, corporately competent
Ruthless	Egotistical	Arrogant, aggressive, selfish
	Dominant	Inward-looking, authoritarian, controlling
Chic	Elegant	Charming, stylish, elegant
	Prestigious	Prestigious, exclusive, refined
	Snobbish	Snobby, elitist
<b>Minor Dimensions</b>		
Informal		Casual, simple, easy-going
Machismo		Masculine, tough, rugged

Source: Martin and Hetrick, 2006:101

### 3.4. Corporate Reputation

Of all the terms that have been mentioned so far, corporate reputation is probably the most

complicated and diverse one as getting the insights of it is almost impossible without theoretical backgrounds of such elements as identity, image and character in advance. This theoretical significance also affected the design of this paper. Moreover, “despite universal acknowledgment of the importance of corporate reputation as a strategic asset and its large-scale potential to influence corporate strategy success, the notion of corporate reputation still lacks deeper conceptualizing” (Adeosun and Ganiyu, 2013). In fact, the interdisciplinary nature of earlier work on corporate reputation which is repeatedly emphasized in literature has caused terminological difficulties to define corporate reputation (Chun, 2005). According to Chu-Chen and Otubanjo (2013) who suggest a framework of six paradigmatic uses of corporate reputation these disciplines are *Management paradigm, Marketing and strategy paradigm, Economic paradigm, Finance and Accounting Paradigm and Public Relations Paradigm*. Despite this variety of perspectives, however, corporate reputation is traditionally defined as a “perceptual representation of a company’s past actions and future prospects that describes the firm’s overall appeal to all of its key constituents” when compared to other leading rivals, or a stakeholder’s global assessment of a company based on performance characteristics salient to that stakeholder (Fombrun, 1996). However, not all scholars in literature readily adopt it as a bare fact and instead, they propose their own definitions. Lange *et al.* (201:163) attribute this diversification to theoretical pluralism claiming that “Corporate reputation is a multidimensional construct in part because it is shared by scholars from different academic fields that represent varied theoretical perspectives”. Hence, within the scope of this review we have focused more on the theoretical background than on definitions. Having reviewed, analyzed and evaluated prior definitional statements of corporate reputation to explain such diversified perspectives, Barnett *et al.* (2006) determined three key points central to the concept of corporate reputation. The first point defines reputation *as a state of awareness*. The second point identifies reputation *as an assessment in which* reputation functions as a judgment, estimate or evaluation of the particular organization. And the third point describes corporate reputation *as an asset* in which a reputation functions as an intangible resource and economic asset. Likewise, in another survey conducted by Lange *et al.* (2011) three primary reputation conceptualizations were identified. These are *being known, being known for something* and *generalized favorability*. According to the authors, within *being known* view, if awareness of the firm is broader and if perceivers have a more distinctive perceptual representation of the firm, irrespective of judgment or evaluation, corporate reputation is stronger. As for *being known for something* view, however, here judgement is a central feature and of vital importance. Love and Kraatz (2009:317) entitles this dimension as “*technical efficacy*” and emphasizes the evaluation of audience of the firm’s ability to meet the audience’s needs, which means that reputation is closely associated with tangible organizational outputs. Because as well as acting at a macroscopic level, affecting markets and shareholders, reputation also operates at an individual level and consumers do appear to care about and value the satisfaction of their own immediate needs (Dalton and Croft, 10). The final conceptualization *generalized favorability* entails perceiver judgments regarding the firm which are based on aggregated multiple organizational attributes rather than being dependent on a given audience’s expectations for specific organizational outcomes (Fischer and Reuber, 2007; Lange *et al.* 201:159). Indeed, *being known* and *generalized favorability* are broad perceptions of a company but, *being known for something* provides us with a dimensional basis for reputation measurement.

#### 4. CONCLUSION

Based on the adopted perspective, the term reputation bears several connotations and it can mean different things to different people and various stakeholder groups. It can be regarded as the perception of an organization's ability to satisfy the demands of its stakeholders, or as a general assessment of the performance of an organization or as a strategic asset, intangible resource used for sustaining competitive advantage and to increase performance. Nevertheless, this paper indicates that there has been a confusion concerning the use of the term reputation and its building blocks corporate identity, corporate image and corporate character mostly because of the interdependent and interrelated nature of such notions which are observed to have been used interchangeably in certain contexts. Apparently, theoretical pluralism leading to quite a few diversifications is another underlying reason for this confusion. Moreover, literature analysis demonstrates that even categorized school of thought has not reached an utter consensus within themselves. Namely, what is defined as image by a group of researcher fits to other's definition of reputation or what is described as identity by a scholar is the same as some the other's definitions of image and even reputation. There are also scholars who claim that reputation is only a part of corporate character or who avoid using the term corporate reputation on purpose and using the term image instead. Consequently, all these reveal that *the reputational landscape* still lacks deeper conceptualizing both in theoretical and empirical approaches.

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