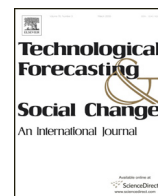




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## Technological Forecasting &amp; Social Change



## What affects sustainability and innovation – Hard or soft corporate identity?

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## ABSTRACT

This research explored the effects of corporate identity on innovation strategies and sustainability. The study examined six aspects of corporate identity and four aspects of innovation strategies. In order to test our research model, application data was gathered through a survey of employees and managers of a leading furniture designer and manufacturer. Through factor analysis, two aspects of corporate identity were assessed: soft corporate identity and hard corporate identity. Significant findings emerged via structural equation modeling. The data indicates that soft corporate identity affects market innovation and process innovation, while hard corporate identity influences organizational innovation, market innovation, process innovation, and product innovation. In addition, process innovation and product innovation are shown to influence corporate sustainability. The analysis demonstrates that sustainability is influenced by hard corporate identity. The findings strongly suggest that organizations should develop innovative strategies for sustainable performance, particularly regarding hard corporate identity.

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## 1. Introduction

The concepts and practices of institutionalization have become proactive thinking, adapting to new developments and sustainability while addressing social needs. Innovation on the other hand has an irreversible importance on the corporate structures that rely on consistent innovation and reproducibility as essential tool for fostering competition. Moreover, in practice, in relation to sustainability, it is possible to reach intense usage in social areas by means of careful resource planning in poor-productive areas (Gök, 2014). The design of this article which is based on interdisciplinary experiences and observations covering both long and short time frames, contains the innovations potentially having the last word in any course of the market and successful corporate identities heading to sustainability being of vital importance.

The aim of this study is to examine the integration of innovation, sustainability, and corporate identity strategies, all of which are correlated. A limited number of local and international studies have explored this issue from differing perspectives; however there is little evidence in the literature that this topic has been approached holistically regarding the causal relationships of these three variables.

## 2. Conceptual framework

Understanding corporate identity models, from simple to complex structures, is a complex task. Although the question of the necessity of

having a corporate identity has been addressed in that it is a vital element for organizations to survive (Bakar et al., 2007). There is little agreement regarding the boundaries of this concept. Gök (2014) approached corporate identity from a holistic perspective and discussed the exploration of corporate identity based on the necessity for organizations to establish personal identities (Csordas, 2008). Corporate identities as administrative tools in strategic scales (Csordas, 2008) include observable activity in management and deal with who we are and how we reach our goals (Olins, 1990). Current corporate philosophies and strategies have been promulgated (Kohli and Leuthesser, 1997) via corporate identities shaped according to the business world (Cornelissen and Harris, 2001) and covering certain manifests (Lambert, 1989).

In this study, the organizational identities of Balmer (2001a) are examined. These have been shaped according to movements of corporate founders and leaders and environmental impacts. Varying corporate identity models do provide illumination on the broad topic. The corporate identity model of Balmer et al. (1997), includes behavior, communication and symbolism. Stuart (1999) included behavior, management/personnel, symbolism and communication. The Melewar and Jenkins (2002a, 2002b) model covers communication and visual identity, behavior, corporate culture, and market conditions. Finally, the holistic identity model of Ludlow and Schmidt (2002) includes culture, behavior, market and customers, products and services, communication and design.

Balmer and Greyser (2003) highlighted the chronological order of corporate development into five phases within a period from the 1950s to the end of the 2000s. They started with corporate image,

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continued with the foundation of corporate identity and image, and subsequently emphasized corporate identity, corporate communication and image up to the 2000s. Since that period, corporate brands have become a current issue and recent studies in corporate identity have emerged considering interdisciplinary concepts. Corporate changes contain great amounts of trial and error, re-experiencing and lesson learning. All of these phases are culture-based (Özcan, 2011). While non-institutionalized entities enter a pathway of extinction, organizations with corporate identity continue to manufacture and generate revenue (Mirze and Ülgen, 2010). Institutionalization essentially brings legitimacy, predictability and conformity along with resource increases (Apaydin, 2009).

Corporate identity strategies are based on structure, communication and culture. Corporate identities are inherently subject to a constant search and innovate metaphor. These will be able to exist as long as they are humanistic and establish a universal language and strive to transport their entity coding to the current markets. Corporate entities need to aim for proactive visions and sustainability addressing also the social needs in the world markets where even businesses with increasing profit have collapsed. Yet, it is clear that while many corporations master in theory, they are ineffective at implementation.

### 3. The components of corporate identity

Organizations managing large market shares organize space and time by trading bi-directionally within the borders of nations and cultures (Fear, 2005). Being a necessity, the corporate identity can be adapted to all kinds of organizations (Balmer and Gray, 2003).

Okay (2000) suggested that corporate philosophy, corporate behavior, corporate design and corporate communication are the primary elements of corporate identity, closely followed by corporate culture and image. In a corporate culture where individuals are encouraged to understand organizational values and behavior, the norms of an organization emerge (Deshpande and Webster, 1989). A corporate philosophy expressing the organizational mission, vision, values and principles points out the business and idea basis targeted by management regarding development of the organization. Accordingly, the mission represents reasons for being, while vision represents the targeted point for the long term (Wolf and Wolf, 1995; Dess and Miller, 1996). Corporate behavior involves first these prominent thinking reactions and forms, then behavior patterns towards possible interacting partners (Glöckler, 1995). Corporate designs are strategic and represent corporate identities (Pflaum, 1989). Corporate communication is a management tool used to establish positive and consistent relationships between stakeholders (Van Riel, 1995). With reference to Balmer (2001b), corporate images are a starting point to identify public views and perceptions of organizations (Tujilledas and Cuadradom, 2011).

According to Gök (2014), corporate culture has a holistic trend and it is social and being learned. It is an idealized code system coming out of the necessities of human beings. Corporate philosophy is like a compass to corporate identity. Corporate behaviors reflect the corporation and outcomes are to be analyzed by the addressee. The corporate design concept requires calibration and correlated harmony of all facts around a comprehension point in their related fields. Corporate identities cannot be separated from the atmosphere in which they are involved. Regarding the image, institutions always face the consequences. Definitely, being at the core of engagements, corporate communication gives a message: "You are here and valuable!" Institutionalization efforts which are systematic and problem-solving bring liberties.

### 4. Hard and soft drivers of corporate identity

Studies are lacking that take a holistic view and integrate elements or factors considered as relevant to corporate identity (Birkight and Stadler, 1986; Olins, 1995; Balmer and Soenen, 1999; Balmer, 2003; Melewar and Karaosmanoğlu, 2006, and Akel and Melewar, 2005).

Moreover, corporate elements or fields are constantly evolving, resulting in continuous shifts in meanings.

According to Gök (2014), corporate identities, designed in a human-based approach considering the human processes by their nature under the effect of space and time, are joint discourses which are measured with inherent soft and hard drivers of the institutions and transfer their compound of possible rational art and software to shareholders/partners in the line of sustainability. Starting from this point, elements of the corporate identity have been identified with the justified as the soft and hard corporate identity drivers in accordance with the needs emerged, as all the ideas surviving are running between paradigms and eventually losing their validity and transforming. Accordingly, it is seen that the aforementioned soft and hard concepts have been used in the human resources management before and afterwards accepted as soft and hard power in the power concept. It is clearly understood that like the corporate identity designs, the need has become evident as the result of searches about the process management in the all human scale units. With reference to discourses, hard corporate identity drivers, which are hardly to be changed and updated unless their capability in sustainability of corporate is validated, are correlated with the corporate culture, behavior and philosophy. On the other hand, soft corporate identity drivers which are correlated with the corporate image, design and communication, adopt the process direction by observing harmony in regard to conditions or situations during the isolated processes or minor variations occurred while corporate identities get excited. Soft corporate identity drivers are formed in accordance with hard corporate identity elements, concurrently being interactive with other variables and have more flexible structures. Institutions need to exhibit a rational attitude towards the process of these drivers by taking into account of irreversibility of the time (Gök, 2014).

### 5. Innovative strategies

Depending on the degree of adoption, definitions of innovation tend to include virtually any kind of products or services, process, system, etc. (Dougherty, 1996; Hii and Neely, 1999). Innovation needs to be authentic and any related practices should yet to be discovered (Dinçer et al., 2000). There are some actors in the innovative system which interact with each other and effect performances of the innovation (Gregerson and Johnson, 1996). As being both a process and a consequence, innovations are to transform investments into outputs by means of employees (Dean et al., 1996; Dinçer et al., 2000). Corporate innovation systems are based on significant interrelations regarding the actors, activity, source and institutions and innovative performances of the institutions (Burmaoğlu, 2012). Soft operation in the innovative systems depends upon information flow between businesses, universities, and research institutes (OECD, 1997). Innovations started with the aim of opportunity analysis and regarded as necessity have a wide range of benefits from achieving organizational and financial success to employment, from sustainability to positive value supply (Drucker, 1985; Işık and Keskin, 2013; Byrd and Brown, 2003; Kaynak and Maden, 2012).

According to Drucker (1985), there are seven innovation sources. Four of these sources are readily apparent. While unforeseen successes and failures, external events, established and necessary realities, changes in industries or markets are the sources in action, following changes in the demography, feelings and understanding, and new information are the sources out-of-action. Certain characteristics of innovation like complexity, trialability and observability have an impact upon the rate of adjustment (Rogers, 2003). According to Koç and Yavuz (2011), innovations are based on unusual process of innovation. Certain elements like risk perceptions, compelling costs, lack of funding, economical deficiencies, lack of qualified staff, technological deficiencies, uncertainty in innovative demands, deficiencies in the background, etc. have a limiting effect upon innovations (Oslo Manual, 2005).

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