

2015

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DISCOVERING A ROSETTA STONE FOR FIRM-SIDE AUTHENTICITY: AN EMPIRICAL INVESTIGATION

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This manuscript is our original work and is not under consideration with any other journals

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Abstract

While most academic research has considered authenticity from the consumer's perspective this paper proposes and tests a new empirical operationalization of Beverland's (2005) widely cited proposition that firm-side authenticity is "...*partly true and partly rhetorical*" (p. 1008). Our study presents a model based on the Competitive Advantage (CA) that results from congruence between the *partly true* aspects of the firm's internal culture, resources, and capabilities measured as Innovation Capacity (IC), alongside Corporate Identity Management (CIM) as the organization's *partly rhetorical* outwardly-directed corporate branding and marketing promotions activities. Our findings are interpreted through a four-quadrant 'Rosetta Stone' framework for evaluating firm-side authenticity across organizational contexts and environments describing how high-IC/ high-CIM (i.e., *Authentic*) firms create differentiation from low-IC/ low-CIM *Inauthentic* organizations and low-IC/ high-CIM *Faux Imitators* competitors who attempt to compensate for their lack of IC through increased investments in CIM.

Keywords: Corporate Identity Management, Innovation Capacity, corporate branding, authenticity, marketing strategy, corporate communications

DISCOVERING A ROSETTA STONE FOR FIRM-SIDE AUTHENTICITY: AN EMPIRICAL INVESTIGATION

INTRODUCTION

While the concept of authenticity has recently received increasing scholarly and practitioner attention (e.g., Moulard, Rice, Garrity, and Mangus, 2014; van Rekom, Podnar, Jacobs, and Rotteveel, 2009; Elliott and Davies, 2006; Ilicic and Webster, 2014), the overwhelming focus of academic research has been placed on describing the consumer-side *consequences* of authenticity. Current research includes consumers' perceptions of an object's legitimacy, genuineness, prestige, sincerity, charm, realness, enchantment, terroir, appropriateness of production methods, and/or provenance (Napoli, Dickinson, Beverland, and Farrelly, 2014; Beer, 2008; Morhart, Malar, Guevremont, Girardin, and Grohmann, 2015; Ilicic and Webster, 2014; Hartmann and Ostberg, 2013; Peterson, 1997; Grayson, 2002; Grayson and Martinec, 2004; Leigh, Peters and Shelton, 2006). This has left the within-firm sources of authenticity largely overlooked (Gundlach and Neville, 2011; Fine, 2003; Gilmore and Pine, 2007; Beverland, Lindgreen, and Vink, 2008). Specifically, there appears to be a gap in extant research around the efficacy of organizations to develop firm-side authenticity. This leads to our primary research questions: What organizational processes and mechanisms are antecedents to firm-side authenticity and are they related to competitive advantage?

In an attempt to address these questions, our study builds off accumulated research in the area to propose and empirically test a new conceptualization of firm-side authenticity based on the congruence of several well-established organizational-level measures. Namely, that firm-side authenticity is comprised of two primary facets: an

“authentic” object *Being true to itself* (e.g., Gilmore and Pine, 2007; Hughes, 1995; Grayson and Martinec 2004; Reisinger and Steiner, 2006; Peterson 2005) and an object *Being what it says it is* (e.g., Gilmore and Pine, 2007; Reisinger and Steiner, 2006; Bruner, 1994; Chronis and Hampton, 2008 Lu and Fine, 1995; Thompson, Rindfliesch, and Arsel, 2006; Gundlach and Neville, 2011). The internally focused notion of *Being true to itself* describes the intrinsic “authentic” properties of an object, which is paired with the externally-directed aspects of *Being what it says it is* that expresses the ways in which an object communicates its “authentic” internal properties to stakeholders. These characterizations are concisely captured in Beverland’s (2005, p. 1008) description of authenticity as:

“... projecting an image that is partly true and partly rhetorical”—i.e., pairing the “right” internal traits and properties that represent an organization *Being true to itself* with the “right” *outward-focused* signals that help a firm to *Be what it says it is*.

From a firm-side perspective, Beverland’s (2005) proposition suggests a potential framework for understanding and operationalizing the internal properties of an organization that influence the authenticity of its products and services, as well as the influence of the firm’s marketing communications efforts to successfully communicate this authenticity.

Our study represents among the first empirical conceptualizations and tests of Beverland (2005), and related author’s, qualitative descriptions of firm-side authenticity. We operationalize Beverland’s (2005) *Partly True* internal traits as the well-established measure of Innovation Capacity (Hurley and Hult, 1998). Innovation Capacity (IC) describes the ways an organization chooses to strategically direct its within-firm resources, capabilities, culture, and orientation (Kogut and Zander, 1992; Kov and

Ceylan, 2007; Calantone, Cavusgil, and Zhao, 2002). Secondly, we operationalize Beverland's (2005) conception of the *Partly Rhetorical* outward-focused, holistic impressions of a firm's identity, image, and reputation as they are tactically presented to stakeholders as Corporate Identity Management (CIM) (Melewar and Jenkins, 2002; Melewar and Saunders, 2000; Bartholme and Melewar, 2011; Balmer, 2001; Arendt and Brettel, 2010). Finally, we test these antecedents of authenticity against a widely accepted outcome measure, Competitive Advantage (Henriques and Sadorsky, 1999; Chen, Lai, and Wen, 2006).

To preview our results, we test and find that the positive congruence of IC and CIM broadly supports CA. This finding provides value to scholars and acting managers as a new conceptualization of firm-side authenticity. By employing a median-split of our data to describe the influence of high- and low-levels of our variables on Competitive Advantage, we further clarify the competitive implications of our empirical findings. Additionally, building off the Real/ Fake Matrix provided by Gilmore and Pine (2007) we organize our quantitative findings into a 'Rosetta Stone' framework for evaluating firm-side authenticity across organizational contexts and environments (as shown in Figure 1). Lastly, by highlighting the mediating role of Corporate Identity Management between internal traits and competitive advantage in our framework, we extend general theory.

The following sections provide a brief review of relevant literature on the concept of authenticity, introduce our measurement variables, and then describe our conceptual framework, research design, and data analysis. We conclude with a discussion of results, limitations, and future research.

THEORETICAL BACKGROUND

Authenticity

Researchers have broadly characterized authenticity as the subjective, dynamic, and normative value that is co-created between an object and a consumer, helping to distinguish *real* offerings from *fake* (Peterson 2005; Bruner 1994, Arnould and Price 2000; Firat and Venkatesh 1995). And, while a concise and well-accepted definition of the construct has not yet been established, the focus on contrasting *realness* from *fakeness* has led to authenticity being conceptualized in fairly consistent ways. As Gilmore and Pine (2007, p. 90) describe:

Customers value authentic offerings over fake offerings. Business creates the perception of authenticity by rendering the offerings authentic, whether they are fake or real. Offerings are authentic if they are deemed authentic by the customer. An offering that is inherently real, which customers perceive to be fake, is valued as a fake.

Within this literature, the overriding focus has been on describing consumer-side evaluations of authenticity (Napoli, Dickinson, Beverland, and Farrelly, 2014; Boyle, 2003; Beer, 2008; Ilicic and Webster, 2014; Hartmann and Ostberg, 2013)—i.e., *why* and *how* individual consumers evaluate an object to be “authentic”. This tendency has left firm-side perspective of authenticity as a black box; firms and their managers are left to trust that consumers will recognize authentic products, services, and organizations *when they see it* (Simoes, Dibb, and Fisk, 2005). The distinct lack of scholarly attention on the within-firm traits and mechanisms that result in firm-side authenticity has stifled development of the concept as a strategic variable and limited its practical relevance (Beverland, 2005; Gundlach and Neville, 2011; Grayson and Martinec, 2004). As Trilling (1972) describes, “...authenticity is most often only considered [by organizations] when

called into question”. Accordingly, we follow numerous researchers (e.g., Gilmore and Pine, 2007; Jones, Anand and Alvarez, 2005; Peterson, 2005; Czarniawska, 2000; Peterson, 1997; Peterson, 2005; Chronis and Hampton, 2008; Greyser, 2009; Beverland, 2005; 2006) who call for more research on the firm-side constructs that influence consumers’ appraisals of authenticity.

In extant consumer-side findings, the distinction between authenticity and inauthenticity has been framed as largely subjective and socially or personally constructed (Grayson and Martinec, 2004 and Leigh et al., 2006). An individual perceives authenticity as to whether a particular object is evaluated to be “real” and “original” as distinct from “fake”, “copycat”, or “phony” (Morhart, Malar, Guevremont, Girardin, and Grohmann, 2015; Sheldon, Ryan, Rawsthorne, and Ilardi, 1997; Peterson 2005; Bruner 1994; Gilmore and Pine, 2007; Jones, Anand and Alvarez, 2005). The consequence of this line of research is that authenticity has become considered to be an outcome of marketing communications efforts, rather than an antecedent and thus, part of a firm’s strategy (Beverland, 2005).

A further tendency of the consumer-side focus is that research attention has largely focused on describing the specific instances of the phenomenon of authenticity across a broad and disparate variety of industry and market settings. This literature has described authenticity within contexts as variable as consumer goods (Botterill, 2007; Goldman and Papson 1996), retail experiences (Wallendorf, Lindsey-Mullikin, and Pimentel, 1998), tourism (Reisinger and Steiner, 2006; Bruner, 1994), brands (Holt, 2002; Thompson, Rindfliesch, and Arsel 2006; Beverland 2005; Gilmore and Pine, 2007), and organizational image (Jones, Anand, and Alvarez, 2005; Peterson, 2005). A

number of scholars have pointed out that because authenticity has been portrayed across such a diversity of contexts, marketplaces, and product categories there is a distinct lack of generalizable theories and strategic frameworks (van Rekom, Podnar, Jacobs, and Rotteveel, 2009; Bishop, 2011). Further, additional scholars note a distinct lack of empirical findings (Beverland, 2005; Gundlach and Neville, 2011; Grayson and Martinec, 2004), or a single well-accepted measure of the construct (Napoli, Dickinson, Beverland, and Farrelly, 2014; Gilmore and Pine, 2007). As Leigh, Peters and Shelton (2006) highlight, "...because few researchers have explicitly defined or measured the concept, this has allowed authenticity to be used in different ways and with varying meanings" (p. 438).

Empirical Model And Measurement Variables

In response to the gap in extant research, we propose the following empirical model as a way to conceptualize firm-side authenticity across contexts and environments. Drawing on well-established characterizations of the construct, our framework is based on the Competitive Advantage (CA) that results from congruence between the internal, within-firm, strategically-directed aspects of an organization's culture, orientation, and use of resources and capabilities; operationalized as Innovation Capacity (IC)—i.e., Beverland's (2005) *Partly true*, alongside the outwardly-directed branding-building and marketing communications activities operationalized as Corporate Identity Management (CIM).—i.e., Beverland's (2005) *Partly rhetorical*. Further rationale for our choice of each variable is discussed in greater detail below.

Innovation Capacity (IC)

Hurley and Hult (1998), and other authors (e.g., Kogut and Zander, 1992; Kov and Ceylan, 2007; Calantone, Cavusgil, and Zhao, 2002) employ the construct of Innovation Capacity (IC) to capture the broad range of within-firm characteristics that contribute to a firm's capacity to innovate. Accordingly, IC measures the firm's orientation, culture, and ability to mobilize and combine resources, capabilities, and knowledge to generate new ideas-- such as creating new products, services, or process innovations (e.g., Lawson and Samson, 2001; Hurley and Hult, 1998; Martensen and Dahlgaard, 1999). We follow related research who highlight how IC is a reliable measure of how organizations are able to build and maintain consistent cultures through the combination of employee skills and expertise with firm resources, competencies, and capabilities as directed toward strategic objectives (Hauser, 1998; Prajogo and Ahmed, 2006; Chen, Lin, and Chang, 2009). Accordingly, IC has been demonstrated to be a major influence on firm performance (Herbig and Dunphy, 1998; Deshpande and Gatingon, 1994; Parkman, Holloway and Sebastio, 2012; Johnson, 2001; McEvily and Chakravarthy, 2002; Berghman, Matthyssens, Streukens, and Vandenbempt, 2013).

We employ this construct as a proxy to capture both the general desire of organizations (as supported by firm culture, orientation, and philosophy) and the specific strategic decisions made by firm managers to direct allocations of resources towards product and service innovations that support the firm authentically *Being true to itself* (in contrast to those offerings which are “fake”, “copycat”, or “phony”).

Corporate Identity Management (CIM)

To operationalize the outward-focused aspects of a firm's desire to communicate the *Partly rhetorical* aspects of *Being what it says it is*, we employ the well-established construct of Corporate Identity Management (CIM). CIM has been used by variety of scholars (e.g., Melewar and Jenkins, 2002; Melewar and Saunders, 2000; Melewar, 2003; Bartholme and Melewar, 2011; Balmer, 2001; Arendt and Brettel, 2010) to assess impressions of the overall identity, image, and reputation that an organization presents to its stakeholders. CIM is generally considered to be comprised of three sub-factors: (1) Mission, Values, and Direction (MVD)—the central, enduring, and distinctive nature of an organization (Albert and Whetten, 1985) reflected as the consistency and coherence of a firm's core purpose as it is presented to stakeholders (Simoes, Dibb, and Fisk, 2005); (2) Corporate Communications (CII)—the strategic coordination and integration of marketing communications activities (Simoes, Dibb, and Fisk, 2005; van riel and Balmer, 1997); and (3) Corporate Visual Identity (CVI)-- the variety of ways a firm expresses its identity through names, products, packaging, stationary, employee uniforms, brands, symbols, logos, typeface, color schemes, as well as its physical environment (Melewar and Jenkins, 2002; van Riel and van den Ban, 2001). Following related research, we see CIM as a useful variable for capturing the variety of firm-side image, identity, reputation, and marketing promotions activities that broadly encompass corporate brand building.

As Van Riel (2001) describes, corporate branding represents: "...a systematically planned and implemented process of creating and maintaining a favorable image and consequently a favorable reputation for the company as a whole by sending signals to all stakeholders and by managing behavior, communication, and symbolism". This characterization implies that corporate image and reputation are controllable aspects of

firm strategy (i.e., through management of an organization's behavior, advertising, promotions, and symbolism). Therefore, we view the concept of CIM as a useful measure of the firm-side actions taken by an organization to communicate their authentic commitment to *Being true to themselves* via *Being what it says it is* (e.g., Gilmore and Pine, 2007; Reisinger and Steiner, 2006). More specifically, we propose that these actions will be observable as aspects of the firm's mission and values (MVD), marketing communications (CII), and visual identity (CVI).

Similarly to IC, we see CIM as a useful measure of both an organization's general desires to communicate about itself in an authentic way, as well as evidence of the specific resource allocation decisions enacted by managers in the messaging, content, and direction of its brand building strategies. Additionally, we follow several authors (e.g., Peterson, 2005; Boyle, 1996) who have employed CIM as a strategic variable, arguing that the concept plays a key role differentiating the firm from competitors (Roberts and Dowling 2002; Gorb, 1992).

In order to empirically test our new conceptualization we propose that: (a) firms differ in their levels of IC and CIM processes, and (b) these differences will influence Competitive Advantage (CA)—we define the congruence between the variables of our model as an operationalization of Beverland's (2005) proposal that firm-side authenticity is based on organizations *Being true to themselves* and *Being what it says it is*. In addition, to demonstrate the explanatory power and practical relevance of our framework we will dichotomize our sample by performing a median split of IC and CIM measures to; (c) test the ability of our model to explain differences in CA across firms by illustrating the interaction between CA and (e) firms with high- and low-levels of IC and

CIM. Lastly, to rationalize these findings we present an interpretive framework situating our results alongside related findings in extant research.

RESEARCH METHOD

Research Context

Our research setting is architectural design services firms (NAICS code: 541310). For several reasons we contend that architectural design appears well suited for our firm-level examination of IC and CIM, as well as the strategic use of firm-side authenticity. First, architecture provides an environment where organizational-level use of creativity, innovation, and firm-side authenticity are central strategic imperatives (Howkins, 2002; Caves, 2003; Gilson and Shalley, 2004). Firms in architectural design services vary in their organizational cultures and orientations as well as in their creative and innovative competencies. Second, the architecture design services firms in our sample are profit-driven and contest highly competitive marketplaces. The implications of these factors are that firms have clear incentives to direct scarce resources towards the most commercially viable offerings-- in contrast to non-profit creative or artistic organizations (O'Reilly, Rentschler, and Kirchner, 2013; Fillis, 2003; Fillis and Rentschler, 2006; Boyle, 2007). Third, because organizations possess differentiated resources and capabilities and the marketplace is highly competitive, firm performance and competitive advantage has been shown to be influenced by beneficial corporate images and reputation, brand building and marketing promotions (Caves, 2002; Bilton and Leary, 2004). Taken together, architectural design services provides a useful context for our exploratory study; where firms and their offerings compete against one another largely on the basis of co-created

meaning between an object and consumer helping to distinguish *real* from *fake* (Peterson 2005) —i.e., authenticity.

Sampling Process

Our sampling process involved distributing links to our online survey questionnaire to members of ten regional chapters¹ of the American Institute of Architects (AIA). The AIA is the primary professional organization for architects, architecture firms, and related organizations in North America. We collected self-report survey questionnaire data over a 5-month period. Our final sample resulted in 122 respondents from fifty-seven architectural organizations (average firm size in the sample is 37 employees, which can be considered reasonably large for the industry).

Measurement Variables

All measurement scales used a 7-point Likert semantic differential measure anchored by “Strongly Agree” – “Strongly Disagree” (See Appendix A). All variables met the criteria for skewness and kurtosis suggested by Hair and colleagues (2006) (see Table 1).

Insert Table I about here

¹ AIA Arizona, AIA Idaho Mountain Section, AIA Las Vegas, AIA Los Angeles Chapter, AIA Monterrey Bay, AIA New Mexico, AIA Orange County, AIA Portland, AIA San Diego, AIA Seattle

Innovation Capacity (IC). IC is defined as the ability of the firm to successfully adopt or implement new ideas, processes, or products based on aspects of the firm's culture, orientation, and philosophy (Kogut and Zander, 1992; Kov and Ceylan, 2007). The scale was drawn from Hurley and Hult (1998). The 5-item scale is similar to Deshpande, Farley and Webster (1993) and has been validated in several recent studies (e.g., Akman and Yilmaz, 2008; Calantone, Cavusgil, and Zhao, 2002; Parkman, Holloway and Sebastio, 2012).

Corporate Identity Management (CIM). The 16-item CIM construct is based on three dimensions; Visual Identity (VII), Communications (CII), and Philosophy, Mission and Values (MVD). The scale has been developed and employed by a variety of researchers in numerous settings (e.g., Simoes, Dibb, and Fisk, 2005; Melewar and Saunders, 2000; Van Riel and Balmer, 1997).

Competitive Advantage (CA). CA is measured with Chen, Lai and Wen's (2006) 8-item scale based on earlier work by Henriques and Sadorsky (1999) and Porter (1985), which compares an organization and its products relative close competitors.

Data Analysis

In order to confirm the internal reliability of our measures we tested the Cronbach alphas for our primary variables, Innovation Capacity, 5-items ($\alpha = .80$) and Corporate Innovation Management, 16-items ($\alpha = .81$), MVD, 7-items ($\alpha = .82$), CII, 5-items ($\alpha = .63$), VII, 4-items ($\alpha = .80$) and 8-item Competitive Advantage ($\alpha = .61$), were close to Nunnally's (1978) guidelines: After a median split was used to divide respondents into our two primary sub-groups; high-IC firms ($n = 59$, mean = 18.07, SD = 3.96) and low-

IC firms (n = 59, mean = 15.66, SD = 2.16), Hierarchical Linear Regression analysis was used to test the relationships between our variables.

RESULTS

Table 2 highlights the strong significant relationship between IC and CIM ($R^2 = .237$, $F(1, 117) = 35.393$, $p < .001$) in our sample supports the strong positive link between an organization's internal, within-firm creative and innovative capabilities alongside the outward-focused aspects of its corporate identity, image, and reputation management systems. This relationship suggests that respondents view the creative, artistic, aesthetic and innovative capabilities of their organizations as closely related to the image and identity their firm (Sethi, Smith, and Park 2001). More specifically, our findings imply that organizational norms (such as those that direct and focus the creative and innovative capabilities of the firm towards producing "authentic" products and services) play a central role in forming corporate identities.

Insert Table II about here

Additionally, our data empirically describes CIM, for perhaps the first time, as a potential mediator of the IC – firm performance relationship (de Bruin, 2005; Poetttschacher, 2005; Melewar, 2003). Specifically, to test the mediation effect of CIM

between IC and our measure of performance (CA) we analyzed three HLM regression models (Baron and Kelly, 1986; Gibson and Birkinshaw 2004) (see Table 3).

Insert Table III about here

The first model establishes that IC influences the potential mediator (CIM), indicated by a statistically significant coefficient between IC and CIM (Baron and Kelly, 1986). The second and third steps require a test of the relationship between IC and the dependent variable (CA), which if according to accepted practice (Gibson and Birkinshaw, 2004), is statistically significant a third test can confirm if CIM mediates the relationship between IC and CA. In our data, full mediation is indicated by the removal of statistical significance of the coefficient between IC and CA (from $R^2 = .138$, $F(1, 117) = 18.583$, $p < .001$ to $R^2 = .259$, $F(1, 117) = 19.770$, $p = .172$). More specifically, these findings empirically support Beverland (2005) and other researchers descriptions of firm-side authenticity as made up of the congruence between internal (e.g., IC) and externally directed (e.g., CIM) components that work in tandem to influence performance (e.g., CA).

While these results may appear intuitively unsurprising, our findings imply at least two important implications of our research: First, for broader theory, the strong positive relationship between IC and CIM in our sample contradicts many popular and anecdotal accounts of the innovative and creative process of firms that overwhelmingly

focus on the efforts of individual employees-- i.e., the “unique genius” tinkering alone in a garage (Richards, 1990). Our results suggest that these depictions under-represent the influence of firm-level elements, such as IC, that may support firm-level creativity and the managerial processes that direct the use of creative capabilities within organizations (Malerba, 2002; Stoycheva and Lubart, 2001). Second, the clear link between IC and CIM and the role of CIM as a mediator of the direct IC → CA relationship provides preliminary support for our conceptualization of firm-side authenticity as *Partly true* and *Partly rhetorical*—i.e., comprised of the congruence between the internal traits and properties that represent an organization *Being true to itself* (e.g., IC) and the *outward-focused* signals that help a firm to *Be what it says it is* (e.g., CIM).

Further, to clarify the competitive implications of our conceptualization we follow accepted practice (e.g., Irwin and McClelland, 2001) by employing a median split techniques to dichotomize our sample into low-IC (n = 59, mean = 15.66, SD = 2.16) and high-IC (n = 59, mean = 18.07, SD = 3.96) as well as low-CIM (n = 59, mean = 43.83, SD = 5.57) and high-CIM (n = 59, mean = 66.65, SD = 3.59) subgroups. We then examined the relationships between these sub-groups.

As a first step of analysis, a significant direct relationship between high-IC and CIM ($R^2 = .034$, $F(1, 59) = 4.008$, $p < .05$), but not low-IC and CIM ($R^2 = .025$, $F(1, 59) = 1.414$, $p = .157$) suggests that firms with strong creative, artistic, aesthetic and innovative capabilities are able to successfully pair those within-firm strengths with CIM. In addition, the strong positive relationship between high-IC and high-CIM organizations ($R^2 = .720$, $F(1, 59) = 74.584$, $p < .001$) alongside the link between low-IC and low-CIM firms ($R^2 = .711$, $F(1, 59) = 66.282$, $p < .001$), provide empirical evidence for our

framework as a strategic variable that clearly distinguishes our subgroups. Perhaps most interestingly, our results demonstrate that low-levels of *Partly true* IC cannot be compensated for through an increased emphasis on *Partly rhetorical* CIM—i.e., the non-significant link between low-IC - high-CIM organizations ($R^2 = .089, F(1, 59) = 4.601, p = .0578$). Finally, the weakly significant coefficient between high-IC and low-CIM firms ($R^2 = .105, 4, F(1, 59) = 8.532, p < .05$) empirically demonstrates the antipathy many highly creative firms regard traditional CIM processes.

‘Rosetta Stone’ Interpretive Framework

In an effort to clarify the competitive implications of our median split analysis, we follow Gilmore and Pine (2007) by presenting the following interpretive framework (See Figure 1). The resulting matrix provides a mental model as well as a prescription for interpreting the results of our quantitative analysis.

Insert Figure I about here

Figure 1 characterizes high-IC/ high-CIM organizations as *Authentic*—i.e., those firms that successfully leverage congruence between their superior *Partly true* internal competencies with persuasive *Partly rhetorical* outward-focused processes to communicate the distinctive value of their products, services, or offerings to consumers, thereby differentiating themselves from less capable (e.g., low-IC/ low-CIM *Inauthentic*)

competitors (e.g., Gilmore and Pine, 2007; Jones, Anand, and Alvarez, 2005; Ilicic and Webster, 2014; Beverland, 2005; 2006).

Secondly, and perhaps most interestingly, our results highlight the failure of low-IC/ high-CIM organizations to compensate for their inability to develop the right internal creative and innovative resources, capabilities, and knowledge through increased investments in the *Partly rhetorical* aspects of externally-directed brand building and advertising promotions. We define these firms as *Faux Imitators*, building off qualitative depictions of Peterson (2005) and Beverland (2005; 2006), who suggest that for such organizations, “Authenticity cannot be bought off a shelf.” Our *Faux Imitators* quadrant provides a firm-side explanation for results consumer-side researchers have observed where individual consumers evaluate an organization’s product or service objects as inauthentic, “fake”, “copycat”, or “phony” (e.g., Morhart, Malar, Guevremont, Girardin, and Grohmann, 2015; Napoli, Dickinson, Beverland, and Farrelly, 2014; Boyle, 2003; Beer, 2008; Ilicic and Webster, 2014; Hartmann and Ostberg, 2013). We contend that these results imply consumers’ recognition of a mismatch between the IC and CIM competencies of the producing firm—i.e., an over-emphasis on branding and image without the requisite creative and innovative capabilities.

Finally, our high-IC/ low-CIM subgroup quadrant provides empirical support for what scholars such as Fillis (2002; 2003; 2012), Caves (2002), and Rentschler (O’Reilly, Rentschler, and Kirchner, 2013; Fillis and Rentschler, 2006) have described as “arts and crafts organizations” or *Artisanal Craft* firms. These types of organizations possess highly attuned internal *Partly true* creative and innovative competencies while, for some reason, lacking commensurately strong outwardly-focused *Partly rhetorical* brand

building and marketing promotions capabilities. This somewhat puzzling disconnect may be based in what Fillis (2003) describes as the, "...competing philosophies of 'art for art's sake' versus 'art for business sake' where commercial aims and artistic ideals intertwine" (p. 245). These *Artisanal Craft* organizations appear to exhibit a conscious emphasis on creative and artistic proficiency, while leaving outward-oriented branding, promotional, and corporate image mechanisms underdeveloped, or perhaps more interestingly, actively downplayed (Metcalf, 1994; 1997; Fillis, 2003).

Insert Table IV about here

Lastly, Table 4 summarizes the influence of IC and CIM on our measure of Competitive Advantage (CA). In particular, the direct effects of IC on CA and CIM on CA, as well as the interaction effects of IC*CIM and our split between high IC*high CIM and lowIC*lowCIM. The strong significant relationships between IC and CA ($R^2 = .138$, $F(1, 118) = 18.583$, $p < .001$) in our sample supports related research that demonstrates the value of IC as an organizational climate that directs the firm's creativity and innovation toward commercial purposes, such as products, services, and other offerings (D'Aveni, 1999). The very strong relationship between CIM and CA ($R^2 = .248$, $F(1, 118) = 37.629$, $p < .001$) empirically demonstrates that beneficial corporate image and reputation communicated through brand building and advertising promotions create a competitive

advantage (Fombrun and Rindova, 1998; Melewar and Jenkins, 2002; Melewar and Saunders, 2000).

Further, following Pedhazur and Schmelkin (2013) who argue that multiple effects should be studied in research, we tested the combined influence of IC and CIM on CA, as well the possible differences between our high-IC and low-IC subgroups with CIM on CA. The highly significant relationship between IC*CIM and CA ($R^2 = .251$, $F(1, 118) = 38.160$, $p < .001$) and the clear differences between the link between low-IC ($R^2 = .096$, $F(1, 59) = 6.049$, $p < .05$) and high-IC ($R^2 = .055$, $F(1, 59) = 6.812$, $p < .01$) firms and CA provides key empirical validity for our conceptualization of authenticity as the competitive advantage that results from the congruence between IC and CIM *in combination*. Perhaps most interestingly, our sample shows a marginally significant direct relationship between low IC and CA ($p < 0.05$), that becomes insignificant in the combined low IC*CIM \rightarrow CA model ($R^2 = 0.006$, $F(1, 59) = .157$, $p = .157$), while the significant high IC*CIM \rightarrow CA relationship remains ($R^2 = .233$, $F(1, 59) = 17.030$, $p < .01$). This mediating relationship can be taken as further evidence for the important role CIM may play helping individual consumers distinguish *Authentic* objects from *Inauthentic* or *Faux Imitators* in crowded and competitive marketplaces (Lafferty and Goldsmith, 2004; Roberts and Dowling 2002)—i.e., by providing organizations a method to *Partly rhetorically* communicate that their product and service offerings are indeed *Being what they say they are* by *Being true to themselves* and their superior creative, artistic, aesthetic, and innovative culture and capabilities.

DISCUSSION, FUTURE RESEARCH, AND IMPLICATIONS

This study addresses a significant gap in current understanding by providing an empirical operationalization of Beverland's (2005) description of firm-side authenticity. In that ethnographic case study, Beverland (2005) summarizes the variety of dimensions that contribute to luxury wineries authenticity. We propose that our framework and empirical analysis extends this description by providing a Rosetta Stone (see Figure 1) for evaluating firm-side authenticity across organizational contexts and environments. Additionally, we provide specific strategic guidance by employing a median-split of our data to describe the influence of high- and low-levels of our variables on Competitive Advantage. These results further clarify the competitive and strategic implications of our conceptualization of firm-side authenticity. Our findings also contribute to the ongoing scholarly conversation around the strategic value of CIM (e.g., Balmer, 2001; Balmer and Greyser, 2003; Melewar and Jenkins, 2002; Melewar, 2003; Mukherjee and He 2008; He and Mukherjee, 2009) by demonstrating the role corporate image and reputation play on firm performance and firm-side authenticity. Our framework suggests that to be perceived by stakeholders as *Authentic* (rather than merely an *Artisanal Craft* producer), firms must not only invest in their creative and innovative culture and capabilities (via IC), indeed it is perhaps equally significant to build commensurately strong CIM processes to clearly communicate those strengths externally and differentiate themselves from *Inauthentic* or *Faux Imitators*. As one respondent in our sample noted anecdotally,

“We are very concerned with our reputation and what other firms think of us.

The importance of ‘street cred (ibility)’ in the architecture world cannot be understated. We’re always looking at other firms’ work and marketing

material and they're always looking at ours." (Anonymous Associate from Architecture Firm A, 2009)

The broader implications of our findings are to imply that, in contrast to many characterizations in extant literature, firms are far from powerless to influence consumers' evaluations of the authenticity of their products and services. Our framework provides a clear roadmap for organizations to develop and communicate their firm-side authenticity through the *Partly true* aspects of IC in congruence with the *Partly rhetorical* elements of CIM. Secondly, we hope that our conceptualization addresses the widely cited absence of a well-accepted empirical measure of firm-side authenticity (Beverland, 2005; Gundlach and Neville, 2011; Grayson and Martinec, 2004; Fine, 2003; van Rekom, Podnar, Jacobs, and Rotteveel, 2009; Bishop, 2011; Gilmore and Pine, 2007). We believe that our framework has broad generalizability as a method to empirically measure and explain differences in firm-side authenticity across firms. Lastly, by empirically describing a mediating role of Corporate Identity Management between internal creative and innovative capabilities and competitive advantage in our framework, we extend general theory.

This study also has important implications for practitioners. Although many managers may implicitly recognize the importance of concepts such as IC for their organization's performance and perceptions of authenticity; the value of investments in externally-oriented brand building and corporate image and identity coordinating mechanisms (such as CIM) is often overlooked, or actively downplayed. Our results should alert practitioners to the potential benefits of corporate branding as a vehicle to

enhance and communicate their organization's firm-side authenticity. Managers, in particular, should be directed to findings in related areas (e.g., Balmer & Greyser, 2003) that demonstrate the benefits of an emphasis on corporate branding for symbolic- and experientially-based offerings (e.g., McAuley, 1999; Melewar & Saunders, 2000; Balmer & Greyser, 2003). Much scholarly and popular-press literature has pointed out that in increasingly cluttered and crowded competitive marketplaces the value of being perceived as authentic-- real, genuine, and true-- may represent an increasingly vital competitive advantage for organizations. Our study provides empirical evidence for a pathway to firm-side authenticity based on the congruence between an organizational culture based on creative and innovative capabilities alongside externally directed mechanisms that communicate those capabilities to stakeholders.

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Appendix A – Measurement Scales

Innovation Capacity (IC) from Hurley and Hult (1998)

1. Innovation, based on research results, is readily accepted in our firm
2. Management in our firm actively seeks innovative ideas
3. Innovation is readily accepted in program/project management
4. People in our firm are penalized for new ideas that don't work
5. Innovation in our firm is perceived as too risky and is resisted (RC)

Corporate Identity Management (CIM) from Simoes, Dibb, and Fisk (2005)

Mission values and Direction (MVD)

1. In our firm, there is total agreement on our mission across all levels and business areas
2. In our firm, all employees are committed to achieving the company's goals
3. In our firm, there is a clear concept of who we are and where we are going
4. In our firm, our values and mission are regularly communicated to employees
5. In our firm, senior management shares the corporate mission with employees
6. In our firm, employees view themselves as partners in charting the direction of the firm
7. In our firm, we do not have a well-defined mission (RC)

Corporate communications (CII)

8. Our firm's name is part of our image
9. Our firm symbols (logos/slogan, colors, visual style, signage) are constituents of our imagined mission
10. Our firm's facilities are designed to portray a specific image
11. Much of our marketing is geared to projecting a specific image
12. Our employees and staff understand the symbols (or visual branding) of our organization

Visual Identity (VII)

13. Our organization transmits a consistent visual presentation through facilities, equipment, personnel, and communication material
14. A visual audit of our facilities is undertaken periodically
15. Our organization has formal guidelines for brand/visual elements
16. The look and feel of our products are designed to match the overall visual elements/image of our organization

Corporate Competitive Advantage (CA)

17. Our firm has the competitive advantage of low-cost compared to our other direct competitors
18. The quality of our firm's work is better than that of our competitor's products
19. Our firm is more capable at innovation than our direct competitors
20. Our firm's image is better than that of our direct competitors
21. Our firm has better managerial capability than our direct competitors
22. Our firm's profitability is better than our direct competitors
23. Our firm is the first mover in some important fields and occupies a leading position in our markets
24. The growth of our firm exceeds that of our direct competitors

Figure I

Interpretive Framework for median-split subgroups

	Low-Innovation Capacity (IC)	High-Innovation Capacity (IC)
Low-Corporate Identity Management (CIM)	1. Inauthenticity	2. Artisanal Craft
High-Corporate Identity Management (CIM)	3. Faux Imitators	4. Authenticity

Table I

Means, S.D.s and correlations for variables

(N = 118, high n = 59, low n =59)

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10
1. IC	18.25	3.25	1	.487**	.467**	.294**	.257**	.180	.072	-.020	.089	.372**
2. CIM	55.88	8.79		1	.798**	.673**	.738**	.157	.184*	-.054	.182	.498**
3. MVD	23.62	4.74			1	.192*	.306**	.242*	.236**	-.149	-.065	.482**
4. CII	16.86	3.06				1	.563**	-.106	.028	-.018	.315*	.222**
5. VII	11.87	3.09					1	.139	.028	.165	.291	.300**
6. IC low	15.66	2.16						1	.826**	.956**	.867**	.310**
7. IC high	18.07	3.96							1	.767**	.849**	.236**
8. CIM low	43.83	5.57								1	.835**	.039
9. CIM high	66.65	3.59									1	.042
10. CA	26.28	3.31										1

** Correlation is significant at the .01 level (1-tailed)

* Correlation is significant at the .05 level (1-tailed)

Table II

Regression effects of High and Low Innovation Capacity on Corporate Identity Management factors on DVs

(N = 118, high n = 59, low n = 59)

DV	CIM	CIM	CIM	MVD	CII	VII	MVD	CII	VII	CIM low	CIM high	CIM low	CIM high
IC	.487***	---	---	---	---	---	---	---	---	---	---	---	---
IC low	---	.157	---	.242	.106	.139	---	---	---	.843***	---	---	.0578
IC high	---	---	.184*	---	---	---	.236**	.028	.028	---	.849***	.183*	---
R ²	.237	.025	.034	.058	.011	.019	.056	.001	.001	.711	.720	.105	.089
Adj. R ²	.230	.007	.025	.042	-.006	.002	.047	-.008	-.008	.700	.710	.098	.015
F-Ratio	35.393***	1.414	4.008*	3.476	.651	1.121	6.706*	.091	.90	66.282***	74.585***	8.532*	4.601

*** p < .001

** p < .01

* p < .05

Table III

HLM Regression model for test of mediation
(n = 118)

Model	1	2	3	4
DV	CIM	CA	CA	CA
IC	.487***	.372***	.---	.172
CIM	---	---	.498***	.401*
R ²	.237	.138	.248	.259
Adj. R ²	.230	.131	.242	.246
F-Ratio	35.393***	18.583***	37.629***	19.770***

*** p < .001

** p < .01

* p < .05

Table IV

HLM Regression effects of Innovation Capacity and Corporate Identity Management on Competitive Advantage

(N = 118, high n = 59, low n = 59)

DV	CA	CA	CA	CA	CA	CA	CA
IC	.372***	---	---	---	---	---	---
CIM	---	.498***	---	---	---	---	---
IC low	---	---	.310*	---	---	---	---
IC high	---	---	---	.236**	---	---	---
IC*CIM	---	---	---	---	.501***	---	---
IC low*CIM	---	---	---	---	---	.076	---
IC high*CIM	---	---	---	---	---	---	.483**
R ²	.138	.248	.096	.055	.251	.006	.233
Adj. R ²	.131	.242	.080	.047	.244	-.031	.219
F-Ratio	18.583***	37.629***	6.049*	6.812**	38.160***	.157	17.030

*** p < .001

** p < .01

* p < .05