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# The Impact of Digital Transformation on Corporate Identity Management

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## ABSTRACT

Digital transformation concept has emerged as an essential concept within management sciences in recent considering the influence of pandemics on the way how companies provide service, arrange manufacturing, and perform business operations in general. This paper analyzes digital transformation in the context of management of corporate identity by highlighting possibilities of managing individual corporate identity dimensions considering the role and impact of digital transformation and competitive strategy formation. The newly developed framework is based on the synthesis of corporate identity and digital transformation conceptual frameworks. Literature review identifies gaps in how to accelerate and support small and medium enterprises (SME) in their path of digitalization and maximizing their value delivery to customers - while maintaining competitiveness and keeping the active, specific, and valuable scorecard of strategic goals. Further exploration and research will indicate potential roadmap solutions and will enable to answer the question of – how to optimize resources, competence, and ability to execute digital transformation in parallel of building strong corporate identity and business strategy.

**Keywords:** Corporate identity, Digital transformation, Management, Business strategy, SME

## INTRODUCTION

The concept of corporate identity in the management and marketing sciences has been known since the 1970s, when the research distinguished between the concepts of corporate identity and corporate image. The concept of corporate identity is often used in marketing in connection with image building, corporate brand management, but in public relations it is associated with the concept of reputation. However, the concept of corporate identity is interdisciplinary, as it covers the strategic and organizational management of companies, as well as marketing, corporate communication, personnel management, other areas (Melewar, 2003).

Digital transformation can cover anything from IT modernization (such as cloud computing) to digital optimization and the invention of new digital business models. The term is widely used in public sector organizations to describe modest initiatives such as the online deployment of services or the modernization of legacy information systems. Thus, the term tends to be more reminiscent of “digitalization” than “digital business transformation” (Gartner, 2022).

The aim of the research is to assess the topicality of corporate identity dimension management based on the research of corporate identity dimension management models and digital transformation concept, and to develop conceptual framework for management of corporate identity dimensions in the context of tools and solutions enabled by digital transformation processes.

Identified research gaps relate to the lack of data on the extent to which do executives of SMEs rely on outsourced help from advisors, consultants or IT support and service management companies involved in daily operations. Also, there has been little exploration done on what are the main considerations for SMEs in developing strategies with strong base of the digital transformation. Future strategy development, including digital strategy, is assumed to be one of corporate identity dimensions.

Building on this discussion, the following propositions are presented and examined throughout the paper:

- P1: Digital transformation is a significant part of corporate identity management processes and company strategy on its growing path from SME level.
- P2: Value creation for customers is crucial in SME product innovation process and includes delivery of efficient solutions within digital transformation.
- P3: Decision making process is more openly oriented towards higher level digitalization in SME's – but there is a lack of competence – how to find a balance in managing resources and limit the risk exposure while on the way of disruptive path. Outsourced help or high-level competence from executives is needed to take bold and smart business minded actions.
- P4: There should be strict and adopted balanced scorecard method that indicates the goals reached and areas impacted that can help monitoring and assuring the success of both, corporate identity management and digital transformation.

## **WHAT DOES DIGITAL TRANSFORMATION MEAN TODAY?**

Disruption happens in various industries because of unstable and fast changing business environment. C-level executives are investigating opportunities that digitalization can bring to the strategy, business model and product innovation.

Digitalization today is a synonym for broadly used digital transformation that according to Stolterman E. and Fors A. (2004), refers to “the changes that digital technology causes or influences in all aspects of human life”. Even if it covers wider potential of scope – the most topics about digitalization are about technological innovations – but it should include different angles as leading author of the field like Henriette et al. (2015) states in their research.

After research article reviews and case study analysis of various industries – academics agree that business transformation prompted by digital technologies takes no specific exceptions and can be implemented in various segments (Ivančić L., Vuksic V., Vugec D., 2018)

Bharadwaj N. et al. (2013) expressed that IT should not be viewed as functional level strategy, but as a part of business level strategy resulting to digital transformation strategy. But in the literature reviews we find an often conflict of frameworks's, concepts and definitions of digital transformation strategies (Chanias, Myers, & Hess, 2018; Nadeem et al., 2018).

In order for businesses to be efficient and can gain from decision-making process, Fonstad (2017) defines a digital strategy: “A *business strategy, inspired by the capabilities of powerful, readily accessible technologies (like SMACIT), intent on delivering unique, integrated business capabilities in ways that are responsive to constantly changing market conditions*”, where SMACIT refers to - social, mobile, analytics, cloud and Internet of things [IoT] technologies - that present both game-changing opportunities and existential threats to the companies.

When the value chain of the company is changing (being transformed or impacted) – there are operational and a human element. According to Ismail et al. (2018) both are important in creating digital management systems to lead the changes. Digital transformation requires companies to rethink their business in the path of innovation – and specific challenge for SME's is shortage of time and resources allowed for experiments (Bouwman H. et al. 2019).

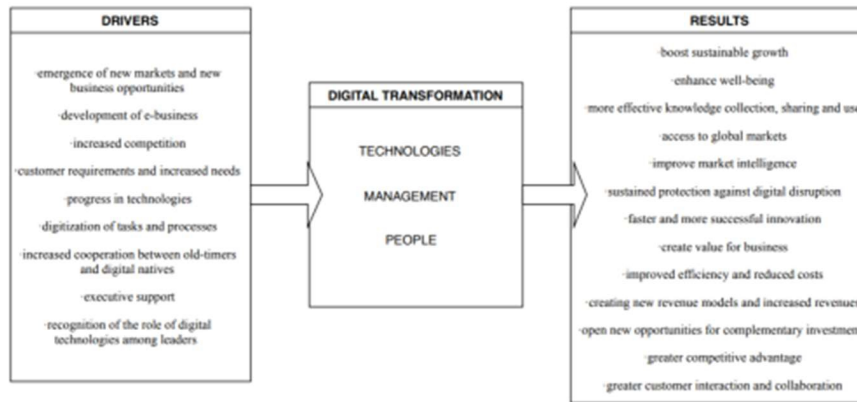
### **Can Management Consulting Services Help in Digital Transformation for SME's?**

SMEs are a distinct group of organizations. Duan, X., Deng, H., & Corbitt, B. (2012) stresses out unique characteristics of SMEs that are different from large sized companies and often face lack of technical expertise, poor infrastructure, inadequate capital, inadequate organizational planning, strong executive controlled decision-making system and huge dependence on business partners, limited resources. It also indicates and exposes them to external uncertainty. On the same time SMEs are more responsive to digital disruption that is even more enabled in digital entrepreneurship: growing access to emerging platform service providers and tools help if the path of digitalization (Li, L. et al., 2018).

The scholarly interest in SME-focused digitalization and digital transformation has also grown significantly in recent years. Kraft C. (2022) indicates growing number of publications in business end entrepreneurship journals. Studies of SME digitalization and digital transformation explains:

- sources of value creation
- dynamic capabilities (Cannas, 2021),
- digital strategies and innovation strategies/performance
- product, services, and process digitalization (Proksch D. et al., 2021)

Company level digital capabilities are based on employee digital skills that enable use of digital tools and platforms. Currently there is a lack of studies that indicate employee skills in using the digital tools towards digital transformation in SMEs (Scuotto D. et al., 2021).



**Figure 1:** A conceptual model of digital transformation (Verina and Titko, 2019).

Reviewing literature and summing up opinions of internal factors that companies at various sizes are in control - Nasiri M. (2020) mentions that successful theories and practices applied to large companies might not necessarily apply to SMEs even if their exposure for disruptive and digitally oriented innovation is higher. Larger companies even with decent corporate and sustainable strategies are afraid of losing their competitive edge and stable situation.

## OVERLAP OF CORPORATE IDENTITY AND DIGITAL TRANSFORMATION FRAMEWORKS

Disruption happens in various industries because of unstable and fast changing business environment. C-level executives are investigating opportunities that digitalization can bring to the strategy, business model and product innovation. The integration of corporate identity management and digital transformation frameworks proposes opportunities for new blend of managerial instruments to emerge to facilitate successful supervision of company development during times of increasing uncertainty and new kind of managerial challenges.

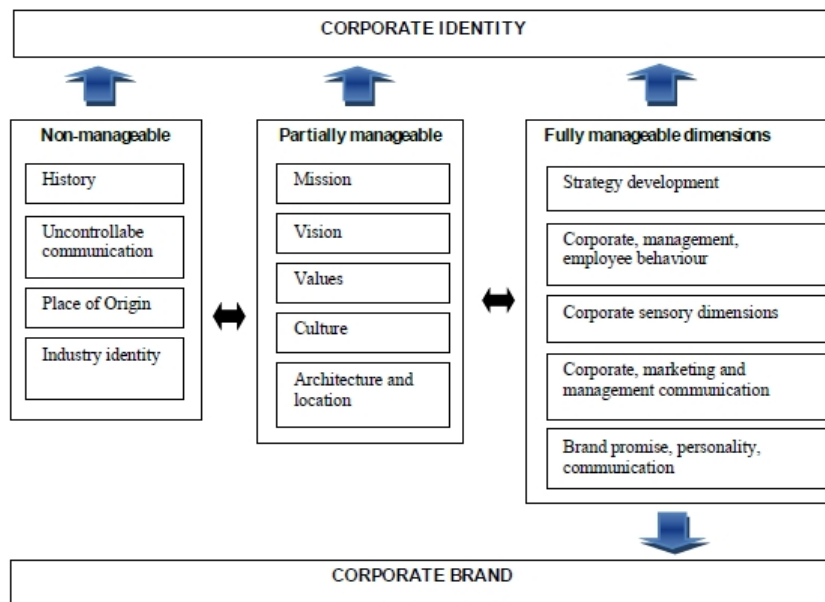
Fig. 1 depicts a conceptual model by Verina and Titko (2019) that describes relationship between drivers of digital transformation and the expected results that can be derived from proper implementation in form of technologies, management, and people.

This model clearly states why digital transformation is essential for SMEs since emergence of new markets and opportunities and several other challenges relevant to any manager of SME are among drivers towards numerous benefits listed within results to be experienced by the SME after successful implementation of digital transformation. If a more detailed look is taken at the middle stage (see Fig. 2), then the Management and processes category within digital transformation concept contains numerous elements from corporate identity framework (see Fig. 3).

Also, the category People includes majority of stakeholders (e.g. top and middle managers, regular employees, customers, and owners) that are directly

Technologies	Management / Processes	People
<ul style="list-style-type: none"> <li>- Data</li> <li>- Big data</li> <li>- Cloud</li> <li>- Mobile devices</li> <li>- Social media</li> <li>- Software</li> <li>- Analytics</li> <li>- Embedded devices</li> <li>- Artificial intelligence</li> <li>- The Internet of Things</li> <li>- Cybersecurity</li> <li>- App marketplaces</li> </ul>	<ul style="list-style-type: none"> <li>- Business models</li> <li>- Operating models</li> <li>- Operational processes</li> <li>- Strategies</li> <li>- Business activities</li> <li>- Organizational structure</li> <li>- Organizational culture</li> <li>- Coordination mechanism</li> <li>- Products</li> <li>- New services</li> </ul>	<ul style="list-style-type: none"> <li>- Customers</li> <li>- Employees / workforce / people</li> <li>- Managers</li> <li>- Executives</li> <li>- Talents</li> <li>- Owners</li> <li>- Suppliers</li> <li>- Partners</li> <li>- Stakeholders</li> <li>- Competencies</li> </ul>

**Figure 2:** Categories of the concept “Digital transformation” and the elements within (Verina and Titko, 2019).



**Figure 3:** Conceptual model for categorization of corporate identity dimensions (Rutitis, 2016).

involved in corporate identity management or have indirect impact on its formation through one of dimensions.

It is important to note that these two conceptual frameworks serve different purposes, but at the same time they can be regarded as important managerial tools that help company management to navigate company towards more competitive position in the market and stronger competitive advantage, which is one of the main benefits from proper corporate identity management (Melewar, 2003).

## **The Role of Digital Transformation For Management of Corporate Identity**

By blending a concept of digital transformation together with a conceptual model for categorization of corporate identity dimensions it is possible to identify several corporate identity dimensions and align them with relevant managerial processes that have certain impact and role within digital transformation of any SME company.

These correlations and assumptions derived by the authors regarding specific corporate dimensions and management process having experiencing impact of digital transformation are depicted in Table 1.

Corporate identity dimension column states the respective fully manageable or partially manageable dimension, which can be managed through one of the management processes listed right next in the middle column. Next, the impact (high/medium/low) and role of digital transformation is assessed along with tools for implementation. Authors have also introduced a categorization of role of digital transformation to indicate if it relates to Management/Processes or People, while Technology is assumed to be embedded in each dimension as given variable to implement digital transformation.

## **DISCUSSION AND CONCLUSION**

Decision making process is hard when there is little or knowledge for executive teams of SMEs of how to digitalize in parallel of creating competitive strategy. Either internal level competence or external and outsourced help is needed to be attracted. Challenge is to keep the focus on the business, potential disruption possibilities and management plus allocation of the resources. How to maximize value for customers and how to do it in the best way – should be explored in further.

There is a practical necessity to explore potential of roadmap and balanced scorecard method combination that as a tool can be developed and widely used by SME in their way of creating competitive strategy within and with digital transformation. The model proposed by authors to assess impact of digital transformation on management of corporate identity dimensions and related management processes serves as the first attempt to bring together two different conceptual frameworks to introduce such roadmap and balanced scorecard.

Further research should generate primary data with interviews from leading experts in the field who both work with business and digitalization dimensions while consulting and implementing various projects for SMEs. The questions should include factors influencing and defining roadmap from practical aspects that can be adjust to specific industries and various levels of digitalization. Also, they should be asked to discuss possibility of corporate identity management in the context of digital transformation drivers and expected results. Next, the approbation and tests should be run on SME companies with respective frameworks, models and methods developed for them to incorporate them in daily set of managerial tools.

**Table 1.** The model assessing impact of digital transformation on management of corporate identity dimensions and related management processes (based on Rutitis et al., 2014; Rutitis, 2016, Verina and Titko, 2019).

Corporate identity dimension	Management processes	The impact and role of digital transformation
1. Profile, specialization, positioning	<ul style="list-style-type: none"> <li>• Development of business plan</li> <li>• Strategic decision-making</li> </ul>	Impact: High Tools: Internal financial and business analytics, BI Category: Management
2. Visual identity, other sensory dimensions	<ul style="list-style-type: none"> <li>• Development of visual identity and other sensory dimension guidelines</li> <li>• Visual and other sensory dimension audit once a year</li> </ul>	Impact: Medium Tools: audit of visual identity and other sensory dimensions once a year Category: Management
3. Scientific research, employee achievements	<ul style="list-style-type: none"> <li>• Decision-making regarding investment in R&amp;D once a year</li> <li>• Development of scientific projects and collaboration with other research institutions</li> </ul>	Impact: Medium Tools: monitoring of scientific paper databases, use of database and website crawlers, including artificial intelligence (AI) Category: Management
4. Customer service culture	<ul style="list-style-type: none"> <li>• Development of patient service standards and process descriptions</li> <li>• Development and implementation of rules and guidelines for interaction between staff and patients</li> <li>• Development and implementation of service quality model</li> </ul>	Impact: High Tools: internet environment monitoring, online customer surveys and feedback forms, quality audit and certification Category: People
5. Corporate communication	<ul style="list-style-type: none"> <li>• Corporate communications planning, including crisis communication</li> <li>• Implementation of guidelines for staff communication over the Internet</li> </ul>	Impact: Medium Tools: external research, media monitoring, social media review, website visitor analytics, customer surveys online Category: Management
6. Internal communication	<ul style="list-style-type: none"> <li>• Development and implementation of internal regulations</li> </ul>	Impact: Medium Tools: use of intranet platform, additional communication, and collaboration tools Category: Management
7. Future development strategy	<ul style="list-style-type: none"> <li>• <b>Digital strategy</b></li> <li>• EU fund acquisition for improvement of infrastructure, products, and processes</li> </ul>	Impact: High Tools: financial and business analytics Category: Management
8. Corporate structure	<ul style="list-style-type: none"> <li>• Strategic decision-making according to shareholder goals</li> </ul>	Impact: Medium Tools: internal financial and business analytics, internal surveys Category: Management

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