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Side Effects of Corporate Branding? The Impact of Brand-Architecture Strategy on Corporate Culture and Innovativeness

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SAS-MRKTG2008-04-Strebinger
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Side Effects of Corporate Branding ?

The Impact of Brand-Architecture Strategy on Corporate Culture and Innovativeness

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Working Paper

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[1] The authors thank Eva-Maria Seiter for her support in collecting and analyzing the data. This research has been funded by a research grant from the Vienna University of Economics and Business Administration, Austria (E.U.)

Abstract

Based on a sample of large Austrian and German companies, this paper investigates the impact that brand-architecture strategy exerts on the internal vs. external focus and the organic vs. mechanistic nature of corporate culture. We find that corporate branding leads to a corporate culture with a more internal focus. Surprisingly, we find marginal evidence for such an internal focus of corporate culture to exert a positive influence on innovativeness.

Key-words: corporate branding, brand architecture, corporate culture, innovativeness

Following an increasing interest of practitioners in this topic, research on brand architecture, defined as "the organizing structure of the brand portfolio that specifies brand roles and the nature of relationships between brands" (Aaker/Joachimsthaler 2000b, p. 8), has been identified as one of the top priorities of research on brands and branding in a recent *Journal of Marketing* article of Keller and Lehmann (2006). Given a certain number of products, target groups and target markets, brand architecture addresses the question of how many brands are optimal for the company. The spectrum of possibilities ranges from (a) a pure corporate-branding strategy (or "branded house", Aaker/Joachimsthaler 2000b), in which all products are sold under one brand name, and (b) mixed branding (see Keller 2003), in which all products bear an individual brand name in addition to the corporate brand, to (c) a strategy of completely separate brands (or "house of brands", Aaker/Joachimsthaler 2000b) for individual products.

Managerial and academic wisdom assigns some distinct advantages to a corporate-branding strategy as compared to a multitude of separate brands, most notably a cost advantage (e.g., Aaker/Joachimsthaler 2000a, p. 97; Meffert 2002, p. 137; Baumgarth 2004, p. 132; Esch 2005, p. 274) and higher employee commitment (e.g., Aaker/Joachimsthaler 2000a, p. 118; Meffert/Bierwirth 2002, p. 197). Recent empirical research even finds a positive impact of corporate branding on the intangible value of companies on the stock market (Rao et al. 2004).

This paper investigates a potential "side effect" that corporate branding might exert on the corporate culture and the innovativeness of companies. Specifically, we argue that corporate branding fosters a more mechanistic and internally oriented corporate

culture which, in turn, could reduce company innovativeness.

Brand Architecture, Corporate Culture, and Innovativeness

Previous research has identified two dimensions of organizational culture that play a significant role in determining the innovativeness of a firm (Cameron/Ettington 1988, p. 356; Berthon et al. 2001, p. 139):
(1) *process*: The character of organizational processes ranges from organic to mechanistic, with the former representing flexibility, adaptability, and spontaneity, and the latter representing control, stability, and order; (2) *focus*: Organizational focus ranges from internal to external, with the former stressing internal maintenance and integration and the latter stressing external positioning and competitive differentiation. Together, these two dimensions create four archetypes of corporate culture: the clan culture, the adhocracy culture, the hierarchy culture, and the market culture (see figure 1).

A single brand for all units of a company substantially raises the interdependence between the subsystems of the company. Thompson (1967) describes three types of interdependence between the units, divisions, or groups of a company: (1) "pooled interdependence" where each unit/group contributes to the whole by operating relatively independently; (2) "sequential interdependence" where asymmetrical dependence exists between groups; and (3) "reciprocal interdependence" describing a two-way interrelationship where the output of one unit/group becomes the input to another and vice versa.

As opposed to a strategy relying on a multitude of separate brands ("house of brands") where pooled interdependence is the dominating form of interrelationship between different units, a corporate-branding strategy clearly creates reciprocal interdependence. If product A, product B, and product C all carry brand name X, any success or failure of product A has a direct impact on the successes of products B and C (e.g., Wernerfelt 1988; Sullivan 1990; Loken/John 1993; Roedder John et al. 1998; Swaminathan et al. 2001). Among the three types of interdependence, pooled interdependence is most costly and most difficult to coordinate (Thompson 1967). Thus, corporate-branding strategies ceteris paribus require a particularly high level of coordination and integration

of the different units of the company, which is typically achieved by structural mechanisms such as formalization, hierarchy, and centralization (cf. e.g., Ensign 1998). This, in turn, should lead to a more internal focus and more mechanistic processes within the company. We therefore hypothesize that (see figure 1):

H_1: Companies with a corporate-branding strategy (strategy with separate brands) tend towards a corporate culture with a more internal (external) focus.

H_2: Companies with a corporate-branding strategy (strategy with separate brands) tend towards a corporate culture with more mechanistic (organic) processes.

Figure 1 about here

It has long been recognized that corporate culture is a key factor for a company's innovativeness (e.g., Burns/Stalker 1961). Although there is some plausibility in the Schumpeterian (1942/1947) argument that large bureaucratic organizations are powerful engines of innovation, research findings (Burns/Stalker 1961; Deshpandé et al. 1993; Kitchell 1995; Berthon/Pitt/Ewing 2001; Reigle 2001) and practical experience (Higgins et al. 1982; Baum 1986; Herbold 2002) indicate that excessive bureaucracy and a lack of market orientation, which are related to mechanistic processes and an internal focus, constitute an obstacle to technological innovation (cf. e.g., Raines/Leathers 2000). Thus, it is assumed that

H_3: A corporate culture with a more internally oriented focus yields lower innovativeness than a corporate culture with a more externally oriented focus.

H_4: A corporate culture with mechanisticly designed processes yields lower innovativeness than a corporate culture with organically designed processes.

These hypotheses were put to the test in a population of important consumer brand companies in Austria and Germany.

Methodology

2.1 Sampling and Data Collection Procedure

We started with a list of the 100 most important consumer product and service brand companies in Austria, as indicated by their above-the-line advertising spendings in three consecutive years. As Austria is frequently used as a test market for continental Western Europe by large multinational companies, we assumed the "brandscape" as well as the company strategy and culture to be fairly representative for this larger region. By focusing on large and mature companies in the fields of consumer products and services, we ensured two crucial properties of the sample: All companies investigated had a product portfolio of at least two different product categories, and the sample exhibited a high diversity of brand-architecture strategies, from almost pure corporate- branding strategies to almost pure separate-branding strategies. It should be noted, however, that many of the companies in the sample (e.g., Austrian Railways, Austrian Postal Service, Siemens, Bank Austria-Creditanstalt, Henkel Central and Eastern Europe) also serve industrial markets in addition to their consumer-market activities, and that these industrial-market activities were included in our measure of brand architecture.

In a first step, we contacted the companies by phone to identify their Chief Marketing Officers and their heads of R&D and asked these persons for their cooperation. We targeted both the Chief Marketing Officer and the head of R&D in order to have multiple informants available for measuring innovativeness and the company-related control variables described below. For those of the companies whose corporate headquarters was located in another country than Austria, we checked whether the Austrian subsidiary invested in R&D activities. If not, we turned to the German headquarters (e.g., for Siemens, BMW, or Beiersdorf). For cost, language, and time constraints, we excluded those companies who belonged to the 100 most important consumer brand companies active in Austria, but had their R&D activities in another country than Austria or Germany. This left us with a sampling frame of 84 companies.

Upon consent, we sent a questionnaire measuring innovativeness and the company-related control variables ("innovativeness questionnaire") by mail, or upon explicit request, by e-mail, to the informant, together with up to 8 questionnaires measuring

the corporate culture of the company ("corporate-culture questionnaire") and the request to distribute these corporate-culture questionnaires to up to 7 employees of different hierarchical ranks and to fill in the remaining corporate culture questionnaire him- or herself. Paper-and-Pencil questionnaires were considered to be particularly effective as some of the control variables in the innovativeness questionnaire required an internal data search on the part of some respondents, rendering interviews by phone either incomplete or incorrect. Also, we felt that paper-and-pencil questionnaires would make the distribution to other employees easier, and that answering the corporate-culture questionnaire in writing (as opposed to phone interviews) would reduce social desirability effects in portraying the climate in one's company. The corporate-culture questionnaires of the employees each had a separate return envelope attached to them, ensuring confidentiality for the respondent.

2.2 Measures

2.2.1 Desk research Brand architecture was conceptualized as the "manifest branding strategy" (Rao/Agarwal/Dahlhoff 2004), that is, the branding strategy that is observable to the researcher through an inspection of the brands used on the products and the packaging (Laforet/Saunders 1994; 1999; Rao/Agarwal/Dahlhoff 2004; Meissner/Baumgarth 2005; Laforet/Saunders 2007). This "manifest branding strategy" or "brand-architecture strategy" does not necessarily translate into complete and correct consumer perceptions of the brands (Bräutigam 2004; Strebinger/Schweiger 2006). In order to adequately capture even very complex strategies, we measured the manifest branding strategy of each company by complete pairwise comparisons of the "branding similarity" of its products. For a company with k products, this yielded $(k * k - k)/2$ pairwise comparisons of how similar the branding of the two products is, evaluated by two independent and thoroughly trained coders on a scale from 0 "completely different" (no relation of the brands visible for the customer) to 10 "completely identical" (no differences in branding visible for the customer). In their evaluation, the two coders had to take into account all branding elements utilized by the company (brand names, logos, typical packaging colors) and to weight them according to their relative visual prominence on the product or packaging. For services, additional branding elements such as employee uniforms (e.g., for Airlines) or typical nonfunctional design elements of the

outlets (e.g., for banks and retailers) were taken into consideration, too. The overall measure of manifest branding strategy was then calculated as the mean value of all ($k * k - k$)/2 pairwise comparisons of the branding similarity of the products of that particular company, with a aggregate value of 0 standing for a pure separate-branding strategy (no similarities in branding of any two products of the company) and a value of 10 standing for a pure corporate-branding strategy (with all products of company carrying the same brand and this brand only).

2.2.2 Innovativeness questionnaire Innovativeness was measured through self-assessment in four items on a scale from 1 "never" to 7 "always": "How often is your company the first in your industry" …. (1) "to develop and introduce new products and services?", (2) "with regards to the latest technology?", (3) "to use new technical or organizational processes for customer interaction and transactions?", (4) "to use new creative ways to present your products to the customer (e.g., in advertising or at the point of sale) that differ markedly from previous industry standards?" While the first two items were taken from the innovativeness scale applied by Capon et al. (1988) and Deshpandé et al. (1993), the last two items were added by us, as we felt that a complete analysis of the impact of corporate culture on innovative behavior of the company would have to capture these process innovations, too. Specifically, our measure of innovativeness should also take into account those types of innovation that are typical of industries other than high-tech industries (fast-moving industries: new forms to present existing products, e.g., in advertisements; service industries: new forms of customer interaction and transactions). For each industry, the letter accompanying the innovativeness questionnaire defined the term "product and services" in more detail. For example, key informants of retailers were asked to confine their answers to those product and service developments in which their companies directly participated (e.g., store brands, new proprietary methods of payment or delivery etc.). The four items were combined into a single measure of innovativeness (α=.76).[2]

Company-related control variables were (a) the size of the company, assessed by the number of employees in the country of the respondent and the number of employees worldwide; (b) industry, measured by dummy variables for "financial services", "retailing", "consumer durables", and "other", as compared to the reference category of "consumer non-durables"; (c) the percentage of sales

[2] We also asked for objective measures of innovativeness, namely the percentage of different types of innovations with respect to the total sales of the company. However, a considerable proportion of the sample did not provide us with these measures. Thus, relying on these objective measures would have further reduced sample size. Also, these figures are very difficult to compare across industries, and sometimes, obviously lacked the reliability necessary to use them in our analysis. We therefore decided to rely on the four-item self-assessment of innovativeness relative to the competition which is not specific to a particular industry.

originating from consumer markets (as opposed to industrial markets); and (d) the relative amount of investments into innovations. Whereas (a) could, in most cases, be retrieved from the internet, and (b) was determined by the researchers, we relied on our key informants for (c) and (d). To assess the relative amount of investments into innovations, we first asked the respondents to identify their most important competitors, and then compare the investments of their company relative to their competitors in five categories relative to the respective sales volume of their company and their competitors: R&D for new products and services, the development of new technical and organizational processes of customer interaction and transactions, communication with the final customer, personal sales representatives, and market research, on a scale from 1 "significantly less than our most important competitors" to 7 "significantly more than our most important competitors". The five items were combined into a single measure of relative innovation investments (α=.85).

2.2.3 Corporate-culture questionnaire Corporate culture was assessed trough the scale developed by Cameron and Freeman (1991) which since its development has been used frequently by other researchers and for which a tested German translation was available (Ernst 2003). In this scale, respondents are asked to assign 100 points to four items, for each of four indicators of corporate culture, namely (1) the "kind of organization" (for clan: "very personal place", for hierarchy: "very formalized and structural place", for adhocracy: "dynamic and entrepreneurial place", or for market: "production oriented"), (2) "leadership" of the head of the organization ("mentor, sage, father or mother figure", "coordinator, organizer, administrator", "entrepreneur, innovator, risk taker", or " producer, technician, hard-driver"), (3) "what holds the organization together" ("loyalty and tradition", "formal rules and policies", "commitment to innovation and development", or "tasks and goal accomplishment"); and (4) "what is important" ("human resources", "permanence and stability", "growth and acquiring new resources", or "competitive actions and achievements"). As in previous applications of

this measurement instrument, a principal-component analysis confirmed the two-dimensional structure of corporate culture, with the contrast of an "internal vs. external focus" explaining 45.6% of the variance, and the contrast of a "mechanistic vs. organic processes" explaining 37.6% of the variance. No other factors had an eigenvalue greater or equal 1. We used the factor scores in all subsequent analyses.

Employee-related control variables were (a) age, (b) gender, (c) hierarchical position (executive vs. non-executive), (d) formal education (college degree or higher vs. no college degree) and (d) department (marketing vs. other). Controlling for (d) was necessary as previous research had cast some doubt on whether marketing personnel is capable to adequately assess the items indicating a "market culture" (Ernst 2003).

Results

Of the sampling frame of 84 companies, 51 (63%) participated in the study. However, despite several reminder e-mails and phone calls, 11 of them only returned the corporate-culture questionnaires, but not the innovativeness questionnaires, reducing our sample effectively to 40. For these companies, the innovativeness questionnaire was returned by 47 key informants, leaving us with only 7 companies with multiple informants for which we took the mean of the two informants for innovativeness, percentage of sales in consumer markets, and relative innovation investments. 81% of these respondents were male, with a median age of 41 years, with 70% CMOs or Vice-Presidents Marketing and 30% heads of R&D or related departments.

Including the corporate-culture questionnaires filled in by the CMOs and the heads of R&D themselves, 166 employees of these companies returned the corporate-culture questionnaire. 57% had a college degree or higher, 59% of the respondents were male, and the sample had a median age of 36 years. 63% were working in the marketing department and 14% in the R&D department, the remainder of 23% coming from other departments. The total sample of 40 companies and, on average, 4.2 corporate-culture assessments per company is small, but about the size of previously published studies investigating the link between corporate culture and innovativeness (cf. e.g., Deshpandé/Farley/Webster 1993).

In data analysis, two provisions were made to cope with this small sample size. First, in

OLS regressions, we thoroughly inspected the data and the results for outliers and influential cases, using appropriate statistics and residual plots. In general, we eliminated all cases with a cook's distance of $D \geq 4/(n - p - 1)$, with n being the number of cases and p the number of independents (Fox 1991, p. 34). Secondly, we supplemented all analyses by bootstrapping using a sequential quadratic programming optimization algorithm. However, as the bootstrap led to the same conclusions in all cases, we only report the OLS results in the following.

3.1 Results for H_1

H_1 stated that companies with a corporate-branding strategy (strategy with separate brands) tend towards a corporate culture with a more internal (external) focus. We put H_1 to the test using Hierarchical Linear Modeling (HLM) with the company factor scores for the corporate culture dimension of "internal vs. external focus" as the dependent variable (with higher values indicating a stronger internal focus), the mean branding similarity as our measure of brand-architecture strategy (BRANDING) as the independent variable (m=4.31, s=2.81, minimum: .1, maximum 9.5 on the scale from 0 to 10), and the mean-centered age (AGEMC) as well as dummy variables for gender (MALE), education (COLLEGE), department (MARK) and hierarchical status (EXECUTIVE) as employee-related control variables. To control for all industry- and company-specific effects, the companies were treated as a random factor.

After elimination of three influential cases, the results for the fixed parameter estimates confirm H_1 (see Table 1): The more a company tends towards a corporate-branding strategy, the higher is the internal focus of its corporate culture [t(1, 36.438)=2.208, p=.03]. Furthermore, the random factor is significant, showing that idiosyncrasies of the companies account for a significant proportion of the variance in the internal vs. external focus of corporate culture ($\hat{s}^2$=.216, Wald Z=2.117, p=.034, see Table 2). Among the employee-related control variables, executives evaluate the corporate culture of their company significantly more externally oriented than non-executive employees [t(1, 150.854)=-2.825, p=.005]. We find no significant evidence that people working in the marketing department evaluate the focus of corporate culture differently from their non-marketing counterparts (p>.11).

Table 1 and 2 about here

3.2 Results for H_2

H_2 states that companies with a corporate-branding strategy (strategy with separate brands) tend towards a corporate culture with more mechanistic (organic) processes. A model analogous to the test of H_1 does not support H_2, as there is no significant impact of brand-architecture strategy on the extent of organic vs. mechanistic processes in the corporate culture ($t<1$, see Table 3). Again, we find a significant influence of the hierarchical position, with executives praising their company's corporate culture as more organic than their non-executive counterparts [$t(1, 153.165)=-2.440$, $p=.016$]. Also, the companies as a random factor exhibit significant idiosyncrasies ($\hat{s}^2=.483$, Wald $Z=3.291$, $p=.001$, see Table 4)

Table 3 and 4 about here

3.3 Results for H_3 and H_4

H_3 stated that a corporate culture with a more internally oriented focus yields lower innovativeness than a corporate culture with a more externally oriented focus. H_4 assumed that a corporate culture with more mechanisticly structured processes would yield lower innovativeness than a corporate culture with more organically structured processes. We put these two hypotheses to the test by means of a regression analysis with the two dimensions of corporate culture (internal vs. external focus; organic vs. mechanistic processes) as the independent variables, the four industry dummy variables (financial services, consumer durables, retailing, other) as compared to the reference industry of consumer nondurables, the relative innovation investments (INVEST), the percentage of sales on consumer markets (CONSUMER MARKETS), and the national and global number of employees (EMPLOYEES NATL and EMPLOYEES GLOBAL) as company-related controls, and innovativeness as the dependent variable.

Regarding H_3, the corporate-culture dimension "internal vs. external focus" exerts a marginally significant influence on innovativeness with $b=.580$ [$t(1, 29)=1.891$; $p=.069$], which, however, is in the direction opposite to the one expected by H_3: The more internal the focus of the corporate culture is, the higher the innovativeness of the company tends to be (see Table 5). Also, H_4 receives no support from the data which

shows no impact of the dimension "organic vs. mechanistic processes" on innovativeness ($p>.18$). Among the company-related controls, only the relative innovation investments significantly influence innovativeness, as expected, in a positive manner with $b=.682$ [$t(1, 29)=2.869$; $p=.008$].
Table 5 about here

Discussion

We find that, as expected, corporate branding leads to a corporate culture with a more internal focus. However, the data also yields unexpected results. We do not find an impact of corporate branding on the second dimension of corporate culture, the extent to which the company relies on organic vs. mechanistic processes. We maintain our assumption that corporate branding leads to a higher interdependence of different divisions of a company, as the evidence from brand-extension research for image spillover effects between different products of one and the same brand simply is too strong to be disregarded. If so, however, companies with corporate branding *should* have developed stronger formalized rules and procedures to protect and foster the reputation of the corporate brand across all product divisions. Our data do not give any indication that they actually did so. Thus, we interpret our findings in the sense that, currently, large companies with corporate-branding strategies put their faith rather in "soft" and intangible mechanisms of coordination and control through a shared identity and the "team spirit" than in implementing "hard" rules and processes. This interpretation would explain why we found effects of corporate branding on the focus of corporate culture which essentially deals with a mental state, but no effects on the predominant type of processes which would refer to actual administrative procedures. Support for this interpretation comes from qualitative research (Schweiger et al. 2004) and from anecdotal evidence (Aaker 2004), both indicating that many companies with corporate-branding strategies have not yet implemented formalized brand-architecture management structures over and above the traditional marketing structures for individual product categories and a corporate communications department that concentrates on target groups other than consumers. Provided that future quantitative research lends support to this interpretation, our results would call for increased efforts of companies with a corporate-branding strategy to align their brand-management structures with their branding (and interdependence) reality. From our data, such a

move towards a more formalized corporate culture would not necessarily have a negative effect on innovativeness which leads to the second set of surprising results of our study. We also found no influence of the dominant type of processes used in the company (mechanistic vs. organic) and even a marginally significantly positive impact of an internal focus on innovativeness. Three explanations may account for this deviation from previous research results: (a) differences in the sample, (b) cross-cultural differences, and (c) successful adaptations of companies with previously disadvantageous corporate cultures. With regards to the sample, previous studies relied on a mix of younger start-up companies and mature incumbents in high-tech industries, whereas our study included almost exclusively large and mature companies from various industries. It might be that the positive effect of an organic and externally oriented corporate culture on innovativeness is a specificity of a comparison of younger start-ups and older companies, confounding the effects of company age – a low company age in tech industries inevitably leads to a higher percentage of new products in the product portfolio – and corporate culture. When comparing incumbents from different industries with one another, a highly formalized and mechanistic corporate culture does not seem to be detrimental to innovativeness, and an internal focus, fostering employee relations and stability, even tends to contribute positively to innovativeness. Interestingly, this would fuel anew the old Schumpeter debate whether it is the individual entrepreneur, as in Schumpeter's early reasoning, or the large bureaucratic organization, that is in the fore of technological development (Schumpeter 1942/1947). In line with our findings and the late Schumpeter, Japanese companies at the peak of their technological leadership exhibited clan cultures and thus highly internally oriented corporate cultures (Deshpandé/Farley/Webster 1993). It could, however, also be the case, that the crucial difference is the country of investigation, with companies in countries like Japan, Germany, or Austria, countries with Hofstede Uncertainty Avoidance Indices of 92, 65, and 70, respectively (Cateora et al. 2006, p. 70), being more innovative with an internally oriented corporate culture and companies in the U.S. (with a Hofstede Uncertainty Avoidance Index of 46) being more innovative with an organic and externally focused corporate culture (e.g., Kitchell 1995). Such a cross-cultural interpretation makes up the second possible explanation of the deviation of our research results from previous findings. And thirdly, our findings could be due to the elapse of time since many of the previous studies. With previous research findings of a negative influence of bureaucratic corporate culture on innovativeness, many large companies actively tried to

fight a bureaucratic and internally oriented corporate culture in order to attract young engineers and scientists and to foster a climate of innovation. To this end, they reduced departmental barriers, e.g., by allowing R&D specialists to attend customer meetings (Maltz et al. 2001), and created small-scale units exclusively for research purposes. Technology-driven companies like Samsung or Seiko, for instance, now run two separate R&D units developing essentially the same products in direct competition to each other (Chandy/Tellis 2000). Other companies rely on outsourcing of some or all of their R&D activities to smaller start-up companies. If it were especially large companies with a formerly overly internally oriented corporate culture doing so, this would explain why it is exactly this type of company that now is more successful in terms of innovativeness than other companies. In this respect, recent research introduces the construct of "internal innovativeness" (Menguc/Auh 2006) or "active internal markets" (Chandy/Tellis 1998) in addition to the market orientation of the company.

However, this third explanation would also challenge the common way to measure corporate culture in our studies and previous research. Attempts to dissociate the working atmosphere in R&D units from the general corporate culture would require future research to apply measurement methods that allow for discrete or continuous heterogeneity in corporate culture. Although we strived for diversity in our within-company samples for the corporate-culture questionnaire, only 14% of our corporate-culture respondents came from R&D departments, and we averaged the responses from the employees to arrive at mean values for the corporate culture of each company. Furthermore, future research should actively seek to test for cross-cultural differences in the parameters linking corporate culture and innovativeness. Although difficult to achieve, larger sample sizes, multiple informants on innovativeness, and reliable objective numbers for innovativeness and innovation success would be desirable.

To conclude, corporate branding does have an effect on the focus of corporate culture by shifting it towards a stronger internal orientation. Different from what was expected from previous research, this effect does not seem to inhibit innovativeness, but rather to promote it. The mediating and moderating variables for this fostering effect of an internal focus have to be examined in future research. Also, from a practical perspective, a shift to an internal focus might still be disadvantageous for the company when considering other drivers of marketing success such as the predominant type of conflict resolution

(Jung 2003) or the thinking style of marketing managers (Berthon/Pitt/Ewing 2001; White et al. 2003). Berthon et al. (2001), for instance, found that an external focus of corporate culture boosts long-term strategic thinking, while an internal focus promotes short-term tactical thinking among marketing managers. In this regard, corporate branding might, through its impact on the focus of corporate culture, still have negative "side effects" in other realms than innovativeness. Also, it is unclear whether the lack of evidence for an effect of corporate branding on the nature of processes (organic vs. mechanistic) is a favorable finding for companies with corporate branding. They currently seem to rely on "soft measures" of coordination and control only. Future research should thus include direct measures of the processes and structures used to coordinate and control brand positioning across different divisions of companies to allow a disentanglement of the overall nature of processes rooting in corporate culture and the specific nature of the processes used in brand-architecture management.

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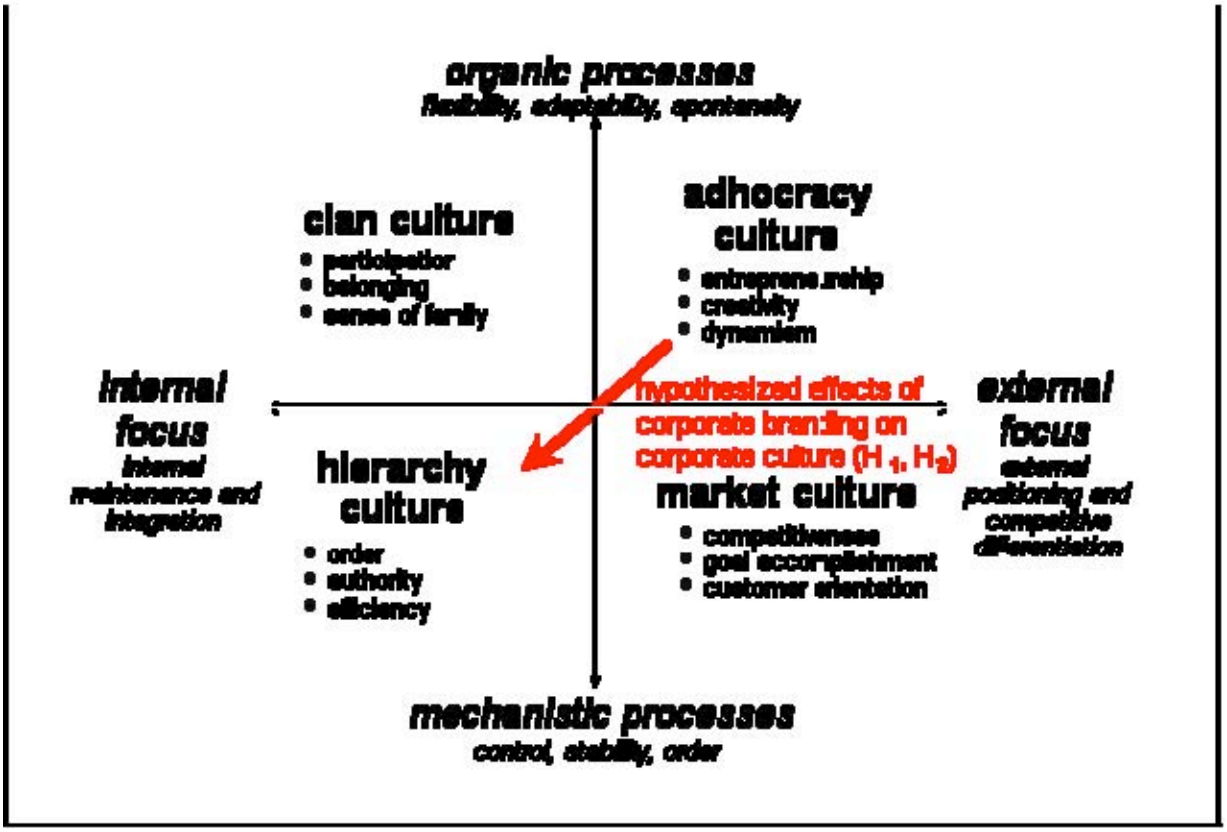

Figure 1: Dimensions and Archetypes of Corporate Culture and the Hypothesized Effects of Corporate Branding on Corporate Culture (H_1, H_2)

Estimates for the fixed parameters

Parameter	estimate	S.E.	degrees of freedom	t value	significance	95% Confidence interval	
						lower bound	upper bound
Constant	.4124438	.1867807	124.305	2.208	.029	.0427613	.7821262
BRANDING	.0862672	.0381982	36.438	2.258	.030	.0088299	.1637045
AGEMC	-.0121487	.0090624	151.695	-1.341	.182	-.0300535	.0057561
MALE	.0470094	.1672654	150.978	.281	.779	-.2834738	.3774926
COLLEGE	-.0600847	.1582470	151.980	-.380	.705	-.3727326	.2525633
MARK	-.2514056	.1616219	150.460	-1.556	.122	-.5707472	.0679360
EXECUTIVE	-.4839113	.1712939	150.854	-2.825	.005	-.8223562	-.1454664

Dependent Variable: Internal vs. External Focus (Factor Score, higher values indicating a stronger internal focus)

Table 1: Results for H_1: Fixed parameter estimates

Estimates of Covariance Parameters

95% Confidence Interval

Parameter	Estimate	S.E.	Wald Z	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Residual	.6578698	.0899334	7.315	.000	.5032425	.8600082
Intercept [subject=comp] Var	.2158729	.1019586				

2.117

.034

.0855399 .5447881

Dependent Variable: Internal vs. External Focus (Factor Score, higher values indicating a stronger internal focus)

Table 2: Results for H_1: Estimates of Covariance Parameters

Estimates for the fixed parameters

Parameter	estimate	S.E.	degrees of freedom	t value	significance	95% Confidence Interval lower bound	95% Confidence Interval upper bound
Constant	-.1776151	.1973409	131.947	-.900	.370	-.5679764	.2127461
BRANDING	.0292849	.0436130	44.707	.671	.505	-.0585721	.1171418
AGEMC	-.0102144	.0089506	148.731	-1.141	.256	-.0279013	.0074724
MALE	-.0225613	.1635261	146.441	-.138	.890	-.3457373	.3006147
COLLEGE	-.1269790	.1558646	149.352	-.815	.417	-.4349635	.1810055
MARK	.1288510	.1632600	154.288	.789	.431	-.1936625	.4513644
EXECUTIVE	.4128876	.1692498	153.165	2.440	.016	.0785222	.7472529

Dependent Variable: Organic vs. Mechanistic (Factor Scores, higher values indicating more organic processes)

Table 3: Results for H_2: Fixed parameter estimates

Estimates of Covariance Parameters

Parameter		Estimate	Std. Error	Wald Z	Sig.	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
Residual		.5908179	.0783176	7.544	.000	.4556381	.7661030
Intercept [subject = comp]	Var	.4828880	.1467280	3.291	.001	.2661978	.8759681

Dependent Variable: Organic vs. Mechanistic (Factor Scores, higher values indicating more organic processes) .

Table 4: Results for H_2: Estimates of Covariance Parameters

	2.581 1.120 B S.E. Unstandardized Coefficients	Beta Standardized Coefficients	2.304 t value	.029 Significance	.290 4.871 Lower Upper 95%-Confidence Interval for B	Zero Order Partial Part Correlations Tolerance VIF Collinearity Statistics
Constant						
INVEST	.682 .238	.663	2.869	.008	.196 1.168	.222 .470 .448 .456 2.192
RETAILING	.206 .508	.080	.405	.688	-.833 1.244	-.083 .075 .063 .624 1.603
FINANCIAL SERVICES CONS	-.935 .611 .461	-.364 .169 -	1.530	.137 .421	-2.185 .315 -.694	-.066 -.273 -.239 .430 2.323 .127 .150 .127 .570
NON-DURABLES	.565 -.068 .536	.028	.816 -	.900	1.617 -1.165 1.028	1,754 .122 -.024 -.020 .505 1.980
OTHER			.127			
CONSUMER MARKETS	-.009 .008	-.222	1.075	.291	-.026 .008	-.169 -.196 -.168 .569 1.756
EMPLOYEES NATL.	-8.19E-06 .000	-240	-.813	.423	.000 .000	.190 -.149 -.127 .280 3.577
	4.232E-06 .000	.353 .462 -	1.290	.207 .069	.000 .000 -.047 1.207	.203 .233 .201 .326 3.072 .095 .331 .295 .408
EMPLOYEES	.580 .307 -.351	.297	1.891	.183	-.876 .175	2.454 -.011 -.246 -.213 .514 1.946
GLOBAL INTERNAL VS. EXTERNAL. ORGANIC VS. MECHANISTIC	.257		1.365			

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Dependent Variable: Innovativeness

Table 5: Results for H3 and H4