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NETWORK APPROACH TO CORPORATE BRANDING IN SMES

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Abstract			
<p>Corporate branding has traditionally been conceived as an internally driven process. However, the contemporary conceptual logic of branding recognizes that brand value is co-created through interactions with multiple stakeholders. Furthermore, given the interdependencies of the network economy, it may happen that corporate brand image is seriously improved or damaged through actions taken by company's internal or/and external actors. Thus, this study stops seeing corporate brand building process taking place in isolation and starts looking at it in an inter-organizational setting. The study elaborates on how network actors participate in corporate branding in the particular context of SMEs operating in business-to-business context.</p> <p>The study was conducted by using qualitative research methods to increase both practical and theoretical understanding of the current phenomenon that lacks existing research. Abductive reasoning was used in theory development as it fits into the exploratory nature of this study. To empirically detect and analyze the network actions that impact on the SME's corporate brand image and to provide an answer to the research questions, six narrative interviews were conducted with experienced SME managers and professionals in North-Finland.</p> <p>The study finds that interconnected social and business network relationships influence the SME's corporate brand image perceived in the markets as well as the nature of the company's internal branding decisions and identity. The study's main contribution is a definition of a new concept of <i>corporate brand value net</i>. Corporate brand value net refers to those firm-specific focal actors in the SME's network that co-create its corporate brand image by developing the functional and symbolic value of the brand.</p> <p>The study confirms earlier studies on that the company's internal stakeholders have an essential role in constructing and delivering brand value. Apart from that, the study suggests that there are also external network actors who participate either directly or indirectly in SME's corporate branding. The study further introduces a new model of corporate branding in network context that is sensitive to the unique characteristics of business-to-business SMEs; one that illustrates how both internal and external network actors participate in corporate branding and how these stakeholder relationships can be managed in order to improve the corporate brand image.</p> <p>Networks are crucial particularly for SME's corporate brand building and some of the network relationships may constitute themselves one of the most valuable corporate branding resources possessed by a small company. A SME cannot manage its network, but it can make use of its stakeholder relationships in branding and improve the corporate brand performance through active networking with relevant actors. This consequently shifts the focus of corporate branding outside of the boundaries of one organization to a network context.</p>			
Keywords Small and medium-sized enterprises, brand management, networking, business-to-business marketing			
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1 INTRODUCTION

1.1 Introduction to the topic and justifications of the study

Branding has been around for centuries, traditionally, as a means to identify and differentiate one product or a firm from one another (Keller 2003: 3). However, the meanings of brand and branding in business and the ways that those concepts are approached by both academics and practitioners have evolved over the past decades (Louro & Cunha 2001; Veloutsou 2008; Merz, He & Vargo 2009). This is partially due to the growing academic attention toward the issue in order to more deeply understand the meaning and value of brands and the branding process and also due to the prevalent changes in the competitive environment which have also affected on the general evolution in marketing research (Merz *et al.* 2009).

A considerable feature of marketing practice and academic thought nowadays concerns the emergence of brands as the key organizational assets and important managerial resources that acquire real competitive advantage and financial value for a company (see e.g. Louro & Cunha 2001; Balmer & Grey 2003; Hatch & Schultz 2003). Perälä-Heape (in Knuutinen 2010) from Tekes (the Finnish Funding Agency for Technology and Innovation) further notes that, besides research and development, also branding requires investments as it is essential in commercializing new technology and innovations. According to Perälä-Heape, branding should be an integral part of companies' business development to increase the competitiveness and profitability in the markets. In addition, companies must have the ability to operate in networks to more effectively apply external knowledge instead of trying to do everything themselves (*ibid.*).

The special characteristics of the emerging network economy, however, bring up challenges which traditional branding knowledge has been unable to seize sufficiently (Moilanen 2008) The network economy refers to the requisite need of companies to interact and co-operate with each other and additional actors in the network to increase efficiency and gain competitive advantage (see e.g. Möller & Svahn 2003; Ritter & Gemünden 2003 ; Håkansson & Snehota 2006). Möller and

Svahn (2003) even state that, today, no firm can pursue major innovations or complete product offering alone because of the dispersion of knowledge and technological resources. In fact, networks are seen as operational structures in which companies in all kinds of industries need to manage these days (O'Donnell 2004). Consequently, the focus of the discussion moves from the individual dyadic relationships to a wider structure of networks (Ritter & Gemünden 2003). According to Leitch and Richardson (2003) interconnectivity and decentralization are the central logics of the 'new' network economy as the basic principle of networking is to add value to add value to both the organization itself and to other network actors. Even so, interconnectivity and decentralization have not been central features of the conventional corporate research (*ibid.*).

Therefore, despite the fact, that the ever increasing existence and importance of networks to business marketers has been widely recognized in the marketing literature the dominant theories of corporate branding are still largely derived from the determinant logics in the context of so called 'traditional markets' (Leitch & Richardson 2003). One main feature of the earlier 'organization-centred' (*ibid.*) research is its strong emphasis on corporate branding as an internally driven process (Balmer & Grey 2003) where the branding decisions are based on a company's internal perspectives alone and the stakeholders are viewed as targets rather than partners or co-creators in developing the corporate brand (Gregory 2007). Corporate brand building and valuation and the creation of strategic and financial value from the utilization of corporate brands are thus conventionally handled as organization-centred decisions.

However, in the highly networked context of so called new economy, which is characterised by complexity of relationships (Gummesson 2007), networks of alliances (Håkansson & Sharma 1996) and variety of organizations working together to gain effectiveness (Achrol & Kotler 1999), these presumptions are no longer adequate tools to guide organizations in their branding processes (Leitch & Richardson 2003). Leitch and Richardson (2003) further stress that theory building must, thus, move from being organization-centred to being 'relationship-centred' that considers the networks in which an organization is entangled with as a core part of its

identity rather than as external elements. As a conclusion, even though the networking approach has been widely adopted in business, yet, branding literature has so far paid very little attention to how different network actors can contribute to brand building and brand management process, or moreover, how the range of key stakeholders can be actively engaged in developing a strong corporate brand (Gregory 2007).

Morgan, Deeter-Schmelz and Moberg (2007) for instance, have examined the potential effects of the multiple brand relationships in business-to-business service industry context by adopting the network perspective. Their study strongly suggests that, especially in service network context, partner firm performance is a key influence on consumer evaluations of the focal firm, including the focal firm's brand strength and image. Fyrberg and Jürriado (2009), for one, have examined networks and brands within the service-dominant logic (S-D logic) and demonstrate the importance of interaction between network actors as a driving force behind the co-creation process. However, branding research in the network context has, so far, mainly concentrated on service industry and particularly in travel industry, where the (yet somewhat academically unestablished) construct of *network brand* has also been exploited (see Moilanen 2008). Here the term refers to a brand which is not a brand of a single product or a company, but a collectively constructed and governed brand of the intentionally created 'strategic' network itself, as such, closer to the brand alliance concept. Although, the idea of collaboratively developed corporate brand provides an alternative approach and some theoretical stepping stone, yet, the focus of this research in question is the 'loose' network of independent actors that potentially participate in a corporate branding process.

Äyväri and Möller (1999) note that the network theory is especially of interest in the case of SMEs as their own resources are generally very limited making them highly dependent on the resources and expertise of other actors. The capability to utilize and exploit the network relationships can, therefore, be seen as crucial for SMEs corporate brand building and overall performance. Furthermore, there is very little research about small business branding in general because branding is usually

associated with big consumer-focused companies and multinationals (Inskip 2004; Krake 2005; Merrilees 2007). Compared to large scale organizations, SMEs also seem to have some specific characteristics which have an effect on both the network capabilities and implementation of branding strategies in practice. This research will, hence, concentrate on examining the issue in this specific context of small and medium sized business-to-business companies operating in networks which will also provide some main underlying assumption to the domain of the current research.

As discovered, there is a lack of academic evidence on brand value co-creation process through relationships among different network actors (i.e., firms, including intermediaries, brands, and all stakeholders) (Merz *et al.* 2009) and more attention should be paid to the underlying theory of how customers, brands and, networks, interact and how those actors together construct value (Brodie, Glynn & Little 2006). Accordingly, as networks are proved to be important for value creation since they bond social and economic actors (Fyrberg & Jürriado 2009) there is an underlying need to more explicitly demonstrate the nature of a network and how it actually functions in the brand value creation process in the particular context of business-to-business SMEs. As a result, even though, there is a considerable amount of branding and networking research carried out on the field of marketing literature, there is very little explicit research available on this specific topic. Much could, therefore, be gained from the elaboration of corporate branding and brand management through a more profound connection to the interactivity and network literature.

1.2 Positioning of this study

The aim of this research is to combine branding and networking research domains in the context of small and medium sized business-to-business companies to conceptualize branding and networking in business-to-business SME and to propose how network actors may participate in corporate brand building in SME. The theoretical contribution sought is primarily directed to the brand management theories but also can be made in relation to business network theories, particularly SME business network management.

1.2.1 Theoretical background of this research

Contemporary theoretical perspectives on corporate branding and branding in SMEs in parallel with SME and entrepreneurial business network research to date are examined as a basis for understanding the focal phenomenon (see Figure 1) – how corporate brands are developed and managed in a business network context?

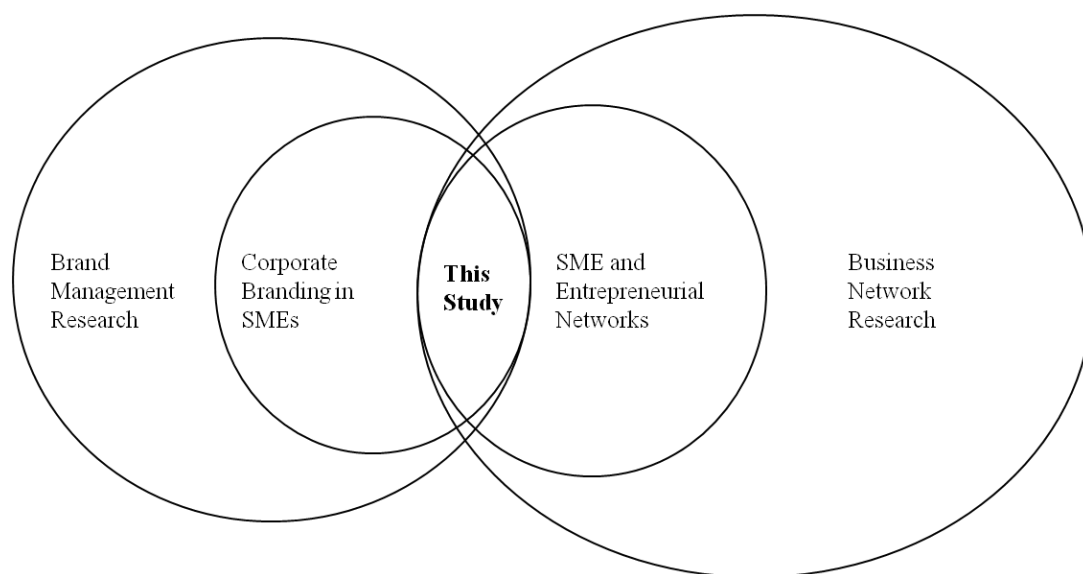


Figure1. Theoretical background of the research

1.2.2 Constantly evolving brand logic

As mentioned above, the understanding of the meanings and functions of brand and branding have been developing over the past decades. Researchers have investigated the evolving brand logic and coupled the reconfiguration of managerial and academic perceptions on the strategic role and significance of brands (see e.g. Louro & Cunha 2001; Merz, He & Vargo 2009).

In the Individual Goods-Focus Brand Era (1900s – 1930s) (Merz *et al.* 2009) brands simply denoted a name, symbol, logotype or trademark used by firms to show legal ownership, identify, differentiate, communicate and take responsibility for their

offering (Louro & Cunha 2001; Balmer & Grey 2003; Hankinson 2004; Ballantyne & Aitken 2007). In the Value-focus brand era (1930s – 1990) brand academics began to understand and conceptualize also the symbolic value associated with brands in addition to the functional benefits related to the customers' utilitarian needs (see Park, Jaworski & Macinnis 1986). However, brands still remained widely understood as rare firm-specific assets generated through the advertisement-driven communication of a unique brand identity (Louro & Cunha 2001; Hankinson 2004). In Relationship-focus brand era (1990s – 2000) researchers broke away from the thinking of previous eras that highlighted that the brand image, as the primary driver of brand value, is internally created by firms and embedded in the physical goods and moved the customers into the centre of the brand value creation process (Merz *et al.* 2009). Brand scholars in the Stakeholder-focus brand era (2000 and forward) have started to further examine the collective and dynamic nature of the brand value creation processes which have contributed to an understanding that brand value is not only co-created through isolated, dyadic firm-customer relationships but rather co-created within wide stakeholder-based networks through relationships and social interactions among different actors (Iansiti & Levien 2004; Merz *et al.* 2009) and, thus, is in the public domain (Ballantyne & Aitken 2007).

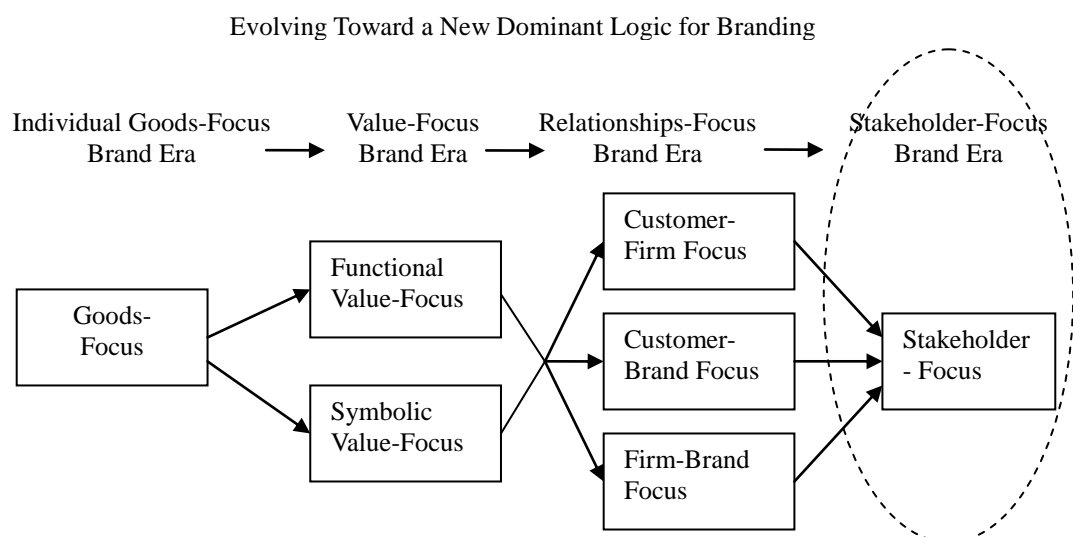


Figure 2. Evolving toward a new dominant logic of branding (adapted from Merz, He & Vargo 2008: 332)

In conclusion, the preceding overview of the evolving logic of branding, also illustrated with the picture above (Figure 2), can be seen as a ground for the shift of interest of further research from the traditional focus on the organization-centric or the customer-firm dyad to a focus on wider system-wide structure of the business networks. The stakeholder-focus brand era as the stage of the relational approach in branding evolution and its characteristics will, thus, be of particular interest in this research.

1.3 The objectives of the study and the research questions

The broad purpose of this study is to go from seeing corporate brand building and maintenance process in isolation to an inter-organizational setting and to include the network approach to the brand management discussions. By combining these research domains in the specific context of business-to-business SMEs it is possible to increase understanding of the phenomenon that lacks previous research.

The main objective of this study is to provide a model that is sensitive to the unique characteristics of business-to-business SMEs; one that illustrates how both internal and external network actors participate in corporate branding and how these stakeholder relationships can be managed in order to improve the corporate brand image.

Research questions:

- *How can we conceptualize corporate branding in business-to-business SME?*

- *How can we conceptualize networking in business-to-business SME?*

- *How network actors participate in SME's corporate branding in business-to-business markets?*

By answering to these research questions the study seeks to provide a holistic description of the phenomenon. The specific conception of branding and networking in business-to-business SMEs first needs to be examined in order to understand how network actors may participate in corporate branding in such specific context.

1.4 Research methodology

This study will be conducted using qualitative methods aiming to understand and explain the phenomenon rather than to measure or predict it (Ghauri & Gronhaug 2002: 88). Accordingly, qualitative methods are particularly suitable for uncovering a phenomenon about which lack previous research and, therefore, only little is known (Shaw 1999). The general philosophical approach here is subjectivist which dominates qualitative methodology (see e.g. Eriksson & Kovalainen 2008:13). It includes consideration of multiple realities, subjective and context specific perceptions and active interpretation (Carson, Gilmore, Perry & Gronhaug 2001: 5).

The study uses abductive reasoning which is positioned between the deductive and inductive ways of carrying out qualitative studies. The aim of the abductive process is to extend the already existing theory (Strauss & Corbin 1998) or to suggest new theories through dialectic interaction between empirical study and prior research (Dubois & Gadde 2002). The intention is thus to combine the existing theories and see how they apply to the particular context of the current research problem that has remained fairly unexamined, and to further develop the theory through empirical analysis. This approach is appropriate here because the previous theoretical knowledge on branding or networking is not able to explain the underlying phenomenon (see Dubois & Gadde 2002).

The study will build upon what has been learned in previous studies. A comprehensive review of existing literature pertaining to corporate branding and networking particularly in business-to-business SMEs will undertake in order to achieve a profound understanding of the subject under study. However, considering the exploratory nature of this research on the topic that lacks theoretical evidence the

idea is to use only a tentative theoretical frame in order to allow the research evolve rather than limiting the results to predetermined assumptions (see Hill & Wright 2001). The literature used as a basis of this research is collected using different approved databases of academic publications like Emerald Journals, Pro Quest or EBSCO by using relevant entries. The chosen literature is not predefined or restricted by any means so that it would cause minimal distortion to the current phenomenon.

Small firm research is essentially concerned with the nature of reality in the social world as it involves the study of human subjectivist actions and behaviour in the context they are embedded (Shaw 1999). To acquire rich and appropriate empirical data, those with the knowledge and expertise must be located (Hill & Wright 2001). The empirical data-gathering will, thus, concentrate on narrative interviews and in-depth discussions with business-to-business market experts who are knowledgeable about the specific nature of SMEs. Narrative approach to data collection provides a fundamental means to understand how individuals make sense of themselves and their social reality (Cohen & Mallon 2001), it is also seen as the typical way of people to share information (Riessman 1993: 2–4) and to make one's experiences understandable to others (Koskinen, Alasuutari & Peltonen 2005: 193).

Through more profound understanding of the phenomena some normative conclusions will also be made based on the findings to guide some managerial implications and recommendations. However, any follow-up research considering the managerial implications are not going to be conducted or further examined in this research.

1.5 Key concepts

Corporate brand

Knox and Bickerton (2003) define corporate brand concisely as, “the visual, verbal and behavioural expression of an organization's unique business model”. The definition of corporate brand relevant to this research will be further derived from the

psychological interpretation that highlights the close connection of corporate brand to the stakeholder approach and, thus, see it as a ‘collectively determined (Merz *et al.* 2009) distinctive image (or imagery picture) of a corporation, tightly anchored in the psyche of the stakeholders, that influence the behaviour of stakeholders’ (Mefferet & Bierwirth 2005: 144 via Fiedler & Kirchgeorg 2007). In addition, it should be noted that as the term “corporate” brand apply to the entire organization it does not necessarily refer to a large company but also to SMEs (Merrilees 2007).

Corporate branding

Corporate branding, on behalf, is the management of the corporate brand (Fiedler and Kirchgeorg 2007). Einwiller and Will (2002: 101) (building on the definition of Van Riel & Van Bruggen 2002) have defined corporate branding as a “systematically planned and implemented process of creating and maintaining favourable images and consequently a favourable reputation of the company as a whole by sending signals to all stakeholders by managing behaviour, communication, and symbolism”. By this definition, researchers already acknowledge that apart from the firm-originated signals, there are influences deriving from external sources that can generally not be planned and managed by the company which may affect corporate brand. However, the active role of external parties in this process should be further emphasized. Thus, this definition is an add up to the relational approach to corporate branding, the focus of this research, which views branding as a social and dynamic process, in which brand value and meaning is co-constructed through continuous interactions and communication between organization and its various stakeholders (Merz *et al.* 2009; Louro & Cunha 2001).

SME

The most recent definition of SME offered by the European Union (in January 2005) will be adopted in this research as considered the most valid and concise. Here, the concept of SME encompasses micro, small and medium-sized enterprises as presented in the Table 1.

Table 1. Categories and definitions of SMEs by the EU (European Commission 2009)

Enterprise category	Headcount	Turnover	or	Balance sheet total
medium-sized	< 250	≤ € 50 million		≤ € 43 million
small	< 50	≤ € 10 million		≤ € 10 million
micro	< 10	≤ € 2 million		≤ € 2 million

Brand identity and brand image

Brand identity and brand image are closely related but distinct sub concepts of a brand (Nandan 2005) whose more explicit definition should facilitate describing some aspects of brand thinking. The distinction between these concepts rest on the notion of that brand could be perceived differentially by various internal and external parties (Veloutsou 2008). *Brand identity* is the internal part of the brand and refers to how the brand is perceived and understood inside the organization (Rode & Vallaster 2005). This firm-generated brand identity is, by no means, automatically accepted by target audiences (Veloutsou 2008). The concept of *brand image* thus refers to how the brand is actually perceived by customers and other stakeholders (Ballantyne & Aitken 2007). According to Ballantyne and Aitken (*ibid.*) brand image is essentially socially constructed; meaning that it is not just the sum of individual perceptions but a shared reality, dynamically constructed through socially interaction between a company and its wide group of stakeholders. In particular, this perspective of brand image is accepted and further examined in this research.

Business network

The approach to business networks as self-organized, evolutionary outcomes of interrelated interaction processes (see e.g. Möller & Wilson 1995; Håkansson & Snehota 1995), as opposed to the networks as constructs formed intentionally by a single actor or a group of actors (i.e. “strategic networks” perspective) (see e.g. Jarillo 1988; Parolini 1999), is adopted in this research.

SMEs operating in networks

Äyväri and Möller (1999:18) define SMEs operating in networks as “small and micro sized companies that base their business processes (e.g. product planning, production, marketing) on co-operation with other firms on complex and multifaceted network relationships”. In other words, the focal firm does not own or internally manage all the necessary functions needed to deliver the total offering but co-operates with other actors in the focal net to carry out its business operations.

Network Actor

Håkansson and Johanson (1992: 28) define network actors loosely as “those who perform activities and and/or control resources”. All individuals, groups of individuals, parts of firms, firms and groups of firms which carry out interactive exchange relationships with other actors can, therefore, be counted as network actors.

Stakeholder

Freeman’s (1984: 46) broad and deceptively simple definition of stakeholders include “...all of those groups and individuals that can affect, or are affected by, the accomplishment of an organizational purpose.” Building on this well accepted definition, Bickerton (2000) defines brand stakeholders as all those who either have an economic interest (e.g. employees, shareholders, suppliers, partners) or an economic impact (e.g. customers, opinion formers, regulators, legislators) in the company and, thus, to its brand. The terms stakeholder and network actor are used partly overlapping in network research. In this research, however, the term *stakeholder* refers to certain actors in a firm-specific network context (e.g. SME’s focal net) whereas the term *network actor* refers to an unspecified group of actors in a network.

1.6 Structure of the study

The first chapter introduces the subject and theoretical positioning of the study and the design and methodology of the study are also presented. In the second chapter the literature on both corporate branding and networking is reviewed from the particular perspective of business-to-business SMEs. In the end of the chapter the theoretical model of this study is presented. In the third chapter the choices of methodological approach are discussed and the empirical method of this study is brought forward. After that, in the chapter 4 the empirical findings of the study are described and in the end of the chapter the empirically grounded model of managing network actors' participation in SME corporate branding is suggested. Finally in the fifth chapter, the findings and their theoretical implications are discussed and explained in more detail followed by some practical recommendations and critical evaluation of this study. Based on this, the directions for further research are suggested in the end.

2 CORPORATE BRANDING AND NETWORKING

This study examines corporate branding in SMEs in business network context and the potential brand value generated through networking with a view to detect and analyze the actions taken by the network actors that participate in corporate branding. The phenomenon under examination is complex as it embodies several sub-areas of both branding and network research.

Similar to the three research questions, the literature review in this chapter is divided into three parts. First, the construct of corporate brand is further clarified and the nature and characteristics of corporate branding particularly in the context of business-to-business SMEs are examined based on the existing theory and prior research in the academic literature. The second part continues by reviewing the theoretical basis of business relationships and networks, again, with emphasis on the SME perspective. The final part of this chapter then strives to combine these two streams of academic thought in order to take a view of corporate branding in a network context.

2.1 Corporate branding

2.1.1 Corporate branding research

Over the last 15 years corporate branding has evolved from being seen simply as the consistent application of strong graphic design into a philosophy and a process of organizational change. Corporate branding is not therefore, merely a nice logo or powerful advertising. Above all, it is concerned with giving an organization a clear and publicly stated sense of what it represents (Inskip 2004). Corporate branding has generally been seen as an effective alternative to a company to focus on a small number of individual product brands (Abimbola 2001).

Corporate branding shares the same objective as product branding in creating differentiation and preference (Knox & Bickerton 2003). But instead of focusing

only on consumer-product relationship corporate brands need to deal with the requirements of all internal and external stakeholders, and networks i.e. customers, employees, investors, partners, suppliers, regulators, special interest groups and local communities (Balmer 2001a; Hatch & Shultz 2003; He & Balmer 2006; Fiedler & Kirchgeorg 2007; Merrilees 2007; Roper & Davies 2007) and are, thus, multidisciplinary in scope and far more complicated to manage.

Despite the vast amount of branding research carried out over the past decades, there is very little research about small business branding because branding is usually associated with big companies and multinationals (Krake 2005; Wong & Merrilees 2005; Merrilees 2007). Inskip (2004) further notices, that there are not many examples of a strong corporate branding philosophy among the small business-to-business companies compared to large consumer-focused businesses in all sectors. The few research (see e.g. Boyle 2003; Inskip 2004; Krake 2005; Wong & Merrilees 2005; Abimbola & Kocak 2007; Ojasalo *et al.* 2008) conducted in this area, however, have shown that brand orientation can be a positive force for market performance and especially critical in guiding small business growth and expansion.

Corporate brands have a perceived benefit both to the organization itself and its stakeholders in several regards. Corporate brands perform valuable functions to firms encapsulating and communicating organizational values (Balmer 2001b; He & Balmer 2006; Merrilees 2007). Corporate brand also affords efficient means of differentiation-based positioning strategies (Balmer 2001b; Inskip 2004; Krake 2005) and visual recognition from the competitors (He & Balmer 2006) which are difficult for competitors to copy (Abimbola & Kocak 2007). Branding also improves the profile of the company in terms of reputation and trustworthy which, in turn, increases the customer loyalty (Balmer 2001b; Balmer & Gray 2003) and investor confidence (He & Balmer 2006; Merrilees 2007). Ind (1998) further states that, strong corporate brands are able to recruit and retain the most skilled people and provide employee motivation.

Within the literature, there is a growing consensus that corporate brand management in SMEs is different compared to traditional product branding or branding in general

exemplified by big multinationals (see e.g. Krake 2005; Wong & Merrilees 2005; Berthon, Ewing & Napoli 2008). Traditional branding research should not, however, be regarded as totally inapplicable in SME context considered that SMEs and large scale organizations share a number of factors as they both operate and are dependent on global and information loaded economies that are characterized by market saturation and rapid innovation diffusion (Abimbola & Kocak 2007).

2.1.2 Nature of corporate branding in SMEs

Krake (2005) notices that even though the creation of high brand awareness is considered as a target companies want to attain, it is rarely a conscious goal for SMEs, and in many cases receives little or no attention in the daily run of affairs. Moreover branding is still somewhat unfamiliar construct for SMEs and often confused with concepts such as credibility and reputation building (Inskip 2004) which are very much inter-related activities (Christopher & Gaudenzi 2009; Merrilees 2007).

Wong and Merrilees (2005) find that at the top of the branding-archetype ladder model (see Table 2) brand becomes an un-separated (integrated) part of a firm's business strategy; while most of the SMEs (those at the minimalist or embryonic stage) still handle branding as separate functional activity, often limited to advertising and the brand name and logo. According to Krake (2005), in these cases, branding is seen mostly as a cost factor rather than an investment for business growth, making the company incapable of implementing an integrated long-term branding strategy that would result in competitive advantage. Those of truly brand oriented SMEs, for one, understand the relational and constantly evolving nature of brand which brings them a need and desire to actively improve their brand performance (Wong & Merrilees 2005). Through a process of dialogue and negotiation between a company and its stakeholders, brand value and vision develop over time (Gregory 2007). Therefore, e.g. collecting and analyzing feedback is an essential branding activity for SMEs that are at the integrated stage in their brand building process (Wong & Merrilees 2005).

Table 2. Branding archetypes of SMEs (Wong & Merrilees 2005: 159)

Type (ladders)	Branding activities	Brand distinctiveness	Brand orientation	Brand performance
Minimalist	Low-key marketing across the board	Low	Low	Low
Embryonic	Stronger marketing but not branding; very informal branding; seen as optional; narrow promotional tools; word of mouth	Low/medium	Medium	Medium
Integrated	Stronger marketing and branding; either informal or formal branding; branding integral, not an option; wider promotional tools	Medium/high	High	High

There are obstacles, mainly related to the SME's lack of financial and human resources, time, and influence, which hinder SMEs' ability to productively conduct major branding activities (Krake 2005). SMEs are often pre-occupied with daily routine and sales catching (Wong & Merrilees 2005) since for them generating turnover is to be considered at least as important goal simply to survive as the long term goal of increasing brand recognition (Krake 2005).

On the other hand, despite the lack of resources, there also seems to be some distinct advantages available to SMEs' brand management in terms of flexibility of structures and processes (Abimbola & Vallaster 2007), speed of decisions and reactions, and the eye for market opportunities (Krake 2005). Boyle (2003) further reminds that despite the limited resources, building a strong brand is possible also in small business context when done through creation of distinctive image, based on innovative functional attributes of the market offering combined with personalized conceptual attributes and positive brand values.

2.1.3 Characteristics of corporate brand in SMEs

The essence of corporate brand is to be found from the core values which are associated with the brand (Urde 2003; He & Balmer 2006; Balmer 2008). Corporate brand values reflect the identity of an organization (Balmer 2001a, 2001b; Urde 2003) and guide the brand building process conducting the organization's leadership, strategy, product development, communications, etc. (Urde 2003). The organizational structure, physical design and culture further help to support the meaning of the corporate brand both internally and externally (Hatch & Shultz 2003). Some of the unique characteristics that differentiate the nature of corporate brand of SME may be determined by the inherent personal characteristics and behaviors of the entrepreneur. In SME organizations the corporate identity and the core values as the essence of the brand are often solely defined by the owner-manager and further, at large, anchored with his/her own vision, philosophy and personality (Abimbola & Vallaster 2007). As such, the manager often is the brand (Ojasalo *et al.* 2008) of which success is highly dependent on his/her future brand vision and personal persistence (Boyle 2003). Brand visioning is, thus, an important activity in SME corporate branding as, according to Urde (2003); it provides a meaningful goal and a source of inspiration and challenge for the organization.

Brands represents both functional and symbolic values for the customer (Bhat & Reddy 1998), which has proven to be the case also in business-to-business markets (see e.g. Lynch & de Chernatony 2004; Lynch & de Chernatony 2008). De Chernatony *et al.* (2000) further note that symbolic values that satisfy the customers' self-expression needs provide more sustainable and consistent source of brand differentiation than functional values related to the product/service performance (see also Bhat & Reddy 1998; de Chernatony, Harris & Dall'Olmo Riley 2000; Boyle 2003). Thus, researchers stress that, in addition to unique functional benefits, a strong successful corporate brand also perform some emotional benefits and positive associations, attractiveness and chic (e.g. Aaker 1996; de Chernatony *et al.* 2000; Knox & Bickerton 2003). However, many of the SMEs operating in business-to-business markets are highly product or technology driven (Ojasalo *et al.* 2008) and

their approach to branding widely exhibits a brand with dominant emphasis on unique and superior product characteristics (Mowle & Merrilees 2005).

2.1.4 Corporate brand management in SMEs

Corporate brand has a strategic imperative as it represent the organization as a whole instead of just one product category (He & Balmer 2006) and should therefore be managed within the context of the organization's strategic plan (Roper & Davies 2007). As it focuses on the entire organization, corporate brand management resides, in the end, with the top management rather than simply with the sales or marketing function (Balmer 2001a; Hatch & Shultz 2003) and, further, requires total corporate commitment, corporate-wide communication and financial investments (Balmer 2001a; He & Balmer 2006). He and Balmer (2006) suggest that, typically, the corporate brand covenant is defined by the senior management often in terms of a clearly defined corporate branding proposition, which is then promoted through multiple channels of communication and experienced through the organization's market offering and behaviour (He & Balmer 2006).

In particular, when it comes to SMEs, the influence of an entrepreneur/owner manager in terms of his/her passion for the brand is of a great importance (Krake 2005; Merrilees 2007). The owner-manager plays a central role: not only in determining the structure of the organization and how much attention is given to the brand management, but also in personifying the meanings of the brand and transferring the passion to the rest of the organization by setting clear objectives and delivering the brand message in everything he/she does (Krake 2005).

Krake (2005) developed a funnel model of brand management for SMEs based on a qualitative case study of ten medium-sized firms. He concluded that it is not possible to comprehensively define a common track on brand success route. Instead, the influence of the entrepreneur, the market and the company structure (including awareness and objectives of brand management, ability of personnel, type of

product/service and state of competition) are the main factors affecting the role of branding in SMEs (*ibid.*).

According to Keller (2000: 115) a positive corporate brand equity is build up by promoting the corporate brand to relevant audience, that is, important stakeholder groups, including markets and publics in its environment (see also Cornelissen 2004: 185). Hence, in the small business-to-business context, there is no need to attract wide public like in the consumer market, but rather to catch the interest of key decision makers in the target stakeholder groups (Krake 2005; Ojasalo *et al.* 2008). Whereas large-scale sales promotions are more prevalent in big firms, personal selling or face-to-face communications are critical brand communication activities for SMEs (Wong & Merrilees 2005). Moreover, owing to the limited promotional resources of SMEs, creativity and consistency in branding principles and practice are, thus, of particular importance for SMEs in order to reach the desired goals and communicate its message effectively (Krake 2005; Boyle 2003). In addition, distinctive and appealing visual brand identity and product/service design can become a major identification point and competitive advantage for the brand (Boyle 2003).

2.1.5 Summary

Based on the previous research on branding in SMEs (see Boyle 2003; Inskip 2004; Krake 2005; Mowle & Merrilees 2005; Wong & Merrilees 2005; Abimbola & Vallaster 2007; Merrilees 2007; Ojasalo *et al.* 2008) strong and distinctive corporate brands have proven to afford both actual and consequential value for the company itself, as well as concrete functional value-in-use concurrent with symbolic benefits for the customers and other company stakeholders.

Core value based corporate branding is a strategic and integrated way of business thinking and acting and, as such, as an inherent part of both organization's strategic planning and everyday business operations instead of a separate marketing activity. By these means, adopting corporate branding philosophy and techniques is an

affordable way also for SMEs (besides big companies) to distinguish their market offering and accent the uniqueness of their corporate identity in order to gain competitive advantage and growth in the highly saturated markets.

Things that seem to distinguish small business-to-business branding from branding in big multinationals are their lack of branding knowledge and resources, and the strong personification of the brand. Innovativeness, personality and flexibility of their operations and adaptability to changing circumstances, for one, offer SMEs a great advantage especially in the networked economy where building business relationships and networks is particularly of the essence.

The main corporate branding activities for SMEs can be summarized based on the preceding literature review as; *brand visioning, indentifying brand's core values, developing both functional and symbolic values of the brand, creating distinctive brand name and design, communicating and promoting brand values to relevant audience, building brand relationships and networks and collecting and analyzing brand feedback* from the market to further improve brand performance. In the branding literature these are conventionally considered as internally driven activities. However, given the relational nature of the construct of corporate brand, the company stakeholders have also become accepted as active constituents of the branding process. The aim of this study is to further examine how the company's stakeholders can actually play a part in, or even self-perform some of the activities that contribute to the development of SME's corporate brand.

2.2 Business relationships and networks

2.2.1 Companies in business networks

Changes in the competitive environment (globalization, technology, Internet etc.) have brought us to an era where traditional markets are being replaced by networks of interrelated companies and other actors (Möller & Halinen 1999). Accordingly, companies are striving to utilize the external 'market-based' assets by forming value

adding, co-operative, market relationships with stakeholders e.g. other firms (competitors, distributors, suppliers) and customers to improve their competitiveness (Frels Shervani & Srivastava 2003). Consequently, companies nowadays act in a complex dynamic environment, where no firm can really be understood or evaluated without a reference to its relationships with its counterparts (Jarillo 1988; Wilkinson & Young 2002). Furthermore, the more that organizations become a part of such complex relationship networks, the more dependent they become upon the other network actors for knowledge and other resources (Christopher & Gaudenzi 2009).

The speed of change has meant that there is simply inadequate time for a single organization to hold resources and develop expertise in all the necessary areas (Wilkinson & Young 2002; Leitch & Richardson 2003). Thus, organizations are increasingly outsourcing or co-producing their business activities to be able to focus on their own areas of core competence in order to increase competitiveness (Jarillo 1988; Prahalad & Hamel 1990). Möller and Halinen (1999: 416) note that “the global scale of operations, enhancing competition, and the complexity of technology have increased even the resource linkages between multinational corporations, to say nothing of SMEs, into true interdependence”. Accordingly, network is an operational structure in which all actors, including managers of SMEs, in all kinds of industries operate these days (O’Donnell 2004).

2.2.2 Level of network analysis

Networks and relationships are widely recognized in academic research, yet, there is no cohesive body of literature on the topic (Araujo & Easton 1996; Ritter & Gemünden 2003). For instance, Araujo and Easton (1996) have identified no less than 10 different schools of network thought. The diverse of approaches come from different disciplines and share multiple objectives making the field of research very fragmented (*ibid.*). According to Håkansson and Ford (2002: 133) a network, in its most abstract form, is a “structure where a number of nodes are related to each other by specific threads”. In a complex business network nodes can be described as specific net-units i.e. companies, business units, or individuals which comprise the

sources of particular capabilities or resources, and threads as the interfaces or links between them which enable those capabilities or resources to be applied to create value in the marketplace (Håkansson & Ford 2002; Christopher & Gaudenzi 2009; see also Araujo & Easton 1996). Nodes and links of interactions are, thus, the basic elements of all networks. Networks, however, come in many shapes and are shaped by many forces since each specific network applies these elements in an individual way (Gummesson 2007).

Network studies typically examine either the whole system of relationship in or egocentric networks, where a focal person or an organization is the central unit of analysis (Gummesson 2007). The focus of the network approach in this research, however, is upon the set of activities performed by different network actors and not limited to examining the individual actor or focal company or net only, but the phenomenon at large.

According to Gummesson (2007) networks, in principle, are scale-free meaning that their size has no boundaries. However, in practise, networks are limited by specific conditions and circumstances related to the company or the market that they operate (*ibid.*). Håkansson and Johanson (1992) suggest that the boundaries of the relevant overall network structure have to be defined depending on the focus and objectives of the focal study. According to Tikkanen (1998) the term ‘focal network’ is used to capture all those network features that might have relevance to the underlying research. Accordingly, the construct of SMEs’ focal business network need to be further characterized in order to detect those inter-personal and inter-organizational relationships within the overall network which are seen as relevant to this research.

2.2.3 Managing in business networks

Business relationships are interrelated and, thus, interdependent, and so, whatever happens in one relationship will always have either positive, negative, marginal or substantial affect on all connected relationships (Håkansson & Ford 2002; Wilkinson & Young 2002). Relationships have a history, present and future (Håkansson & Ford

2002) and they evolve over time, as such, are not static (Ritter & Gemünden 2003). All activities in the network are dependent on the previous, current and future actions and reactions of the other actors (Ritter & Gemünden 2003; Håkansson & Ford 2002). Furthermore, a company seeking a change is always dependent on the approval and actions of other network actors to achieve the change (Håkansson & Ford 2002).

Accordingly, there is no firm that can manage, design or have a complete control over a network (Håkansson & Ford 2002; Ritter & Gemünden 2003). Although, centers of more strongly connected and controlled actors may occur (Wilkinson & Young 2002), and some active members with central positions and high density of links in the network might gain advantage over some less central and active members in a network (Håkansson & Snehota 2006). Thus, instead of managing the network, every company needs to manage in the network and guide the way they act and respond to other network members (Wilkinson & Young 2002), i.e. manage the relationships and interactions between the stakeholders within a certain focal net (Batt & Purchase 2004).

In a network setting relating to the context and creating a distinctive identity in relation to the other network actors becomes a central strategic activity which is ultimately achieved through interactive behavior of individuals in relationships (Håkansson & Snehota 2006). Interactions between organizations and individuals build up an inter-organizational and inter-personal relationship and trust over time (Ritter & Gemünden 2003). In the case of large companies these interactions are often in the form of mass marketing communication or product/service experience whereas SMEs more frequently rely on more personalized and interactive experiences with their internal and external stakeholders (Fisher, Geenen, Jurcevic, McClintock & Davis 2009).

According to Håkansson and Snehota (2006) the effectiveness of a business organization operating in network is further given by its capacity to influence the behavior of related actors and acquire resources through exchange with other parties in its context, rather than only controlling internal strategies and resources. By

influencing relationships network actors may try to mobilize activities and exploit resources of other actors in order to achieve their own objectives and enhance their own performance (Ritter & Gemünden 2003; Håkansson & Snehota 2006). In that respect, some of the inter-organizational relationships in the business network constitute themselves one of the most – if not the most – valuable resources possessed by a company and are essential to its competitive positioning (Jarillo 1988; Håkansson & Snehota 2006). They provide both direct benefits, in terms of the added value they perform and the resources they provide access to and help to generate, including knowledge and markets, and indirect benefits as they allow access to other relations, organizations, resources, and competencies (Håkansson & Snehota 1995; Walter, Ritter & Gemünden 2001).

Even though, the essential principle of networking is to add value through co-operation both to the organization itself and to other network actors, one should still remember that all the network actors are simultaneously competing for a share of the value that can be extracted from the net and, thus, have a vested interest in the overall value of the net in which they operate (Leitch & Richardson 2003). Moreover, while the network of existing relationships provides a great opportunity for a company to influence others and to access the external resources and to link the parties' activities together, at the same time, relationships are also a force for other actors to influence the company and might even act as a severe limitation or a serious reputational risk on a single company (Christopher & Gaudenzi 2009; Ritter & Gemünden 2003; Håkansson & Snehota 2006).

2.2.4 Nature of networking in SMEs

Networking activity is especially important for SMEs due to the resource constraints and limitations they experience, plus the need to compete more effectively and strategically against their bigger counterparts. Because of their size and limited industrial influence (Spickett-Jones & Eng 2006) and human and financial resources, especially in such critical areas as research and development and international marketing (Tikkanen 1998), SMEs can be argued to be highly dependent on their

capability to exploit the resources and know-how of other actors through network relationships (Möller & Äyväri 1999). SMEs exploit these social and industry network contacts in a variety of ways; to gather information, to reduce risk, to promote the business (Gilmore, Carson, Grant, O'Donnell, Laney & Pickett 2006), to achieve legitimacy within a market and (Larson 1992), furthermore, to generate repeat business and positive-word-of-mouth (O'Donnell 2004).

Researchers (Carson, Cromie, McGowan & Hill 1995: 201) describe networking in a small firm context as an “activity in which the entrepreneurially oriented SME owners build and manage personal relationships with particular individuals in their surroundings”. According to Komulainen, Mainela and Tähtinen (2006) large, diversified companies generally enjoy more opportunities to exploit company-level network ties than smaller, less-connected companies. SMEs, for one, strive to utilize especially personal-level social networking to gain access to and mobilize external resources (*ibid.*). Researchers (Möller & Äyväri 1999; Gilmore *et al.* 2001) further state that, in small companies the networking capability is greatly a combination of the manager's personalized competence and organizational (including employees) capabilities. By developing these capabilities companies can more effectively exploit the network to enhance the value of existing resources and even co-create new resources (Möller & Svahn 2003a). In addition, social relationships can mediate or open the way to new business contacts (*ibid.*). Furthermore, networking is widely used by managers to make sense of what happens in complicated markets and provides understanding of inter-organisational relationships in business-to-business markets (Olkkonen, Tikkanen & Alajoutsijärvi 2000). In particular, SMEs use networks as a source of critical market information e.g. about business opportunities and potential partners instead of conducting more formal and expensive market research (Wong & Ellis 2002).

Given the strong influence of personal relationships and contacts, networking in SMEs can, on one hand, be considered as a natural and inherent activity that SME managers shape to fit their predominant circumstances and the particular needs of their company (O'Donnell 2004). Gilmore, Carson and Grant (2001) also note that

SME managers widely recognise that building and investing in business relationships are vital to a company's success and they also make concerted efforts to include actors such as customers, potential customers and even competitor in their networks. However, the formation and development of business networks still remain largely unstructured, reactive and coincidental in nature as the inherent existence of the SME manager's networks is built around their normal interactions and day-to-day business activities. The nature of networking in SMEs becomes more strategic when learning through experience and gathering more business contacts (*ibid.*).

2.2.5 Construction of business relationship network

In their quest for learning new competences and getting access to markets and resources, companies within the context of network economy, are likely to develop both horizontal and vertical relationships within a given supply chain which include interactions between customers and suppliers as well as competitors and non-commercial agencies (Möller & Halinen 1999; Leitch & Richardson 2003). In addition, these inter-organizational relations involve a blend of cooperative and competitive elements (Wilkinson & Young 2002).

According to Möller and Äyväri (1999) there is high emphasis on the social and personal relationships of an owner-manager in the contemporary network research of SMEs in general. Rocks, Gilmore and Carson (2005), further, conclude that it has been very difficult to develop interpretative models of networks in SMEs because of the very reason that these bounded individual networks are strongly influenced by the personality of the key actors. In addition, these groups of actors often overlap with each other (Olins 2000). For example, suppliers can also be partners, customers or shareholders. Furthermore, the network relations seem to be organic (Balmer 2001b) as their order of superiority and importance differ between companies and vary over time depending on current demands, pressures and goals (Einwiller & Will 2002).

O'Donnell (2004), however, have classified some essential network actors with whom owner-managers interact to accrue marketing benefits as: potential and existing customers, potential and existing suppliers, competitors, business friends and colleagues, public agencies, and employees of the firm (internal network). In addition to this, partner firm's performance (Morgan *et al.* 2007; Ojasalo *et al.* 2008) as well as media relations (Jones 2005; Christopher & Gaudenzi 2009) can be considered affecting also SME's publicly perceived reputation. Moreover, friendship is also said to play an important role in the constructing of an SME manager's social network (Mainela 2002: 42). Thus, due to the evident presence of both economical and personal aspects in SME networking principle, it is of important to include both social and inter-organizational dimensions in the analysis.

2.2.6 Summary

Companies operate in a networked economy where all the actors influence, and can be influenced by, each other's actions and are, thus, to some extent always dependent on each other. Based on the previous research on networking in SMEs (Möller and Äyväri 1999; Gilmore *et al.* 2001; Wong & Ellis 2002; O'Donnell 2004; Rocks *et al.* 2004; Gilmore *et al.* 2006; Spickett-Jones & Eng 2006), given the lack of internal resources and limited industrial influence, networking is important, even essential, especially for SMEs to manage competition. The key is that, by becoming an active network member and also by recognizing the other stakeholders as such can help SMEs to manage their network relationships and, furthermore, to acquire value from the actions of the key stakeholders. In SMEs networking is greatly characterized by the manager's personal relationships and organizational capabilities to develop and exploit these relationships.

There are multiple different contingency specific actors constituting a company's business network, having either direct or indirect impact on its performance. The key stakeholders of SME can be identified based on the previous findings from the existing literature as; *the company management and employees, customers, suppliers, competitors, business friends and colleagues, public agencies, partners and media.*

The aim of this study is to further examine the activities through which the network actors may participate in SME's corporate branding process.

2.3 Corporate branding in a network context

2.3.1 Relational nature of corporate brand in a network context

Brands have traditionally considered as the firm-provided property (Veloutsou 2008; Merz *et al.* 2009) developed and managed inside one company (intra-organizational character) to facilitate external market transactions mainly with customers (Morrison 2001; Veloutsou 2008). This perspective is, however, in contrast with the view of the industrial network theory which presumes that resources are essentially created through joint actions of two or more actors in the network (Äyväri 1999; see also Håkansson & Snehota 1995).

The logic of branding has recently shifted to view branding as a collaborative, value co-creation activity of firms and all of their stakeholders (see Figure 3) where the brand reputation is formed not only from the provider's actions but also from the actions coming from external sources (Merz *et al.* 2009; see also Veloutsou 2008). The dominant conceptualization of brands has further shifted to view brands as process oriented relational assets whose value to the organization is always dependent on past, present and future interactions with various network actors (Ballantyne & Aitken 2007). The overall brand performance, thus, seems to be reliant on a range of both internal and external stakeholders. Christopher and Gaudenzi (2009) even go as far as suggesting that whereas in the past the brand may have been the product or the company, increasingly the network will be the brand.

	Relationship-Focus Brand Era (1990s– 2000)	Stakeholder-Focus Brand Era (2000 and Forward)
Orientation	Process Orientation	Process Orientation
Contribution	Dyadic relationships with internal and external customers	Network relationships with all stakeholders
Evolving Brand Logic	External and Internal customers are operant resources	All Stakeholders are operant resources
Visual Depiction	<p> = individual customer = employee </p>	<p> = different stakeholders = brand community </p>

Figure 3. Relationship-focus brand era versus stakeholder-focus brand era (Merz, He & Vargo 2008: 337)

Given the interdependencies in the networked economy, there is an increased change that the reputation of a company can be seriously impacted (either improved or damaged) by the actions of other network actors (Christopher & Gaudenzi 2009) and apart from the systematically planned internal branding process there are influences deriving from external sources that can not necessarily be planned or managed (Einwiller & Will 2002). Thus, it has been somewhat restrictedly implied that the producer is solely responsible for the communication and the activities developed in the long run of the brand reputation (Veloutsou 2008). Even more deceptively, many firms primarily assume that, in addition to the distinctive tangible brand marks and symbols, the meanings associated with the brand are something they unequally generate and control (Ballantyne & Aitken 2007).

Jones (2005) in his model of stakeholder brand equity (see Figure 4) emphasize not only the fact that brand value is created through some form of interactive relationships with various stakeholders, but also that these relationships are

interconnected (not isolated) and, thus, function as a network supporting or working against the brand value. Meaning further that, different stakeholders might hold different, even contrary, perceptions of the brand which are constantly exposed to the changes taking place in the competitive environment. Within this relational approach to corporate branding, competitive position respectively emerges as the outcome of a process of multiple stakeholder interactions whereby a complex web of actions and reactions determines the ultimate brand performance. Accordingly, brand meanings are generated through a continuous social process (Muniz & O’Guinn 2001) whereby any firm based brand value is being co-created and recreated through diverse negotiations and interactions with multiple stakeholders (e.g. Ballantyne & Aitken 2007; Brodie 2009; Brodie, Whittome & Brush 2009).

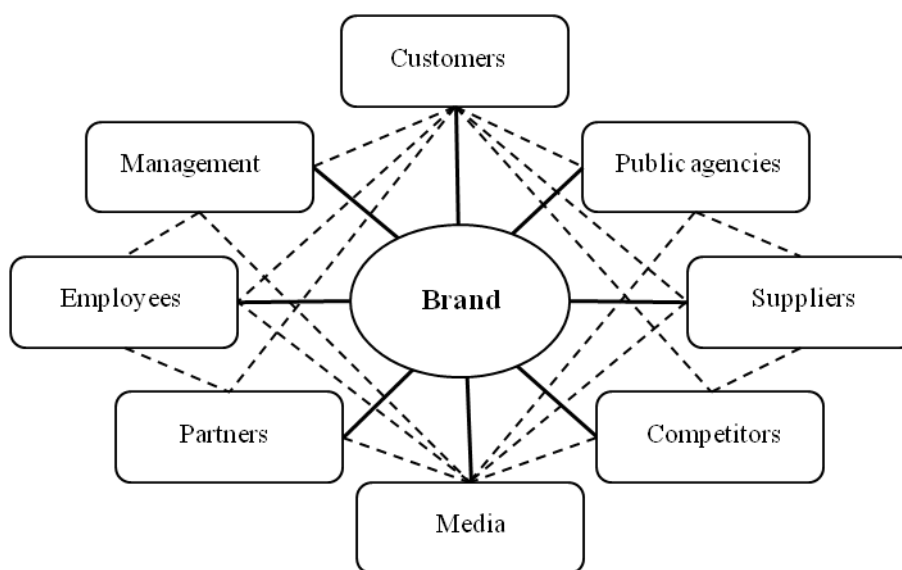


Figure 4. A Stakeholder Model of Brand Equity in SMEs (adapted from Jones 2005: 18)

The concept of network positioning (Håkansson & Snehota 1995) is not, yet, to be confused with brand positioning. According to Kapferer (1994: 39) brand positioning “applies to a process of emphasizing the brand distinctive and motivating attributes in the light of competition”. Building on the notions of Leitch and Richardson (2003), in network context, brands are actively in a battle of positioning with one another in relation to stakeholders brand value perceptions. Whether in a spirit of

cooperation or competition, brands in a network constantly jostle with each other to create and recreate meaning in the minds of stakeholders. That is, by generating their own brand value proposition in relation to the others allowing a company to establish a distinctive and favourable brand position, but may also attempt to change the competitors brand positions (*ibid.*). Brand strategies can, thus, impact positively or negatively on the strategic positioning of firms within business networks relationships as the branding implications extent to other stakeholders (Ballantyne & Aitken 2007).

2.3.2 Network actors' participation in corporate branding

Freeman (1984: 46) argues that organizations are defined by their stakeholder relations and that stakeholders are not only those groups that management believes to have a stake in the organization, but also those who decide for themselves to take a stake in the organization. Jones (2005) further notes that there are many stakeholder relations (some that have generally been overlooked) that are identified as being significant in the creation of brand value. Accordingly, there are various different actors in a company's network that can play a part in corporate branding.

Employees, as internal stakeholders, have long been recognized in the branding literature as key in building and maintaining relationships with all the company's stakeholders and contributing the value of the brand (see e.g. Harris & de Chernatony 2001; de Chernatony 2001; Balmer & Grey 2003; Hatch & Shultz 2003; Jones, 2005; He & Balmer 2006 etc.) Or, on the contrary, employees can also act as brand saboteurs if performing against the brand's propositions (Wallace & de Chernatony 2007).

Christopher and Gaudenzi (2009) claim that, customers with high expectations and needs often represent a potential source of negative word-of-mouth. In fact, Ojasalo *et al.* (2008) in their study reveal that a significant part of the communication which is not controllable by the SMEs is particularly word-of-mouth among customers. However, we also find examples of customers building strong and self-organizing

brand communities and actively participating in developing both functional and emotional values of the brand and, furthermore, acting as brand advocates (see e.g. Muniz & O'Guinn 2001; McAlexander, Schouten & Koenig 2002; Andersen 2004; Ouwersloot & Odekerken-Schröder 2008).

In addition, due to increased outsourcing and co-producing business activities, partner firms, such as value adding customers, component manufacturers or post service providers, have become more inherent in contributing the product/service performance and consequently the functional value of the brand (see e.g. Morgan *et al.* 2007). According to Morgan *et al.* (2007) particularly in service network contexts, partner firm performance is a key influence on consumer assessments of the focal firm, including the focal firm's brand strengths and images. Thus, especially small companies are inclined to form close co-operative relationships with high reputed channel members and use their brand as a point of reference (Ojasalo *et al.* 2008) and act as additional brand marketers, yet with a vested interest. Some manufacturing companies might even be highly dependent on distributors or intermediaries and their contributions on how the brand is introduced to the end users (Jones 2005).

Companies can also use outsiders like consultancies and advertising, communication or graphic agencies to help them with the brand development process (Inskip 2004; Ojasalo *et al.* 2008). According to Inskip (2004) SMEs particularly in the business-to-business sector often need assistance especially in translating the company's vision into a distinctive brand concept. However, Ojasalo *et al.* (2008) note that considering the limited financial resources of SMEs, such cooperation tend to be short-term.

Jones (2005) highlights the very influential role of media and different non-government organizations (NGOs) whose acts or attacks might have long-length consequences for corporate brand reputation and value world-wide. Especially media and those people or organizations that have some vested interest in the business, may play a crucial role in revealing scandals, particularly when the companies involved haven't manage to deliver their branding pledge (Christopher & Gaudenzi 2009).

In conclusion, several studies propose the important contribution that different key stakeholders such as customers (Merrilees 2007), employees (Krake 2005; Wong & Merrilees 2005), partners (Morgan *et al.* 2007) or resellers (Ojasalo *et al.* 2008) can make in co-constructing corporate brands. Hatch and Schultz (2003) note that the company is finally built upon the key decisions these stakeholders make which are affected by the attractiveness of the corporate brand (see Figure 5). In other words, from the managerial point of view they should be seen as a resource that can be leveraged by small firms to increase brand awareness and continuously improve their brand performance.

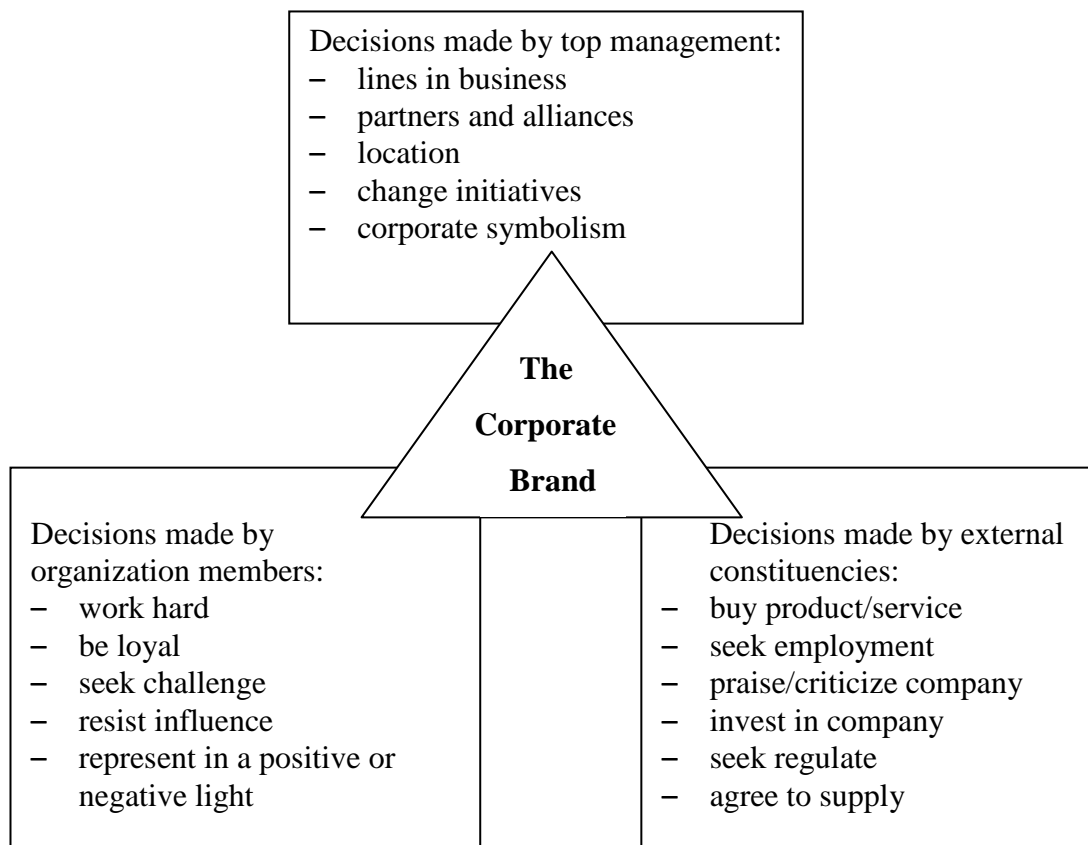


Figure 5. Successful corporate brands tap the attractive force that draws stakeholders to the organization (Hatch & Schultz 2003: 1046)

Consequently, successful corporate branding results from understanding and responding to multiple internal and external stakeholders (Roper & Davies 2007), and being receptive for their input (Gregory 2007) as brand value is ultimately

defined by a number of different actors who can contribute either to support or to destroy the meaning and value of the brand (Jones 2005).

2.3.3 Managing corporate brand in a network context

A company itself, as a network of internal stakeholder relationships, forms the basis of its ability to develop and implement its branding strategy. However, it is rarely in total control of the outcome of all the stakeholder relationships (Ritter, Wilkinson & Johnston 2004). But instead, it is a subject to the control and influence of others within the network (*ibid.*), which clearly presents a challenge and a dilemma for corporate brand management in terms of developing and implementing brand strategies within the network.

Accordingly, researchers have more gradually become to reject the idea of the traditional top-down view of brand management and cautioned against seeing branding strictly as a one-way process to shape the images of the recipients. Thus, as opposed to transaction-based approach, researchers have begun to emphasise the centrality of interactive relationship-building and mutuality in stakeholder relationships as a key to corporate brand building, shifting the focus for theory building from the individual organization to the network (Leitch & Richardson 2003).

Balmer (2001b) argues that, even though the central reasons for creating a corporate brand remain the same (to support organization's strategy and differentiate it from competitors) a modern corporate brand is to be distinguished by the issues such as identity, corporate strategy and vision driven from the perspective of multiple stakeholders. Roper and Davies (2007) further suggest, that shared values between stakeholders will help to unify and strengthen corporate brand. Similarly, Ind and Bjerke (2007) in their study propose, that brand values should be created by involving employees, customers, and other stakeholders and, furthermore, smart brands will greet the stakeholders as a natural partner in a collective process of product and brand development. Moreover, rather than a passive recipients, modern

stakeholders collaborate with managers to improve their own benefits and also enhance corporate performance (Halal 2000).

Through effective and coherent corporate communications organizations create a favourable image about the brand in the eyes of its stakeholders, who in turn generate added value or brand equity (Keller 2000; Merrilees 2007) by actively endorsing the brand in positive way (Balmer 1995, Balmer 2001a). Balmer (1995) further suggests that integrated corporate communication is required in order to transmit brand's values effectively. This, for one, entails "congruence of symbolism, behaviour, planned and unplanned communication (including word of mouth by third parties) and by extension, all communication between third parties" (Gregory 2007: 64).

The existence of gaps occurring between differing stakeholders perspectives of the corporate brand is considered as a threat to the brand equity (Roper & Davies 2007, see also Aaker 1996; Merz *et al.* 2009). Jones (2005) further notes that conflicting brand associations held in the minds of different stakeholders may hinder the company's brand communication efforts or even destroy brand value. This chasm can be minimised by monitoring stakeholder perception and aligning those with corporate branding proposition (Merz *et al.* 2009), thus, by reducing the gap between brand identity and brand image (de Chernatony 1999). Accordingly, each stakeholder's perspective in relation to the company's perceptions of brand's personality and identity first need to be measured and understood (Roper & Davies 2007). Jones (2005) suggests that adopting a stakeholder approach to brand management, that is, to view all the stakeholders as operant resources in the process of the brand value creation, may allow better understanding and monitoring of brand performance against each stakeholder in order to identify and guard against the conflicting perceptions. Furthermore, like all relationships, stakeholder collaboration is two-fold, and building strong brand relationships with stakeholders requires resource investments (Merz *et al.* 2009), active dialogue (Hatch & Schulz 2003) and a set of managerial capabilities that draws partners together and facilitate joint activities (Halal 2000).

2.3.4 The theoretical model of the research

The theoretical model of the study has been formed on the basis of the literature review related to the contemporary theoretical perspectives on corporate branding and branding in SMEs in parallel with network research particularly in the context of business-to-business SMEs. The model build up on the theoretical foundation of the study represents the managing of network actors' participation in SME corporate branding (see Figure 6).

The theoretical model builds on the notion that corporate brands are complex and relational entities and their expression includes the perception of their functional characteristics concurrent with brand personality and subjective emotional values associated with the brand (see e.g. Fyrberg & Jürriado 2008; Veloutsou 2008; Merz *et al.* 2009), thus, distinguishes between the concepts of internal brand identity and external brand image.

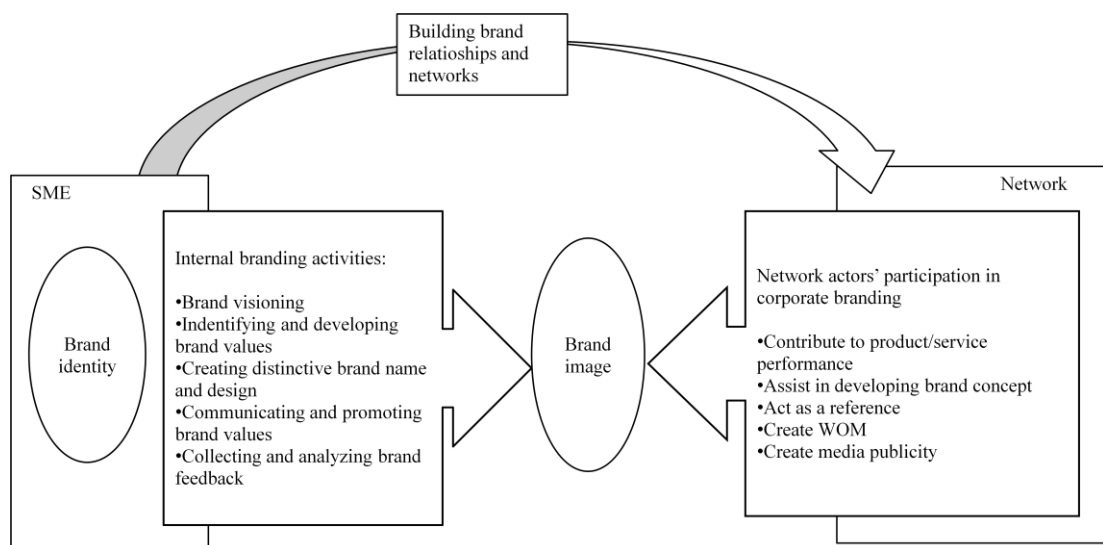


Figure 6. Theoretical model of managing network actors' participation in SME corporate branding

SME's corporate branding process in network context encompasses internal branding activities brand visioning, indentifying brand's core values, developing both functional and symbolic values of the brand, creating distinctive brand name and

design, communicating brand values to relevant audience, and collecting and analyzing brand feedback from the market.

In addition to the internal corporate branding activities, there are external actors in the company's network that may also participate in SME's corporate branding through their own actions and behaviour. In the dynamic business network environment the interconnected network actors play a part in, or even self-perform activities, that effect on the SME's corporate brand image. Network actors may have a critical role in contributing to the SME's product/service performance, assisting in developing the corporate brand concept, acting as a reference, creating positive word-of-mouth and creating media publicity.

Thus, apart from the systematically planned internal branding process there are influences deriving from external sources that can not necessarily be planned or managed by the company itself. Instead, corporate branding involves interactions and exchange processes with various external actors, and the values and associations related to the brand are delivered and brought forward in the encounters and interfaces between the company and its network. Building brand relationships and networks with external network actors is, thus, central in corporate branding in a network context and in managing the network actors' participation in corporate branding.

3 RESEARCH METHODOLOGY

The choice of the methodological approach and research design and techniques are always influenced by both the practical issues related to the research topic, problem and its purpose and, furthermore, the values and beliefs related to the philosophy of science adopted by the researcher (Ghauri & Gronhaug 2002: 85; Easton 1995: 411–412). In this chapter the chosen research approach and methodology are proposed and argued. After that, the research process is described and the methods of empirical data collection and analysis are further discussed in detail.

3.1 Underlying research philosophy

Ontology is a set of assumptions about the nature of reality, that is, how people view their world and understand what they see as reality (Chia 1995). The aim of this study is to gain deeper understanding of the phenomenon under study instead of trying to develop universal laws explaining it which points to the subjectivist ontological approach. Subjectivism on ontology assumes that each individual views the world differently and, thus, multiple realities may exist simultaneously (see Eriksson and Kovalainen 2008:13).

Ontological approach also effects on the epistemology of the research which concerns theories about how we know about reality, that is, how we perceive the nature of relationship between the researcher and the subjects of the research (Chia 1995). This study follows the subjectivist approach which sees that all knowledge is as an outcome of interpretation; meaning that knowledge is created not discovered (Eriksson & Kovalainen 2008: 14–15). According to Shaw (1999) small firm research is essentially concerned with the subjectivist nature of reality in the social world, as opposed to the objectivist approach, as it involves the study of distinctive human actions and behaviour in the context they are embedded. To be able to discover, interpret and understand such social reality constructed by humans the researcher must get close to and involved in the phenomenon under research instead of observing it from the exterior standpoint (Shaw 1999; Hill & Wright 2001).

3.2 Abductive study

Whereas inductive reasoning is built without any reference theory, deductive approach purely relies on the prior knowledge on the subject. According to Fetterman (1998: 5) existing theory should always be used as a basis of qualitative inquiry but pure deduction, on the other hand, tends to ignore the unpredicted factors (Ali & Birley 1999) and might therefore prevent the development of new and useful theory (Perry 1998). The abductive approach to theory development is, thus, adopted in this study. It is positioned between the deductive and inductive ways of carrying out qualitative studies. The aim of the abductive process is to extend the already existing theory (Strauss & Corbin 1998) or to suggest new theories through dialectic interaction between empirical study and prior research (Dubois & Gadde 2002).

The intention is, thus, to combine the existing theories and see how they apply to the particular context of the current research problem that has remained fairly unexamined, and to further develop the theory through empirical analysis. This approach is appropriate here because the previous theoretical knowledge on branding or networking is not able to explicitly explain the underlying phenomenon (see Dubois & Gadde 2002). However, due to the discovery-oriented nature of this study, only a loose and tentative research framework was constructed out of the existing branding and networking constructs and more inductive reasoning was guided by the findings in the empirical world (see Ali & Birley 1999; Hill & Wright 2001; Dubois & Gadde 2002).

3.3 Qualitative study

The ontological and epistemological stance in line with the objectives of the study outlined earlier point to a selection of qualitative research approach with an aim to understand and explain the phenomenon rather than to measure or predict it (Denzin & Lincoln 2000: 8–9). Accordingly, qualitative methods are applied in this study because they are most useful for exploratory research (Ghauri & Gronhaug 2002: 88)

and particularly suitable for uncovering a phenomenon about which lack previous research and, therefore, only little is known (Shaw 1999).

Considering the temporal, complex and context specific nature of networks it has been suggested that research into networks should focus more on theory building than theory verification (Bonoma 1985; Tsoukas 1989; Borch & Arthur 1995 via O'Donnell 2004; see also Halinen & Törnroos 2005). Furthermore, qualitative methods are considered to be particularly suitable for gaining special insight of managerial decision making and practise in small and medium-sized companies because of the emerging nature of the research field (Shaw 1999; Carlson *et al.* 1998). Qualitative methods are also considered most suitable when the objectives of the study require more in-depth insight to explain and understand complex constructs (Ghuri & Gronhaug 2002:88) such as brands that, according to (Cooper 1999), are not just simple measurable 'things', but encompass features which tap consumers' rational, emotional, social and cultural needs.

As will be further discussed later in this chapter, considering the exploratory nature of this study, narrative methods of empirical data collection was applied to get close to the interviewees and penetrate their realities. Such narrative research data cannot be qualitatively listed or categorized but instead always requires qualitative inquiry which further supports the selection of qualitative method in this study (see Polkinghorne 1995: 6). Qualitative methods usually employ a limited number of people (Hill & Wright 2001) in order to provide rich and holistic description which is not possible in cases of numerous observations (Ghuri & Gronhaug 2002: 88). Qualitative research is further a combination of the rational, explorative and intuitive, where the skills and experience of the researcher are salient in the interpretation of data (*ibid.* 2002: 86).

3.4 Empirical research design

In order to progress current knowledge and encourage theory development it is important that the researcher provides a good description of the research process of collecting and analyzing qualitative data (see Shaw 1999). Accordingly, in the following the empirical method of data collection and analysis of this study are brought forward and profoundly discussed.

3.4.1 Data collection

Based on the research issue and objectives of the current study, narrative approach to data collection was counted as the most appropriate and fruitful, because it is seen as the typical way of people to share information (Riessman 1993: 2–4) and it provides a fundamental means to understand how individuals make sense of their social reality (Cohen & Mallon 2001). Personal, semi-structured, narrative interviews were chosen as the most suitable means for collecting the relevant empirical data.

For this study, face-to-face interviews were carried out with 6 experienced SME managers and professionals in the regional economy (Oulu region). These semi-structured, narrative interviews, thus, formed the core of the empirical material analyzed. The main criterion for the selection of the interviewees was that they had years of experience operating in SME business networks, particularly in business-to-business markets.

The interviewees were both technically and sales and marketing oriented people, and came from high-tech and software industries. All the interviewees had somewhat different academic and professional backgrounds and they hold different positions (managing director, business director, marketing and sales manager, business consultant, director of international sales and R&D director) in the companies they currently work for (See table 3). All the interviewees were men.

Table 3. Narrative interviews

Field of business	Interviewee	Date	Duration	Place
Software	Business Director	11.2.2010	1 h 2 min	Company facilities
Business development and financing	Business Consultant (Account Manager, development services)	12.2.2010	1 h 6 min	Company facilities
Software	Sales and Marketing Director	16.2.2010	1 h 18 min	Company facilities
High-technology	Managing Director	19.2.2010	1 h	Company facilities
Mobile phone	R&D Director	19.2.2010	1 h 8 min	Company facilities
Software	Director of International Sales	26.2.2010	1 h 38 min	Company facilities

All the interviewees received a written briefing about the purpose of the current study and the undergoing research project (CoBra) in touch with the research invitation. The research invitation (see Appendix 1) was sent by e-mail to the members of Revontuliryhmä ry (a regional community of leading professionals in the high-tech industry), which resulted in two responses. The snow ball method of sampling was then adopted. Snow ball sampling is a method that uses recommendations to recruit people who possess some particular knowledge and characteristics that are of the research interest (Marshall 1996). The method is widely used in qualitative research and it is an efficient and effective way to find information-rich informants who would have otherwise been difficult to reach (*ibid.*). The first two participants were, thus, asked to recommend useful potential candidates for the study which resulted in four additional responses.

All the interviews were performed in the interviewee's own office or in other company facilities, and they typically lasted from one hour to one-and-a-half hours. All the interviewees were assured of confidentiality and encouraged to speak freely about their own thoughts and experiences and, thus, to construct their narratives in the course of the discussion. In contrast to pre-structured interviews, only few clarifying questions were presented (see Appendix 2) in order to set the scene and to

stimulate the storytelling, so that, the ‘power of the knowledge’ lied on the side of the narrators (see Czarniawska 2004: 48). The dominant focus of the narrative interviews was the interviewee’s personal experiences and professional insights about the realities of their practice related to the research issue. The intention was to give the interviews a narrative form but they can really be characterized more as a mixture of research conversations and qualitative interviews.

With the agreement of the participants, the interviews were audio taped and transcribed for analysis. The theoretical framework developed on the basis of the literature review on the subject (presented in the chapter 2) was used to guide the conversation and to further organize and manage the data to aid analysis.

3.4.2 Data analysis

This study analyzes the stories, thoughts and opinions offered by experienced SME practitioners relating to the research question. Much of the methodological focus in narrative studies concerns the nature of interpretation; as how to analyze stories and narrations (Patton 2002, 116). Polkinghorne (1995: 5–6, 13–21) distinguishes between two types of narrative inquiry: *analysis of narratives*, that is, “studies whose data consists of narratives or stories, but whose analysis produces paradigmatic typologies or categories”; and *narrative analysis*, that is, “studies of data consists of actions, events, and happenings, but whose analysis produces stories (e.g. biographies, histories, case studies)”. In this research the approach of *analysis of narratives* to reconstructing the empirical data has been adopted.

The technique used to analyze and organize the empirical data was thematic analysis. Thematic analysis is a technique for analyzing the content of a text but compared to content analysis pays greater attention to the qualitative aspect of the material analyzed (Joffe & Yardley 2004: 56). The main focus of the analysis was on “what” was told instead of the aspects of “how” things were told. The empirical data was organized and classified by looking for consistencies and inconsistencies between the stories when reading through the transcriptions. The interpretation was made in the

light of different themes that emerged in the progress of the research and are influenced by such factors as; the prior theory, the purpose of the study i.e. the underlying research questions and the empirical data themselves (see Riessman 2008: 54). In this type of qualitative analysis in general, the data gathering and analysis take place simultaneously and cannot be handled as two separate stages.

The coding frame was not, thus, explicitly predefined but developed in the course of the analysis when trying to find the answer to the research questions. The analysis was, yet, sought to comprehensively describe the phenomenon. The transcribed interviews were all imported to and coded with QSR N'Vivo, a computerized program for qualitative analysis, which is especially appropriate for identifying and analyzing the primary patterns of the unstructured data (Patton 2002: 381). The coding frame consists all together 11 nodes and sub-nodes (see Appendix 3). The thematic analysis was somewhat affected by the guiding assumptions from prior theory. However, considered the lack of both theoretical and empirical research on this specific issue and the primary concern to increase the understanding about the phenomenon, more exploratory approach was applied in categorizing the data (see Shaw 1999).

The main focus of the analysis was on the narrators' choice of the focal stakeholders among different network actors and their detection and selections of certain actions, activities and events taken place in their social and business network that they considered as somewhat meaningful and contributory in SME's corporate brand building.

4 EMPIRICAL ANALYSIS OF SME CORPORATE BRANDING AND NETWORKING

In this chapter the empirical findings of this study are discussed and explained in more detail. The analysis is structured around the three research questions that were identified as meaningful and relevant to examine considering the current research issue. First the specific nature and characteristics of corporate branding and networking in business-to-business SMEs are covered in order to provide insight into the specific context of the phenomenon. Then the network actors' participation in corporate branding in SMEs is discussed to develop the existing theory and examine new links with respect to the third research question. Some of the stories told by the interviewees and specific quotes from their speech are served to illustrate the interpretation of the empirical data. Because all the interviews were conducted and transcribed in Finnish these quotations have been translated into English, yet, with special emphasis on the substance of the original stories been told. Finally, the new empirically modified and extended model is presented.

4.1 Corporate branding in SMEs

4.1.1 Nature of corporate branding in SMEs

The study reveals that the notion of branding small and medium sized companies still remains somewhat unfamiliar and it is more commonly thought that corporate branding is something that should rather be associated with large companies. SMEs, for one, more often stress the importance of having a good comprehensive corporate reputation within their respective industry without directly linking it to brand building.

“Well, I would say that a ‘brand’ in our case is not probably the right term to use. Brand usually refers to companies like Coca-Cola, Nike, Adidas, and Nokia and so on. I would rather talk about company image, which is probably a little bit wider concept.” (Sales and Marketing Director)

For many SMEs corporate branding, thus, remains fairly subconscious activity that is seen as connected to the overall control of a corporate reputation and inherent in every-day business activities, thus, rarely attract any special attention in the SME's strategic planning. However, the level of brand orientation clearly varied across the companies examined. These issues clearly relate to the recognition that corporate branding and reputation building are somewhat confused concepts in SME business practice.

“We don't have any comprehensive branding program. A company of only 40 people like us doesn't need such, not at this stage at least. However, I wouldn't say that we don't have a brand but it is more like embedded in all of us.” (R&D Director)

“I dare say that in most of the cases it (corporate branding) is rather stochastic activity and not very determined or focused. But sometimes you also come across with some exceptional cases where small companies have started to build a brand at very early stage which, of course, will pay back later in the future.” (Business Consultant)

The respondents also had differing views on whether a company with no direct-to-consumer sales should build brand reputation outside the business markets. Usually, business-to-business companies focus on targeting their brand strategies solely to attract their enterprise customers. Selling under a big customers' brand name is often considered the most efficient and sometimes the only way for SMEs to get their value added products to the markets. Some of the SMEs examined were subcontractors, providing technology or software components to other companies whilst the corporate brand was more or less integrated to the customer's brand. SMEs were, thus, able to further leverage their big customers' brand names to attract additional business customer and, therefore, perceived branding as rather irrelevant in terms of their company's business performance.

“Our job is never to push over the 'main brand'. We don't try to make a mark in the end-user markets, but instead, we focus particularly on b-to-b sector where marketing is little bit different in comparison. Thus, we are only branding to our business partners and customers.” (R&D Director)

Even though, in principle, business-to-business companies are not touch with the end consumers, some of the business-to-business marketers examined have decided to develop brand awareness additionally among their customers' customers.

“We sell to the channel through our customers that are also our partners. They are like resellers who buy our products as value added services and display our brand on their own product portfolio.”
(Director of International Sales)

Each approach can, thus, be conceived as viable depending on the company structure, line of business and principles of the industry. However, it is clearly a strategic choice that every SME needs to make to suit best for the company's overall circumstances and business model, whether to focus on branding to the businesses or, to extend the brand reputation to the end-customers.

“Later, it may be that we will change the tactic and start to bring out our own brand name more aggressively, but not at this stage, however.”
(Managing Director)

The nature of corporate branding can be totally different in the SME context considered the value substance of brand recognition in a particular business process. Furthermore, SME's current position in the network effects its decisions on branding. The chosen brand strategy, for one, will automatically shape the company's network structure and have an effect on how the corporate brand will develop.

4.1.2 Characteristics of corporate brand in SMEs

Many of the interviewees concede that a strong corporate brand can be an essential part of the small company's competitive advantage also in business-to-business sector. However, SME's brand performance in business-to-business markets is mainly associated with its internal technical capabilities and, therefore, often considered as equal to the superior product/service performance and innovativeness of the company. Hence, strong corporate brand is primarily seen as resulting from the superior customer perceived brand value-in-use and operational reliability in the

markets which, in turn, is expected to automatically generate positive brand reputation among the respected actors. The symbolic or emotional aspects of branding were not yet recognized or explicitly defined and, thus, were not considered as relevant.

“In our business the reliability comes second, right after the technology, as the most important thing in terms of branding... It is your own doing that matters the most and if you manage to pull off some successful projects those will help you forward, and so the reputation grows.”
(R&D Director)

In addition to the technical compatibility, branding in SMEs is strongly associated with creating a professional image for the company in terms of high-quality market communication and marketing material. Many of the interviewees felt that the profound idea of corporate brand building is to become distinguished and respected player in the industry which requires both superior technical performance and overall professional behaviour and appearance. Thus, apart from the small business identity the SMEs aim to create big business image through brand marketing and communications in order to gain credibility and trustworthiness in the markets which is particularly important for small businesses. It was reckoned, however, that giving deceptive or slanted information about the company can ultimately lead to a lack of stakeholder confidence and poor corporate brand image. Accordingly, causing a big gap between the internal and external stakeholder perceptions of the company should be avoided. This further supports the need to consciously distinguish between the concepts of brand image and identity.

“Brand building is about giving a professional impression in everything the company does; starting with the behavior, appearance, communication and everything else – you shouldn’t look like any garage company. Of course you shouldn’t be giving any false information to your stakeholders about the scale of your business but you can try to avoid giving the sense of being small.” (Sales and Marketing Director)

All in all, it became evident that, it is also possible for small companies to gain extensive brand recognition in their respected market area which result in

competitive advantage. It was commonly felt, for example, that it is easier to approach new customers or potential partners if the brand is recognizable and well known. Furthermore, for branded small business-to-business companies it is common that their corporate brand can be well known within a small set of actors and can even hold a position of a market leader in a particular business but remains fairly unknown to the wide audience. SME's brand awareness is, accordingly, often limited to a particular market area.

4.1.3 Corporate brand management in SMEs

There were some company specific differences between the SMEs examined in that how corporate branding was conducted in practice. However, the data strongly suggest that face-to-face communication and personal selling were recognized as the most important situations to generate positive brand associations and further improve small company's brand image. Indeed, apart from the company's technical expertise, brand building was perceived embedded in the SME manager's promotional behaviour in daily customer and other stakeholder encounters. In small companies the corporate brand image, thus, often personifies the key personnel who handle the stakeholder interfaces and is further strongly associated with the performance and trustworthiness of the SME managers. In some of the companies the key personnel were also provided with some directions to maintain company-wide consistency in the corporate brand communication.

However, in the light of the empirical data, most of the SMEs lacked long-term brand orientation and strategic brand management which hinders their ability to empower the company employees to improve the brand image to say nothing about external stakeholders. Furthermore, only in few companies the brand management process was actually based on pre-defined internal values that would reflect the corporate culture and set the guidelines to the overall performance.

“Especially in our domain the business community is a rather delimited and personal relationships and business contacts are determinant also in branding. Through face-to-face communication and personal selling we

bring forth our expertise and, thus, build our corporate brand.” (R&D Director)

The empirical study shows that corporate brand communication in SMEs is highly interpersonal and targeted to narrow industry-defined market segment which is in line with the existing theory. Mass marketing was seen as inefficient communication tool to increase small business-to-business company’s brand image and awareness.

“We once launched a recruitment campaign in TV but it did not have much of an effect, yet, we were hoping that our existing customers and other stakeholders would see it and it would strengthen our corporate brand image held in their minds and, yet, have a positive outcome.“ (Business Director)

Instead, besides direct and personal selling, the Internet and company web-pages, specific trade show events and seminars, and professional journals were considered as appropriate channels to communicate business-to-business brand information and attract new customers.

4.2 SME’s business relationships and networks

4.2.1 Structure and characteristics of SME’s business relationships and networks

The empirical material shows that networking is a necessity for SME’s and, at large, an inherent part of managers business activities. Small companies are to some extent dependent on their inter-firm and inter-personal relationships with different network actors as they provide resources in terms of reference and contacts, market knowledge and technology expertise and access to markets etc.

“The truth is that we are a small company and we have certain objectives for the future but we also have limited internal resources so we need partners in order to grow. That makes us also somewhat dependent on some of our stakeholders.” (Sales and Marketing Director)

Accordingly, even though the interviewees highlighted that the company's internal capabilities and technical expertise are the underlying basis of the business success, they also recognized the advantage of good business partners and network relations in terms of business development and growth.

Personal relationships are essential in the SME manager's business and social network. The study suggests that the SME manager's personal contact networks have, to a great extent, been formed in the course of one's own professional career and comprises of fellow students and previous co-workers, colleagues, subordinates and managers etc. Furthermore, the interviewees highlighted that SMEs in business-to-business sector often operate in a rather narrow industry sector with limited "professional circles" which makes it possible to form close inter-personal relationships with other network actors instead of contacting a faceless crowd of different company representatives. The study further suggests that the concept of building relationships with other individuals is conceived as more apparent than building a relationship with another company which emphasizes the SME manager's personal ability to form and maintain relationships.

4.2.2 Nature of networking in SMEs

The empirical study is in line with the existing theory indicating that networking is very natural mode of action in small companies and it is done through normal everyday business activities. Personal face-to-face encounters with customers and other company stakeholders were highlighted as the most successful way of interacting in the business network. Thus, much of the SMEs networking happens through the personal relationships and business contacts and is often loose and coincidental in nature.

"If you are a manager you have to handle the basics and be able to listen what is going on in the markets and promote yourself. It is the kind of constant selling and networking ... It happens a lot and even daily. For instance, I go to a business trip and I meet a guy in an airport who has been in the same boat in the customer's side and we'll have a

word and change news. It is so normal and inherent part of the work so it is hard to even specify.” (R&D Director)

The empirical study also reveals that many of the SME managers rather do business and, particularly, form close cooperative relationships with the previously-known actors in their existing business and social network. Many of the interviewees thought that they have limited resources to conduct major screening activities to find good and reliable partners and that is why they prefer collaborating with people they already know and trust. Thus, the dominant reason for such networking is clearly to reduce the risks and uncertainty related to the selection of new venture partners.

“I have known him for many years and I know and trust the guy and so on, and that is the main reason why we have ended up choosing them.” (Managing Director)

Furthermore, the results indicate that in the business-to-business context, the SME managers seem more confident building relationships and networking with the existing customers and partners and other technically-oriented stakeholders as they feel that they ‘speak the same language’ and, furthermore, ‘the job well done speaks for itself’. However, especially finding and attracting new customers and building new customer relationships from the scratch were perceived as major challenges.

“I have to admit that on my behalf everything that has been contrived through selling has called for hard work and effort. Dealing with the previous contacts from the work and other experience is a way lot easier.” (Business Director)

Consequently, this can restrict the SME manager’s network building to a small set of personal friends and business colleagues which, in turn, was conceived as a threat. Furthermore, the interviewees acknowledged that, whereas co-operational relationship have better change to succeed if the partners are equal in size and in their dependency, more learning takes place if the SME would make a concentrated effort to build relations with industry leaders or other prominent network actors.

“One problem is that SME managers too often consort only with their friends and acquaintances. It is good of course that you are able to

discuss and spar with actors who are in the same position but the partners should be sought where the customers are and SMEs should strive to discuss with the betters in order to develop.” (Business Consultant)

The nature of networking and strength of different stakeholder relations are clearly different depending on the company structure, the industry and the nature of the markets in which the company operates and the overall business strategy the company decides to choose. Furthermore, depending on the business strategy and operation model some companies are clearly more ‘self-supporting’ than others which automatically affect on the width, structure and strategic substance of the company’s focal net. However, a widely held belief was that active networking and extensive contact network add value to the SMEs.

4.3 SME corporate branding in a network context

4.3.1 Network actors’ participation in corporate branding

The empirical data analysis indicates that it is widely acknowledged among the SMEs that they operate in a networked business environment where their company becomes a part of a complex process that involves several actors whose performance might have either direct or indirect and substantial or minor effects on their corporate brand performance and overall business success. All the interviewees identified several important stakeholder groups in their social and the companies’ business network, some of which were also partly overlapping. Some stakeholders were clearly seen as more influential than others in terms of the corporate brand building. Especially the contribution of the internal stakeholders and the net of SME’s focal external stakeholder relationships in which the company is embedded, such as customers, strategic technology partners, channel intermediaries and investor relations, were recognized as inevitable.

“There are quite many interfaces in terms of business activities, if you think about our field of business for example, of which the success can be dependent on. One project can bind over 100 people at its best,

including suppliers, component manufacturers, and customers and so on.” (R&D Director)

“It is our customer there in between who will add value to our product and then sell it further to their own customers.” (Managing Director)

Thus, even though the network actors are not necessarily directly involved in the actual brand management process, the data clearly speaks of the contribution of different company stakeholders to the corporate brand development. This will be further discussed in the following sections. To explain the structure of the following analysis it was distinguished between the internal stakeholder’s direct participation and the external stakeholders’ direct and indirect participation in SME’s corporate branding.

4.3.2 Internal stakeholders’ direct participation in corporate branding

Indeed, the analysis of the empirical data highlighted the role of SME management and employees in creating and delivering the corporate brand value to the customers and other stakeholders. The interviewees highlighted that each employee represents the company and especially those who are directly dealing with any third parties play an important role in engendering favourable brand associations and building positive brand image. Especially the role of upper management in the brand building process was emphasized in the interviews and the SME managers were perceived to have the greatest responsibility for the company’s brand image because they guide the company’s overall business performance. Furthermore, SME managers frequently engage in more or less formal communication activities in their social and business networks as a means of promoting their corporate brand as illustrated with the two stories below.

“I once attended a sales and marketing training conference in the U.S.A with few other SME representatives from our region. At the end of the day we all got an opportunity to present our business with some potential customers, partners and investors. For most part, those performances were terrible to watch and the people didn’t seem to have the slightest idea of how one should act in a situation like that in order

to give a good impression of their companies.” (Sales and Marketing Director)

“I and my business colleague run into a third person in an elevator who happened to work for a big company that my friend had tried to contact for many times without any success. That lift lasted about 20 seconds and in that time that guy managed to convince the woman to agree on an appointment for further discussions. That was literally a great ‘elevator speech’.”(Sales and Marketing Director)

The study also reveals a challenge in successfully restructuring or refreshing SME’s corporate brand image without full commitment of all internal stakeholders. Major brand reforms, to say nothing about corporate re-branding, require the whole company’s full commitment and even smaller renewals can fail if encountered with much of internal resistance to change and unwillingness to adopt new brand ideas and innovations. Thus, personal attitudes of the organizational members can have a major affect on the gradual development of corporate brand.

“It is hard to try to reshape the brand particularly in a small firm because when people are used to something they are very often resistant to change. You should try to improve though... and not only stick to the old things. Major cultural changes, however, do not happen easily just like that.” (Director of International Sales)

On the other hand, professional, innovative and pro-active personnel can be a key in building and acquiring brand awareness by communicating brand’s functional and symbolic values to the external stakeholders. The technology-oriented companies in business-to-business sector often accentuate the importance of employees’ superior technical knowledge in the respected area of business in terms of their participation in the corporate branding. However, the personnel’s communication skills and networking capabilities were also emphasized in the interviews. Cultural knowledge of both the managers and employees is further of great importance especially in the international SMEs. In addition, the study proposes that social networking platforms can have a major impact on SME corporate brand communication. As can be seen below, social media can offer great opportunities for SME to reach its target audience and increase the brand visibility and a means to empower the employees to be true brand ambassadors.

“I once discussed with this guy, a representative of one international software company. I was surprised when he explained that they have customers coming in even though they don't do any, what he called as, 'traditional marketing'. Afterwards, he showed me some web pages in the Internet. Those were personal blogs and some kind of discussion forums maintained by the company's employees to share their thoughts and provide commentary and news on their own professional field. Thus, by being active in those communities these people were concurrently marketing their companies and increasing the corporate brand awareness very efficiently in their target segment.” (Director of International Sales of)

Accordingly, SME managers and employees participate in corporate branding directly through everyday aspirations, communication and behaviour, know-how and attitudes related to the brand. Particularly in small companies that rely on close and interpersonal business relationships the duty to act in the best interests of the company is stressed because any business related ill-performance of one person can damage the entire organization. Thus, no distinction between internal stakeholders' direct and indirect participation to corporate branding was made in the analysis.

4.3.3 External stakeholders' direct participation in corporate branding

Apart from the internal stakeholders, there are external actors in the SME's network that either contribute to or self-perform activities that can have either positive or negative effect on the corporate brand image. The external stakeholders' direct participation in corporate branding is identified with those network activities that will directly impact on the overall corporate brand performance, awareness and image.

4.3.3.1 Adding functional brand value

The data analysis shows that those actors that can be closely associated with the SME are of importance in creating the overall corporate brand experience and can also be the key determinants of the customer satisfaction. Furthermore, the interviewees recognized that especially a partner firm's product or service failure or

overall ill-performance contribute to customer dissatisfaction and was perceived to be a clear risk to successful corporate brand building.

“The whole process consists of many stages and there is always the danger that our company’s reputation will be damaged owing to the actions of another actor. That is, if something goes wrong in the process, we are the one to blame because it might look like it’s our responsibility even though it’s not.” (Business Director)

Thus, in the network economy the influence of the brand images of SME focal stakeholders’ extends to the experiences with the SME’s corporate brand performance. Regardless of who actually performs the activities in the company’s value net the quality of the performance will radiate the image of all the embedded actors. The interviewees especially stressed the meaning of strategic partners, such as the key technology providers and value-added resellers that can directly impact to the corporate brand image in terms of functional brand value and customer perceived brand value-in-use. Accordingly, the more important the partner the more substantial is its effect on the SME’s corporate brand performance and image. This further suggests that even if the SME has a favourable corporate brand image it can be impossible to maintain that unless the partner firms in its focal network will not keep up satisfying performance.

4.3.3.2 Acting as a reference

It became evident that high-powered and renowned network partners can pose important resources for the SMEs as they serve as a strategic point of reference. Many of the interviewees felt that without any respected reference it is very difficult for a small company to gain credibility in the market and create substantial brand recognition. Thus, being associated with prominent persons and big industry players, such as branded alliance partners or valued customer companies, was seen as important in building the value of the brand. Such reputable references were seen to symbolizing trustworthiness and competitiveness of the SME and, furthermore, give leverage to the company. As can be seen below, respected investors for example are

consciously used as a reference, since they are often trusted and respected opinion leaders in the industry.

“The team of investors that we have managed to bring in to our business is the first thing I want to put on our website. These people will give us the credibility that a small company doesn’t usually have. These people have the vision, experience and authority in the market and we definitely need them as a reference to boost that side of our business. It is not that we doubt our own capabilities but the others might – and that’s understandable of course.” (Managing Director)

The analysis also shows that, in addition to functioning as associative cues, SME managers aim to actively exploit their network contacts to scar up valued references. This is a typical way for SMEs to boost the value of their brand, anticipating that the network partners are satisfied with their experience about the company and willing to endorse it.

“We also use our own network contacts actively as reference, as we invite our new customers to directly turn to our existing or past customers for recommendations to facilitate their decision making. It can be very straightforward sometimes.” (R&D Director)

Accordingly, the analysis suggests that networking with high-reputed actors is a form of seeking status support in the markets and it is widely used among SMEs to strengthen their corporate brand image. On the other hand, being associated with network actors whose image is weak is intentionally avoided.

4.3.3.3 Creating word-of-mouth

The empirical material shows that SME managers widely believe that extensive corporate brand image and awareness is related to the positive word-of-mouth that is generated in the markets through face-to-face encounters of different network actors. In some cases these positive word-of-mouth recommendations were perceived as the most effective form of SME corporate brand communication. Successfully completed projects and technically superior products, in turn, were seen to provide the foundation for positive word-of-mouth.

“Well if we think about company image, it greatly forms through the business acquaintances and personal contact network. That is, when we operate with different actors in the market, through these people our company and expertise will then become branded as the word spreads. The information flows between people – both in good and bad.” (R&D Director)

Network contacts are also actively used by the SME managers to gain updated insight into the markets and to gather valuable information about the other network actors through informal communications and word-of-mouth recommendations.

“We actively discuss and share information with the other actors in our company network. I think it is very common for example in purchase cases for the manager to consult with someone in the network before making any big decisions to make sure whether the supplier is reliable or not.” (R&D Director)

Word-of-mouth happens between the network actors, customers and other stakeholders, who inform each other of their own free will about their experiences related to the company and is, therefore, not fully controllable by the SME. The interviewees felt that, in principle, any actor in the company's network can spread either positive or negative word-of-mouth and therefore it is important to manage all the interfaces with company stakeholders as well as possible. Thus, developing and maintaining good relations with all the company stakeholders was seen as critical in creating and maintaining favourable brand associations. However, some of the stakeholders were perceived as more influential in terms of the heaviness of their perceptions and opinions. Recommendations coming from the big industry players or other opinion leaders in the markets like the respected consultants or investors were seen as the most valuable deliverers of word-of-mouth that may develop (or injure) the SME's corporate brand substance. In addition, many of the interviewees recognized the importance of having good relations also with competitors for the reason to maintain good professional image in the markets and to avoid negative word-of-mouth.

“Let’s say that if a company for example handles poorly its relations with investors, it will certainly show. I mean that, investors – even though you wouldn’t make a deal with them you should maintain good relationships with them.” (Business Consultant)

Apart from that, the uncoordinated nature of word-of-mouth communications was perceived both as an opportunity and a possible threat to the SME’s corporate brand image as in the highly networked economy the communication technology enables that both the positive and negative messages circulate as fast. One of the interviewee posed the interesting and current issue of social media presenting a channel which multiplies the effect of traditional word-of-mouth communication and should be taken into account also in SMEs when employing strategies to sustain good corporate brand image.

“I bet that companies nowadays don’t yet realize the power of these social communities and social marketing and what they can do to company’s image. I have a business friend who posted our company’s promotional video on her own web blog that have hundreds of readers, whereas, a few days ago I disparaged an airline company on my Facebook profile for substandard customer service... The final effect of these cases on corporate brand image is very hard to predict or define. However, it is something that also small firms should consider and, furthermore, try to take advantage of because they don’t have big marketing budgets.” (Director of International Sales)

4.3.3.4 Co-marketing and promoting

The study shows that some stakeholders participate in developing SME’s corporate brand substance by promoting it in the network. Willingness to promote another company’s brand is greatly influenced by the nature of the inter-firm or inter-personal relationship and is more common between business partners with mutual orientation. The interviewees highlighted the situations where such co-operative arrangements can improve both partners’ competitive positioning and are, thus, usually based on the principle of reciprocity. Such partnerships can be found with technology partners, customers and members in the distribution channel. Some of the interviewees also point out that some level of cooperation can also be found between

competitors these days. The following comment reflects the perceived value of reciprocity in the inter-firm relationships.

”In case the customer needs something we cannot offer then we can recommend some of our network partners to do the work for them anticipating that our partners will act in a similar way in a similar situation. The bottom line is that such co-operation adds value to the customer and, as a result, benefits all of us. I think this is quite typical way of doing this business and it is largely based on reciprocity but it could be more coordinated though.” (Business Consultant)

Accordingly, partner firm can provide valuable marketing resources for the SME due to vested interests or pure mutuality. Such co-operative arrangements are, thus, often build up and promoted without any formal contract or detailed specifications. However, sometimes such promotional activities between network partners are more coordinated and can even take the form of a joint alliance or co-marketing or co-branding agreement and, thus, handled more strategic as a part of the SME’s corporate brand management process. Furthermore, they are not necessarily bilateral relationships between two partners but can involve several actors.

“We have printed the logos of three of our partner firms on the last page of our marketing material. As if, to suggest that with this crew we could build this kind of portable advice to the customer for example. So, as such, official co-marketing has also been practiced.” (Business Director)

The interviewees further identified between equal channel partners and inter-firm partnerships with big companies. In the light of the empirical data, the SME managers were more willing to form cooperative relationships and further promote partner firms which are approximately equal in size and do not pose a competitive threat to the company itself. However, as the following example illustrates, the data analysis suggests that established partnership with a large enterprise with good media image can boost the value of the SME’s corporate brand and, furthermore, facilitate its effort to attract new customers and qualified employees and business partners.

”Some time ago we attended an exhibition that is one of the leading professional events in our industry with all the media and investors

present. Our partner firm's manager held a speech in that event which attracted much of attention since the company is one of the biggest players in our field. He presented this equipment as one of their newest inventions and explained that it has been developed in collaboration with our company. ---. The impact of the media was immense. After that the local news-paper and all the technical journals wanted to write a story about us and there is also a video running in the Internet. Next week tens of job applications came from all over the world and hundreds of new companies have shown interest in cooperating with us ever since." (R&D Director)

As exemplified above, the brand image and awareness generated in the markets in cooperation with the focal network actors can add substantial value for the SME's corporate brand. In particular, large companies and those that possess leading edge of technological development are posited to be the most valuable network connections for SMEs in terms of achieving additional brand recognition and awareness. Furthermore, given the dynamics of business networks and the impact of modern information and communication technology and the media, the promotional activities performed in a network setting can also have unexpected and far reaching consequences for SME's brand development.

4.3.3.5 Designing and communicating corporate brand

The interviewees widely perceived that distinctive visual design and competent marketing communication adds value to the corporate brand. However, many of the SME managers felt that they need outside help to design their corporate communication and to tune up an attractive visual design and effective branding proposal.

It became clear that, marketing agencies were considered as one of the key actors in small company's business network in terms of adding value to the brand communication and design. The study shows that many of the SMEs have become to outsource the creation of their visual image and marketing material to advertising, communications or graphic agencies as they perceive that they don't have the required internal competences to perform the kind of activities well enough. The use of external services was, yet, rather occasional and often related to the creation or

renewal of company's visual image or physical product design or writing a press lease. However, as reflected by the following story, some of the interviewees felt that, besides designing and producing the marketing material, these external service providers can also assist small companies to set long term strategic direction and goals of SME's brand performance.

“We have been working with one marketing agency ever since the company was founded. They have provided us with some design solutions and together with them we have been constructing the whole company image. In the very beginning we had this profound discussion about our corporate values; what do we want to represent, how we want our customers to perceive us, and what we appreciate in our work and so on. However, over the last years the company idea has developed a lot as we have gained more knowledge and understanding about this business and how we see us in the future. Thus, we have gone through the same conversation with them again to adjust our marketing communications and image. The original logo for example has been changed. ---. As we leave this job to professionals we have time to concentrate on our own core competence.” (Managing Director)

The need of specialized external branding assistance was perceived especially important in the start-up phase. However, marketing and PR agencies often give counseling to SMEs in brand design and communication issues along the way. Consequently, depending on the strategic width and duration of such partnership and the professionalism and compatibility of the respected actors, these network relationships can be of great importance in building and developing the substance of SME's corporate brand image.

4.3.3.6 Creating media publicity

The study suggests that SME's corporate brand image can either improve or damage through its perceived media publicity. Even though small companies in general are not exposed to the power of media to the same extent as big multinationals, some of the interviewees felt that also SMEs can attract the interest of media which, in turn, can have major effects within its respected sphere of business. Most of the media publications were considered to be related on business or product launches, product related innovations or big venture projects. Poor economic performance and

irresponsibility, on the other hand, were seen to generate negative publicity and damage the corporate brand. Considered that the media actions cannot really be dictated, the interviewees, yet, felt that SME should try to exploit all the possible opportunities to enhance its brand image and increase its brand awareness through media relations. The following example illustrates how the SME can deliberately exploit the media to acquire external branding resources and enhance the brand image and awareness.

”We once deliberately delayed the announcement of a press release so that it came out just about the same time when another big customer was making their purchasing decision. I am sure that it somehow contributed to the customer’s decision-making in our favor.” (Sales and Marketing Director)

4.3.3.7 Creating competitive brand position

The empirical study also reveals that the SME managers constantly consider the brand characteristics of the close competitors when designing the competitive attributes of their corporate brand. Accordingly, the brand is often developed in comparison to the relative competitors in the company’s business network.

“That how we develop our own brand depends in many respects on that what kind of brand the competitor has. We examine it and of course try to do things always a little bit better and tap into our competitors’ weaknesses in that.” (Sales and Marketing Director)

Consequently, this suggests that whereas the SME may strive to enhance its brand value in proportion to its competitors by competitive brand positioning, the competitors brand positioning can, in turn, have effects on the SME’s brand position and, furthermore, the customer and other stakeholder evaluations of it.

Many of the interviewees felt that it is important to set the brand apart from its competitors which is in line with the fundamental principle of competitive brand positioning, that is, to create differentiation and uniqueness in the markets in order to acquire positive brand image and recognition. However, the interviewees also

recognized that small businesses must sometimes adapt the general lines of the global competitors in order to gain legitimacy in the markets. Some of the interviewees further highlighted that, big competitors' brand positioning statements, especially associated with the product related brand attributes, can either improve or hinder the SME's brand attractiveness in the markets whether in line or against the SME's relative proposals. Accordingly, one way to achieve brand approval and a favourable brand position in the network is to align the company's brand positioning statements with a bigger and respected competitor.

“Of course, it will also ultimately affect the brand if our products are comparable with those of competitor's or, then if there is a clear difference that we can bring forth to our own advantage.” (Director of International Sales)

Furthermore, the brand positioning statements are unceasingly set against and evaluated by the customers and other company stakeholders to form their own final interpretation of the brand value. Thus, the way the competitors portray their brand qualities relative to the SME, can be seen to have effects on the SME's brand position and, furthermore, on the customers and other stakeholders' interpretation of the SME's brand value. These findings further support the assumption that in the dynamic and interrelated business network environment the brand success is not only dependent on the company's actions but also on the actions and reactions of other actors in the respective network.

4.3.4 External stakeholders' indirect participation in corporate branding

The empirical data indicate that SMEs are very inclined networking with actors in their social and business network that can assist them in business development, create new contacts and facilitate applying critical resources. These established and emerged network relations can effect on SME's management decisions and consequently on its branding strategy. The external stakeholders' indirect participation in corporate branding, thus, refers to those network activities that contribute to SME's business operations that may consequently, i.e. indirectly, impact on the construction of corporate brand.

4.3.4.1 Giving financial support

External investors were seen as crucial for the SME's overall business success, especially for start-ups but also for all small companies who wish to expand their business. In addition to private funding, different public agencies may offer financial grants to foster SME's growth and development. However, whether private or public, the investor relations were considered advantageous as those were widely seen as partnerships where both sides are looking for to make a profit. Considering the limited resources available for SMEs, financial support was perceived to offer an opportunity for extensive corporate branding.

Furthermore, public sector opinions and financial grants can have a major role in directing SMEs' business choices and, consequently, brand development especially at the early stage of the business. The current study indicates that the SMEs, which are more dependent on public finance and lack internal marketing capabilities, will more likely focus on operations that are eligible for public funding.

“Well, it is usually the reality of all SMEs that free money is always free money.” (Marketing Director)

However, the interviewees noticed that there was more financial support generally on offer for research and development projects than for brand building activities. Furthermore, consultancy and advice in branding issues were generally perceived more useful than external finance in terms of brand development in SMEs.

4.3.4.2 Giving consultancy and advice

Based on the same reason of scarcity of internal resources, SMEs often rely on available assistance of external specialist in terms of business knowledge and updated market information. Accordingly, actors like public administrations, consultants and different research institutes which give counseling to assist SMEs in their strategic business choices and branding issues often set the direction for management decision making.

“...such non-profit organizations which offer support and cost-free services in this matter and ... give concrete advices in terms of consultancy and training can again take it (i.e. corporate brand image) forward.” (Managing Director)

In addition to consultancies and educational institutes, besides providing finance, compatible investors are widely seen as indispensable contacts to SMEs as they embody valuable business experience and vision to guide their brand building and development. As investors are looking for a good return on investment they offer consultancy to ensure that the company will choose the right track and, thus, may have a concrete impact on SME's strategic branding choices.

“There was a company who only recently decided to renounce all its individual product brands and focus solely on building a cohesive corporate brand and this decision was certainly affected by some of the discussions that we have had during the financing project.” (Business Consultant)

4.3.4.3 Creating new contacts

In line with the prior network research, the empirical data further confirms that established network contacts form the access to new relationships and networks and may, thus, open the possibility for SME to broaden its recourse basis. Central network actors usually have broad social and business networks and can, thus, help SMEs to make new vital contacts with other central actors who would otherwise be inaccessible and therefore participate in creating small company's brand success.

“The guy has great credibility and he knows everyone who needs to be known and is able to contact people with right connections, and that way opens up new channels. He says that: hey, you should visit this one company, let me make one phone call. Then you just go there, as simple as that. If we would have phoned them who knows what would have happened but when he did, it was a totally different thing.” (Managing Director)

4.3.4.4 Giving feedback

The interviewees generally perceived that all external stakeholders can provide valuable feedback that constructively guide for business improvements. The empirical data further suggests that some stakeholders, mainly customers, provide feedback occasionally, mainly related to different product specific qualities, which was seen to ultimately affect the customer perceived brand value-in-use and also to brand image through consequential improvements.

“Feedback is important and there should be more of that. We receive feedback mainly from partners and customers. However, it is mostly related to some functional things, not directly to the brand.” (Marketing Director)

Most of the SME managers relied on verbal, spontaneous and less formal feedback provided by the close channel contacts but some also had experience in measuring customer satisfaction by formal questionnaires. However, non-product/service-related brand associations were not measured and the SMEs examined generally lacked the impression of how their corporate brand image is actually perceived by the customers or other stakeholders in the market.

4.3.4.5 Controlling management decisions

Apart from the network provided support and advice, the present empirical study indicates that SME's dependency on its external resources can govern the implementation of its organizational strategy and further its brand development. Considering the SME's resource dependency and competitive position in the network, some strategically influential actors in the company's focal net can gain a certain level of control over the SME's business. Accordingly, the small company's brand often develops alongside or in line for its bigger companion, especially if the dependency is strong and the relationship is long-term and close in nature. Thus, especially big channel partners and customers can affect the SME's emerging brand

identity and also its brand image if the company is strongly associated with such an actor in the markets.

“In the matter of a very close customer relationship, the customer can affect the company’s brand but also its processes. That is, in that case one might require the other to change their mode of business operations and adjust to the customer’s interests especially if the co-operation is long-term and takes time ... If the business is, in this way, based on a one big customership it is inevitable that the brand will develop and evolve in compliance with the customer’s will.” (Director of International Sales)

“Let’s say that our R&D department says that these are the emerging trends in technology but if the public sector decision-makers don’t believe in that or they believe in something else, we have to check our opinion. And if we broadly agree we have to choose the same direction because we are dependent on them in a certain way. Often we are of the same opinion but if they would disagree with us on what they see is the most suitable business model or technical solution we would have to amend, so that, the influence can be very strong.” (R&D Director)

Thus, the resource-based dependency in a network relationship can require a SME to adjust its business operations and furthermore its brand values to the values and perceptions of a big related actor. The interviewees broadly noted that, in terms of the SME’s brand enhancing strategy, this can either be an advantage or a disadvantage depending on the adequacy of the strategic direction set by the authoritative network actor.

4.3.5 Corporate brand value net

The analysis of the empirical data points to the central role of the strong network actors in the SME’s network that contribute to building a positive corporate brand image in evidence. By creating both customer-perceived functional value and the emotional and symbolic value of the brand as well as increasing the brand recognition and awareness and/or influencing the company’s internal branding decisions, certain actors either directly or indirectly participate in corporate branding. Some actors are clearly more influential than others.

“There are actors in the regional business network who clearly have a positive volition and also capabilities to assist a small company’s success and also the capacity to contribute to the brands’ growth and development for example by telling what the company should do and where it should show which by no means is of no importance.”
(Business Consultant)

Based on the analysis a new concept of *corporate brand value net* emerged. Brand value net consists of these strategically important stakeholders which are of a great importance in terms of indirectly or directly participating in SME’s brand building, thus, excluding those of less influential actors in the network. Both business and social networks were emphasized in the interviews as sources of added brand value. Thus, both need to be considered when defining the SME’s corporate brand value net. However, the width and structure of the brand value net and, furthermore, the force of impact such net and the particular actors performing in it has on the development of SME’s corporate brand value is always context specific.

4.3.6 Managing corporate brand in SME business network

Even though the interviewees widely acknowledged that their business performance along with the corporate brand image is, to some extent, dependent on different internal and external stakeholders, as they can have an impact on their company’s reputation regardless of the firm originated marketing control, the actual corporate branding process still remains greatly seen as internally driven.

“Brand building should be systematic work and I would say that no external actor can have much of affect on it but rather the development of corporate brand image should emerge from the company itself and there should be the urge and desire to improve it.” (Sales and Marketing Director)

Especially the external stakeholders’ indirect participation in corporate branding was difficult to discern and detect by the interviewees. Some of the activities performed by the network actors (e.g. word-of-mouth or partner-firm’s performance) which contribute to the SME’s corporate brand image are clearly uncoordinated and, furthermore, in some cases out of the company’s brand management control.

Consequently, the potential of different network actors, as operant resources in brand building, was not, thus far, clearly recognized or further consciously utilized in the SME's branding process. However, the empirical material provides some evidence on how the SMEs may try to exploit their network relations to manage their corporate brand image in the dynamic and complex network setting.

A widely held believe was that active networking will increase the visibility of the company along with the brand. Yet, it was also highlighted that SMEs operating in business-to-business sector usually serve a rather narrow segment of organizational customers and interact with limited number of stakeholders relative to its business. Furthermore, given the lack of resources, the courage and ability to focus on the key activities and identify the strategically important stakeholders and business partners from less influential ones was emphasized. Indeed, finding partners who add value to the company, and building relationships with these key actors was perceived as the key also in brand building.

” SME manager is usually surrounded by a wide range of actors, and of course, if there are those among whose mission is not congruent with the mission of the company it will take the company in the wrong direction and is thus detrimental to its success” (Business Consultant)

The following example further illustrates that when acquiring corporate brand awareness the recognition of wide audience is not necessarily required or even particularly beneficial for SMEs. Instead, more focused efforts to reach and convince the right decision makers, was perceived more useful in that matter.

“Of course the media visibility that our company has managed to get will have an impact on domestic players but if, as in our case, 95% of the customers are abroad, that what is written on the local news paper doesn't really bring much of new customers.” (R&D Director)

A couple of SMEs, that have explicitly defined the corporate brand values, also recognized the importance to accommodate those when selecting new venture partners. However, the economic perspective still clearly receives the dominant emphasis in SME's partner selection as the companies primarily seek partners with

complementary resources which will offer potential for strategic development in the future, instead of ideological compatibility.

“There must be a synergy. For example if we start to look for a potential partner, for at start, it is important that they operate in the same industry and have the existing customer base and is about the same size and so on... and of course the way of thinking which reflects the corporate image and how they act. These are important issues and, in addition, there has to be potential for co-operation and a real win-win situation so both will succeed.” (Sales and Marketing Director)

More emphasis was laid on the question; how the brand image and values of a company can be transferred to the end-customer through the channel of distribution? The study shows that managing the relationships with both internal and external stakeholders and offering them comprehensive support and training is of great importance in order to deliver consistent message through the markets about what the brand involves. However, guidance related to complex technical applications instead of explicit brand promise was more common in most cases.

“If we talk about resellers who sell our products for example, the vital thing is to help and support them so that they can deliver the brand. Training, marketing material, product material, roadmaps, and so on, a bit like an overall account management, so to say, is needed so that your own brand the related information can be transmitted forward. It is not good for your brand if your partner does not understand you.” (Director of International Sales)

Apart from that, the data analysis suggests that win-win situations, from which both or all the parties involved benefit from the brand promotion arrangements, offer a good foundation for the development of positive brand image through cooperative orientation, communication and interactions between different channel partners within the network. In addition, SMEs often wish to enter into agreements with favourable contract terms and conditions which provide an access to new markets or help to increase market share and consequently increase the brand visibility. Shared IP-rights and licensing are examples of contractual tactics used by some of the SMEs to improve their businesses. On one hand, one might think that in such cases the SME's corporate brand will vanish under the partner firm's brand. But on the other

hand, in the business-to-business markets such arrangements may offer valuable reference or advance the SME in developing value adding relationships with additional actors and, therefore, improve the corporate brand image in its target markets. Such contractual situations are exemplified with the following stories.

”We decided to share a patent with another company. It is entirely our own invention but we need a partner to commercialize it. It is a big project for us overall financially but, moreover, it is an important reference. That company is on tailwind, it’s well known actor in the industry and it has good contacts and so on. This project gives us the change to use their company brand in our marketing and they will also promote us which gives us the foothold in the market.” (Managing Director)

“One of our business partners is operating in an industry where may well be demand for our product, so they asked for a permission to market it alongside with their own offering. We agreed on certain conditions and now we pay them a commission for selling our products.” (Managing Director)

The analysis, thus, indicates that even though SME is not in charge of or has total control over all the brand building activities, it can strive to motivate and provide the opportunity for the strategically important stakeholders, i.e. the actors in its brand value net, to begin to contribute to corporate brand values and image.

4.4 A modified model of managing network actors’ participation in SME corporate branding

The main objective of this study was to provide a model that is sensitive to the unique characteristics of business-to-business SMEs; one that illustrates how both internal and external network actors participate in corporate branding and how these network relationships can be managed in order to improve the corporate brand image. Based on the analysis of the empirical data, the theoretical model first presented in the chapter 2 was modified and further expanded upon with the respect of the empirical findings.

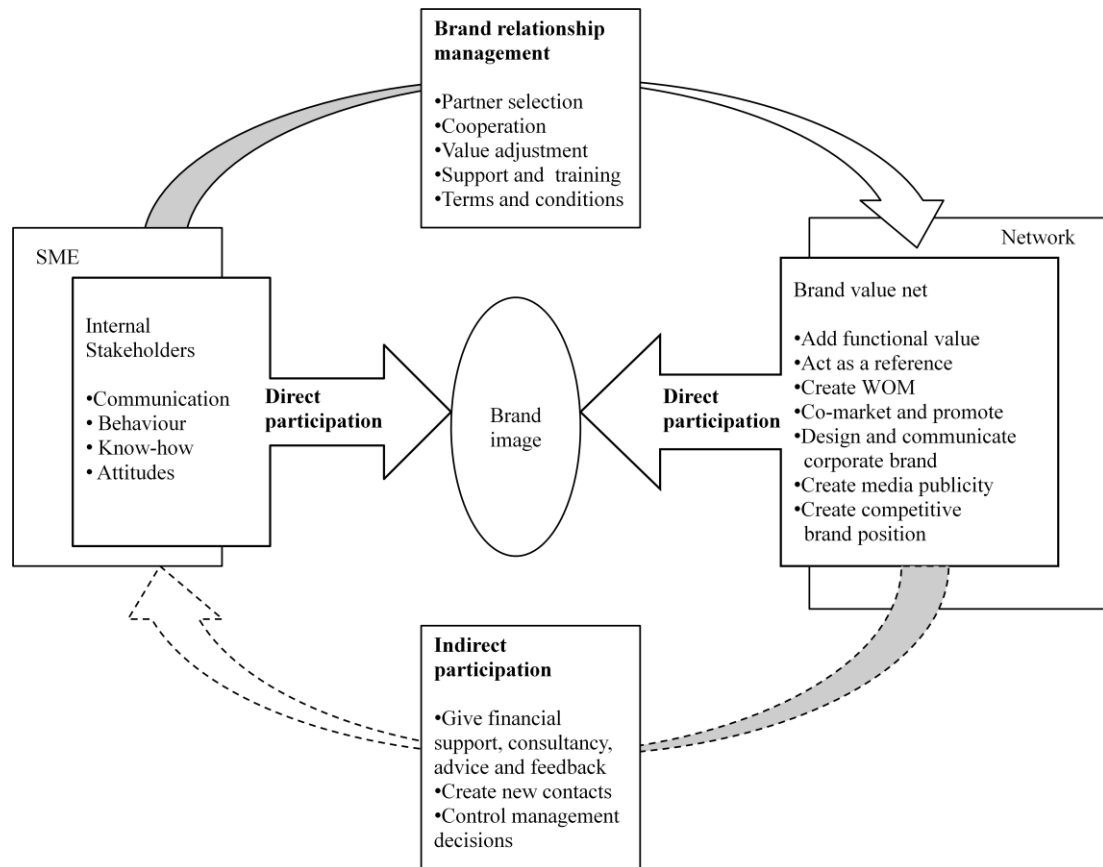


Figure 7. A modified model of managing network actors' participation in SME corporate branding

SME is embedded in a network where it becomes connected with several different actors through a number of interrelated interfaces. Figure 7 illustrates the SME corporate branding in network setting where the corporate brand image is constantly exposed to the effects of different actions taken by the network actors.

SME's internal stakeholders participate in building corporate brand image through communication that is in line with the corporate brand values and behaviour that delivers the brand promise, and know-how that is likely to support and facilitate brand success. In addition, internal stakeholders' attitudes towards corporate branding and brand values contribute to the brand success. Accordingly, the internal stakeholders are those who primarily co-construct the brand identity and live up to the brand promise to generate positive brand image. Apart from the internal

stakeholders, there are also external actors in the network that participate in the SME's corporate branding either directly or indirectly.

There are external actors that either contribute to or self-perform such activities that will directly effect on the overall corporate brand performance, awareness and image. These activities are defined in the model as: adding functional value, acting as a reference, creating word-of-mouth, co-marketing and promoting, designing and communicating a distinctive corporate brand, creating media publicity, and creating a competitive brand position.

External network actors also participate indirectly in corporate branding by giving financial support for business development and consultancy, advice and feedback on branding topics and other practical issues, and by creating new contacts. Through assisting and guiding the SME in its strategic decisions and influencing its business operations, external network actors contribute to the construction of corporate brand. SMEs are generally reliant on such external resources. Depending on the company's competitive network position, some central and powerful resource possessors in the company's network can also control or govern the SME's business operations and branding decisions.

Based on the empirical analysis the concept of *corporate brand value net* emerged. Brand value net consists of these strategically important stakeholders which are of great importance in terms of indirectly or directly participating in SME's brand building, thus, excluding those of less influential actors in the network. The width and structure of the brand value net and, furthermore, the force of impact such net and the particular actors performing in it has on the development of SME's corporate brand image is always dependent on the firm-specific content.

Accordingly, both internal and external stakeholders can both improve and damage the SME's corporate brand image either directly or indirectly which offers new approaches also to the brand management discussion. Even though no SME can have a complete control over its brand value net, it can build and manage its stakeholder relations and influence the behaviour of the strategically important actors to improve

the corporate brand image and awareness. Managing the corporate brand in SME business network context, thus, requires active relationship management and focus on partner selection. In addition, a SME can enhance its corporate brand value through cooperation, value adjustments, and also by offering brand support and training to close channel partners or by agreeing on attractive terms and conditions with partners of distribution.

5 CONCLUSIONS

In the following, the summary of the study and its theoretical contributions will be presented by comparing the empirical findings of this study to the existing theory and prior research. After that the managerial implications and some practical recommendations are suggested followed by critical evaluation of the validity and reliability of this study. Based on this, some propositions for future research will also be made.

5.1 Summary the study

The purpose of this study was to propose a model that establishes the nature of SME corporate branding in a network context and to provide answers to the research questions. The topic is interesting because there is very little research available about small business branding. In addition, despite the fact that network theories have gained widespread attention in marketing literature, the dominant theories of corporate branding still lack the network perspective. Thus, because there is a lack of explicit academic evidence of this specific issue, relevant literature was examined to conceptualize the phenomenon at large and to identify the specific gaps of cognizance. A theoretical model was build upon the existing knowledge which served as the basis for the empirical part of this research. After the literature review, the empirical research was conducted by using qualitative research methods which emphasize the development of both practical and theoretical understanding of the SME branding in network context. Narrative interviews were conducted with experienced SME managers and professionals to gather the most informative and appropriate empirical data for the study in question.

The empirical part of the study confirmed the existing theory of both branding and networking in most part but also revealed some inconsistencies. Furthermore, new insights emerged through a profound empirical analysis. The study's main contribution is a definition of a new concept of *corporate brand value net*. In addition, the empirically

grounded model of *managing network actors' participation in SME corporate branding* took shape as illustrated in the previous chapter in Figure 7.

5.2 Theoretical contributions

The theoretical framework underlying the study was constructed from current theories and prior research of corporate branding (particularly Hatch & Scultz 2003; Leich & Richardson; Morgan, Deeter-Schmelz & Moberg 2007; Ballantyne & Aitken 2007; Gregory 2007; Merz, He & Vargo 2008) and branding in SMEs (see Inskip 2004; Karake 2005; Wong & Merrilees 2005; Ojasalo, Nätti & Olkkonen 2008) in parallel with interactivity and network literature (see Håkansson & Snehota 1995, 2006; Wilkingson & Young 2002; Ritter & Gemünden 2003) particularly in the context of small and medium sized business-to-business companies (see Äyväri & Möller 1999; O'Donnell 2004; Rocks, Gilmore & Carson 2005), in order to form a profound ground for the further empirical inspection. Considering the purpose of this research, the theoretical contribution is primarily related to the brand management theories but is also considered in relation to the networking theories. However, combining these particular fields of research is already in itself a contribution to the existing literature as no prior research has integrated these theoretical constructions.

It was found in the study that in a network context, SME's overall business performance is highly dependent on its relationships with different network actors. Given the network approach, the study found that interconnected business and social relationships may also affect the SME's corporate brand image as well as the nature of SME's internal branding strategy. The study concluded that some central actors in the SME's network are more influential and, thus, more critical to be exploited than others in terms of SME corporate branding in business-to-business context. As a contribution to the existing theory, the new concept of *corporate brand value net* is proposed based on the current findings. The concept refers to those focal actors in the SME's network that either directly or indirectly participate in the development of the functional and/or symbolic value of the corporate brand and may, thus, considerably impact on the company's corporate brand image. In this respect, a firm's capability to

influence and leverage its corporate brand value net and acquire resources through exchange with other network actors in its context will have a significant impact on its market performance and ultimate brand success which is in line with the network theory (see e.g. Håkansson & Snehota 2006; Möller & Svahn 2003b; Ritter & Gemünden 2003). The study further suggests that this corporate brand value net is always company specific and depends for example on the specific industry, business model and the stage of business life cycle and so on. This is supported by Halinen and Törnroos (2005) who suggest that networks are temporal in nature and, furthermore, unique and context specific constructs.

The first research question was: *How can we conceptualize corporate branding in business-to-business SME?* The study confirmed the earlier studies on brand management (see e.g. Krake 2005; Wong & Merrilees 2005; Berthon *et al.* 2008) suggesting that corporate branding is different in business-to-business SMEs compared to large corporations. SMEs clearly have some specific characteristics affecting the construct and construction of corporate brand and the implementation of branding strategies.

The current study strongly supports the notion that SMEs operating in business-to-business markets are generally highly product or technology oriented (Ojasalo *et al.* 2008; Mowle & Merrilees 2005) and most emphasis is focused on communicating functional brand values to stakeholders such as customers and market intermediaries. Feedback received from different stakeholders – mainly from customers – is also mainly applied to develop functional values of the brand such as product features and performance.

The study also found that SMEs are deliberately trying to establish stakeholder relations with large and prominent actors in the network to increase the credibility and acquire brand recognition in the markets by using their reputation as a point of reference, thus, confirming Ojasalo *et al.* (2008). SMEs that have considerably different amount of resources to invest in branding seek to actively exploit these contacts to generate positive brand associations in the minds of different stakeholders. However, the co-development, mutual adjustment and communication

of emotional brand values, by contrast, receive hardly any attention in SME corporate branding. Instead, brand-related strategic decision making in SMEs is still widely considered as the organization's internal concern, instead of as a collective process that involves a broader stakeholding community as suggested in the contemporary corporate branding research (Balmer & Grey 2003; Ballantyne & Aitken 2007; Gregory 2007; Merz *et al.* 2009). In accordance with the current findings, corporate branding in SMEs is still widely stuck in thinking that brand image is internally created by firms and embedded in the physical goods, without paying attention to the collective and dynamic nature of the brand value creation process.

The second research question was: *How can we conceptualize networking in business-to-business SME?* The study found that SMEs are embedded in networks where both economic and social dimensions are valid and crucial which is in line with the earlier studies on networking in SMEs (Carson *et al.* 1995; O'Donnell 2004; Komulainen *et al.* 2006). The study further notes, that in small business-to-business companies the relationships between firms are embedded in the relationships between people. The existing relationships and networks of SMEs are usually an outcome of the aims and actions of the key personnel with high emphasis on SME managers' personal contacts. This finding is supported by the Rocks *et al.*'s (2004) study which suggests that it is difficult to develop interpretative models of networks in SMEs because of these bounded individual networks are strongly influenced by the personality of the key actors.

The third research question was: *How network actors participate in SME's corporate branding in business-to-business markets?* Referring to the proposed concept on corporate brand value net, the study revealed that various internal and external actors in the SME's network participate in corporate branding either directly or indirectly and can either improve or damage its corporate brand image if desired. This is supported by Veloutsou (2008) who concluded that a company's overall corporate brand success is reliant on a range of both internal and external stakeholders. Furthermore, these stakeholder relations are especially crucial for SMEs because their own resources are generally very limited to conduct any major branding

activities as found in the branding literature (Krake 2005; Ojasalo *et al.* 2008), making them therefore strongly dependent on the expertise, knowledge and other resources of other actors which is in line with the network theory (see e.g. Äyväri & Möller 1999).

This study found that successful external brand communication is highly dependent on both management and employees understanding and communicating brand values. Especially the management level personnel are constantly interacting with key network actors and, thus, have the most important role in communicating with stakeholders and representing the brand in the network. However, in small companies with small number of employees, everyone is responsible for building a positive brand image. This is supported by numerous discussions in the literature that highlight the essential role of internal stakeholders in constructing, communicating and delivering on the brand value proposition (see e.g. Harris & de Chernatony 2001; de Chernatony 2001; Balmer & Grey 2003; Hatch & Shultz 2003; Jones, 2005; He & Balmer 2006).

Apart from the internal stakeholders' participation in corporate branding, the study confirmed that in a dynamic and interconnected business network, different external actors also play an important role in developing SME's corporate brand image. This is supported by Christopher & Gaudenzi (2009) who in their study on reputation management concluded that the reputation of a company can be seriously impacted by the actions of network actors. Especially partner firm actions and performance – either success or failure – that is closely linked to the SME's total offering can have substantial effect on the customer perceived product or service quality, and therefore also the corporate brand-image. This seems to be in line with those of Morgan *et al.*'s (2007) study which examines the branding implications of partner firm-focal firm relationships in the context of business-to-business service networks.

The empirical findings highlighted that SME corporate brands need to engender trust and credibility among different stakeholders. The current study showed that different prominent and reliable stakeholders in the SME's focal net participate in corporate branding by increasing the credibility of a small firm. Such external network actors

strengthen the corporate brand image as they act as a point of reference and, therefore, their good reputation radiates to the SME. This finding is in line with Ojasalo *et al.*'s (2008) study, which found that branding in SMEs often includes gaining leverage by forming co-operative brand relationships with high reputed channel members.

The current study also found that, apart from the planned internal branding process and brand communication activities, there are actors in SME's social and business network who act as secondary brand marketers, thus, participating in creating higher brand awareness in the market. Such pro-active stakeholders have the capability to make a significant contribution to corporate brand development as also suggested by Gregory (2007). She concludes that involving stakeholders to corporate branding is, yet, challenging and depends greatly on the nature of their relationships with the company. Building on Gregory's (*ibid.*) notion, this study further found that such pro-active stakeholder involvement is generally based on reciprocity and mutual benefit, but can also be contractual and, as such, be referred as official co-marketing or co-branding. The empirical findings also revealed that informal word-of-mouth is perceived as one of the key means for SMEs operating in a narrow business-to-business sector to achieve a positive corporate brand image in the relevant market. This is somewhat surprising, since word-of-mouth cannot exactly be regarded as falling within the scope of strategically planned brand communications and is not therefore either fully under the company's control.

The current study supports the earlier studies (see e.g. Krake 2005; Ojasalo *et al.* 2008) on brand management in SMEs in that credible visibility in certain industry specific publications is much more meaningful for small business-to-business companies than wide general publicity. However, the study found that the media may strongly contribute also to SME's brand image and awareness in case it manages to get some special attention on the market. Co-operation with high-reputed industry leaders often attracts media attention and, thus, contributes to promote the SME's brand and help to acquire further recognition.

The empirical findings confirmed that SMEs often use external service providers like consultancies, advertising, communication and graphic agencies to sharpen their brand design and communication. SMEs particularly in the business-to-business sector often need external assistance in the brand development process since they lack internal competent as previously concluded by Inskip (2004). Accordingly, the knowledge and expertise of these actors will have a significant contribution to the distinctiveness of corporate brand. As Ojasalo *et al.* (2008) noted, such cooperation tends to be sporadic in nature. However, the empirical study revealed that some brand oriented SMEs are inclined to form long-term strategic relationships with such actors that, consequently, play an important role in corporate brand building.

It was also found in the study that SMEs often develop their branding proposition in relation to the competitors' brand with an aim to detect their strengths and weaknesses. Competitive brand positioning in the network can, in turn, affect the position and attractiveness of a related brand. This is supported by Leitch and Richardson (2003), who suggest that especially in a network context brands constantly struggle over meaning with other actors, especially with competitor brands. Furthermore, as concluded in the network theory (see e.g. Gummesson 2007; Håkansson & Snehota 2006), in a dynamic and interconnected business network a company's success is not only dependent on its internal strategies but also on the strategies and actions of other actors and reacting to other actors' actions can be more important than acting itself.

In line with the existing network theory (Jarillo 1998; Håkansson & Snehota 2006), this study suggests that some inter-organizational and inter-personal relationships in the SME's network constitute themselves one of the most – if not the most – valuable corporate branding resources possessed by a company. This study further found that especially those stakeholders that offer either financial support or accurate and useful information and advice in relation to branding issues are valuable and may contribute to SMEs' corporate branding decisions. This is reasonable considering the earlier studies on brand management in SME which suggest that branding is still rather unfamiliar construct for many SMEs (Inskip 2004) and given the lack of financial

and human resources, often pre-occupied with daily routines (Krake 2005; Wong & Merrilees 2005).

The study found that SME's network of existing relationships with central actors will act as a reference in gaining additional prestige stakeholders to sign in and, thus, provide a great opportunity for a small company to acquire additional resources to enhance its corporate brand image. However, the study also confirms the existing network theory (see e.g. Ritter & Gemünden 2003; Håkansson & Snehota 2006; Christopher & Gaudenzi 2009) in that through these relationships some influential actors in the SME's network can gain control over its business decisions and might even act as a limitation for the corporate brand development.

The current study confirms that in a network context a clear understanding is emerging that the stakeholder relations are inherent in SME corporate branding and, as suggested by Jones (2005), if effectively managed, can also have a profound impact on company's overall brand performance. Accordingly, for SMEs, brand building is a major activity and often includes gaining leverage by using references and forming co-operative brand relationships with high reputed channel members (Ojasalo *et al.* 2008) and, as such, is closely associated with network building (Merrilees 2007) and relationship management (Inskip 2004). In any case, as emphasized in the branding literature brand recognition is not something that happens by itself but takes time and effort and requires serious commitment across the SME's internal stakeholders (e.g. Keller 2003; Krake 2005; Gregory 2007). But furthermore, in accordance with the current findings, call for support from a range on external actors in the company's corporate brand value net.

5.3 Managerial implications

Several practical implications emerge from the study. Corporate brand represents the organization as a whole instead of only one product category. Particularly in business-to-business environment, instead of focusing only on customer relations, SMEs have a number of different stakeholders that it has to take into account in its

corporate brand communications. The study has further shown that various actors in the SME's social and business network can participate in corporate branding through their own actions that the company is not directly able to control. SME cannot manage its network but it can improve the corporate brand performance through interaction with relevant network actors which consequently shifts the focus of corporate branding outside of the boundaries of one organization to a network context. In such context one-way corporate brand communication is no longer adequate and instead of simply controlling internal branding strategies a company also needs to be aware of and responsive to its own business environment.

A company should be able to recognize its key brand stakeholders that form its corporate brand value net and the main activities through which those actors may either directly or indirectly participate in the development of corporate brand, in order to be able to more consciously and systematically exploit such relationships and coordinate such activities to enhance the brand value. SMEs can for example try to enhance positive word-of-mouth by managing the relationships with the most influential stakeholders in their respected markets.

Furthermore, a company must choose good and reliable partners whose mission is consistent with the company's mission. SMEs are often inclined to form cooperative relationships with central and high-reputed actors to gain leverage and credibility. The most important is, yet, to find partners with complementary strategic resources and relational capabilities that add value to the company, not the other way around. SME managers mainly prefer collaborating with people they already know which can restrict the SME manager's network building to a small set of personal friends and business colleagues. Thus, SMEs should more actively strive to look for potential brand support from the entire network not only from the existing focal net.

Active networking increases the visibility of a corporate brand in the market. However, owing to the lack of financial and human resources, time and influence SME must focus its efforts to reach and convince the right decision makers and have the ability to concentrate on those stakeholder relations that can be considered as critical to its own business development and brand success and not waste its scarce

resources into wrong priorities. Furthermore, the overall corporate brand performance is related to how these company specific interdependencies and interfaces between significant actors are handled. Through relationship building company can increase stakeholder involvement in product/service development and further generate a sense of customer and stakeholder needs, thus, enhance stakeholder satisfaction and brand loyalty. The core of SME corporate branding strategy is, thus, the ability to develop critical stakeholder relationships and to exploit them in order to enhance the corporate brand value and acquire additional branding resources. Close and inter-personal relationships with stakeholders and access to first-hand information through face-to-face encounters offer great potential and advantage for SME when managing its corporate brand in the network.

Different cooperation and win-win solutions that advantage both or all the parties involved increase the willingness of network partners to promote a partner company's brand success. Furthermore, attractive terms and conditions would allow the company to encourage and motivate the stakeholders to act in favour of the corporate brand. In case the sales or delivery of SME's products is outsourced to third parties, it is very important to offer comprehensive support and training to these actors to make sure that they are able and willing to deliver the values of a brand. Given the complex nature of products, services and solutions generally sold to business customers, it is vital for a company also to determine the best means of providing appropriate consultancy to relevant stakeholders in order to make sure they understand the underlying values of the corporate brand.

In addition to superior and unique product characteristics organizational buyers are also affected by emotional values of a brand that provide a clue to the personality of an organization. Communicating and delivering on both functional and symbolic brand value proposition that is important to the relevant stakeholders should, thus, be considered as important brand building activities in SMEs.

The general shift in academic and managerial thinking about the brand value co-creation process and stakeholder involvement is greatly driven by the brand

community literature (see e.g. Merz *et al.* 2009). The community construct has its roots strongly in relationship marketing that suggest the shift of focus from transactional marketing to the initiation, establishment of long-term relationships with customers and other stakeholders (Andersen 2005). Andersen (*ibid.*) further argues that actors with professional concern have a strong interest in organizing themselves in communities to exchange both social and product-related information. Such communities can thus be significant source of strategic value for business organizations in terms of innovation discovering and diffusion, knowledge sharing and collective learning (see Ward 2000). Through interactive and responsive management SMEs can encourage the company stakeholders to feel connectedness with the corporate brand and use it as a means to integrate them into productive community.

5.4 Evaluation of the study

A researcher should continually engage in systematic quality control when conducting a study (Koskinen *et al.* 2005: 257). In the following, the quality of the study – its design and the research process is evaluated. The purpose is to show and expound how the results and their interpretation are built and guided by the research material and methodological choices. The evaluation of the study draws greatly on the philosophical premises of social science of ontology, epistemology and methodology which have been discussed earlier in the chapter 3. The concepts of reliability, validity and generalizability are often used in evaluating the quality of a research. These concepts are, yet, designed for evaluation of quantitative research that seeks causal determination, prediction and generalization of findings and, thus, are not, as such, generally applicable for qualitative research with a purpose of describing, explaining and generating understanding of complex social phenomena (Healy & Perry 2000; Stenbacka 2001). As the concerns of reliability, validity and generalizability are still essential to discuss in order to justify the findings, the concepts are applied as considered appropriate to the type of qualitative study.

5.4.1 Reliability

The basic reliability issue concerns if the results of a study can be reproduced under a similar methodology over and over again (Stenbacka 2001; Ghauri & Gronhaug 2002: 68). As such, the concept of reliability is fully relevant only if the instrument of measure can be considered stable. However, in subjectivist view of qualitative research it is impossible to separate the researcher from the method (Stenbacka 2001) but instead, the researcher as a reflective subject is the measure (Patton 2002: 14). According to Eskola and Suoranta (1998: 210) the evaluation of reliability in qualitative research concerns the research process as a whole. It involves the methods and techniques chosen to collect the research material and to produce the results, that is, the generation and interpretation on the data and is, thus, closely associated with the trustworthiness of the study.

Accordingly, to ensure quality in qualitative research, examination of trustworthiness is essential. To indicate trustworthiness, i.e. good quality of this study, the research process was documented and all the interview material was transcribed for possible further inspection. In addition, the principles and procedures of interviewee selection and data analysis were described in detail in the chapter 3. Further information was also provided considering the relevancy of the empirical material including the dates and duration of the interviews, the management positions of the interviewees, and the description of the field of industry where the companies in question operate. Several quotations from the interviews were also used in the report to support the analysis and findings presented (Healy & Perry 2000). This should increase the transparency of the research process and allow the readers themselves to evaluate the reliability of the study and to make interpretations of their own (Stenbacka 2001; Koskinen *et al.* 2005: 257).

5.4.2 Validity

The basic validity question is whether the research actually measures that which it was intended to measure i.e. how truthful the research results are. According to

Stenbacka (2001) in qualitative methods good – valid – data provides information needed according to the purpose of the study. To improve the validity of this research the initial stage of data gathering was planned to ensure that all the information was obtained from appropriate and information-rich sources (Healy & Perry 2000). Existing theory and prior research were studied carefully to define the central constructs related to the phenomenon and to ensure the factual accuracy in the descriptions (*ibid.*). Good pre-understanding about the phenomenon was also obtained in order to be able to reflect upon the research problem (Stenbacka 2000) and, furthermore, to guide profound discussions concerning the issue with the interviewees.

In qualitative research good validity is also achieved when choosing the right and knowledgeable informants and using a method that allows them to speak freely according to their expertise (Storbacka 2001). The empirical data-gathering concentrated on narrative interviews and in-depth discussions with experienced business-to-business SME managers that hold different positions and one consultant. The interviewees were encouraged to share their own thoughts and experiences relating to the research issue in order to detect the information that they perceived as important without restricting their views by tightly structured interview. All but one of the interviews lasted until the informant felt that he had nothing to add into the discussion.

In qualitative methods the interpretation of the data is a subjective act and always involves a degree of selection and choice which places limits on the conclusions one can draw from a study and will affect how confident one can be about them. By interpretive validity Ghauri and Gronhaug (2002: 139) refer to the quality of the interpretation, that is, if the expressed interpretation can be considered as the correct one. All the empirical material was systematically and consistently transcribed and categorized and further analyzed by using content analysis techniques on which grounds it was possible to draw valid conclusions (Tuomi & Sarajärvi 2004: 110). In addition, the findings that emerged from the process of analysis were presented to the interviewees for commentary to avoid any misinterpretations and to confirm that the analysis was plausible as it was a reflection of their perceptions about the research

issue (see Shaw 1999; Tuomi & Sarajärvi 2004: 139). No one of the interviewees wanted to make any corrections or specifications to the actual content of the analysis.

5.4.3 Generalizability

Generalizability is concerned about to what extent the finding of the current study can be generalized and applied to wider groups and circumstances (Ghuri & Gronhaug 2002: 140). The ability to generalize findings to wider population is one of the most common quality measures for quantitative research, yet, is considered questionable in qualitative methods considering the small sample (Winter 2000; Koskinen *et al.* 2005: 265). The objective of qualitative research is, however, to obtain in-depth information about the specific research problem rather than to make broad generalizations (Koskinen *et al.* 2005: 265–266), and are thus contextual. In qualitative study Yin (1989 via Stenbacka 2001) stresses the analytical generalisation in respect to the development of theory instead of statistical generalisation in respect to wider populations, meaning that analytical understanding is reached as a result of the study by lifting the empirical material to a general level, where analysis of people's behaviour is made possible through understanding their motivations.

Given the theory building as the primarily purpose of this study rather than theory testing, as a conclusion, in the end of the analysis a modified model of managing network actors' participation in SME corporate branding was presented, in a form suitable for further evaluating and testing of adequacy at a later stage particularly in similar context (see Healy & Perry 2000; Ghauri & Gronhaug 2002: 140). Analytical generalization can also be reasoned through purposive choice of relevant informants considering the research problem rather than random sampling (Winter 2000; Hill & Wright 2001; Stenbacka 2001).

5.5 Limitations of the study

The qualitative researcher should be able to come close to the phenomenon under study, i.e. access the social reality, but also be consciously aware of and reflect upon

the obstacles between him/her and the phenomenon in order to develop comprehensive understanding as a result of the study (Stenbacka 2001). Thus, the different limitations of the study should be acknowledged.

All the empirical evidence was based on the narrative interviews, which brings forth the limitations of this study. Telling stories is always a subjective act. In addition, in qualitative interview research there is always a change that the interviewees are misleading or dishonest or they give answers that they think are expected or appropriate. In order to ensure the truthfulness and richness of the empirical data all the interviewees were assured of confidentiality. Producing narratives about the research issue, yet, proved challenging for the interviewees and some of them expected more traditional interview situation. The researcher therefore had a great responsibility to draw out relevant information since no pre-structured question pattern existed. The researchers pre-understanding about the issue helped to generate, but also steered the discussion, owing to her theoretical presumptions.

The value of the stories been told and analyzed in this study further lies in the researchers potential for mirroring these subjective views and individual actions against wider cultural and social context in order to make generalized theoretical propositions (see Cohen and Mallon 2001). The study sought a neutral approach to describe the phenomenon. However, the empirical analysis is based on qualitative inquiry and interpretation and is, thus, always influenced by the subjective choices made by the researchers.

The results of this study are somewhat context-bound. The suggested model and explanation of the phenomenon was based on the empirical evidence gathered through interviewing SME managers and professionals who largely represent software and high-tech industries. Even though the companies were not examined, but only the informants, the professional background of the interviewees clearly determined the nature of the discussion. This limits the transferability of the results to other industry context and different areas of business.

Accordingly, the generalizability of the current findings is limited because they were generated in an exploratory qualitative inquiry that included only a small sample (Hill & Wright 2001). However, the aim was to develop theory and learn about the phenomenon in a wider sense that allows analytical instead of statistical generalization as was explained earlier.

5.6 Suggestions for further research

In this study, a new model of managing network actors' participation in SME corporate branding was established. The empirical part of this study is based on six narrative interviews with SME managers and professionals from technical industries. Thus, based on the findings of this study, it would be interesting to use more pre-structured methods and carry out more interviews to test the empirical findings and to see if any additional information would arise. Further research could also be conducted for example in large companies, consumer markets and in other industry fields to test if the model applies to different contexts. Further research also remains to be conducted also on the new concept of corporate brand value net particularly for context specific managerial purpose.

This study confirmed that both internal and external actors can play a critical part in corporate branding and constructing corporate brand image. Although, there appears to be an increasing recognition in the contemporary branding literature of corporate branding as a mutual process that involves various stakeholders, it is still not comprehensively described how the range of internal and external stakeholders can be actively engaged in corporate brand building in a productive way. This should therefore be further examined. The task is neither simple nor unambiguous because companies operate within a dynamic environment in which stakeholding groups are both diverse and dynamic.

As mentioned above, the general shift in academic and managerial thinking about the brand value co-creation process and stakeholder involvement is greatly driven by the brand community literature. The particular debate around brand communities has,

yet, been almost solely concerned with consumer markets and, particularly with private end-consumption. Accordingly, small and medium sized enterprises operating in business-to-business markets would be interesting context for future research on this field.

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Interview request

Appendix 1

Dear member of Revontuliryhmä ry,

I am a marketing student at the University of Oulu Faculty of Business and Economics and marketing and I'm doing my Master's thesis, which studies the meaning of company's business relations in corporate branding.

This research is a part of the CoBra (Corporate Branding) research project of the Marketing Department which central aim is to understand and clarify the role and importance of corporate branding in small and medium sized enterprises. <http://www.oulu.fi/cobra/>

The object of my research is to explore how different company stakeholders may contribute to company's reputation and image and to the value of the corporate brand.

As a conclusion the research will help the companies to be able to more consciously exploit the business network in corporate brand building.

To carry out this research I'm now looking for experienced SME managers and professionals, that is You, to share with me some personal experiences, thoughts and stories on the topic. It is not a pre-structured interview but the intention is rather to informally discuss on the issue.

So, I'm looking for people who have:

- At least few years of experience in SME business.
- (SME, the number of employees is 5-250).
- Experience in business-to-business markets.

The purpose is to collect the empirical data in the course of February (2010). Together we can decide on the appropriate time and place for the interview that will take approximately one to one-and-a-half hour, depending on the richness of the data.

The information that will be obtained through these interviews will remain confidential.

All the participants have the opportunity to get a summary of the findings in the end of the project. In case you are interested in participating in the research I urge you to contact me by e-mail or by phone 12.2.2010 at the latest.

I thank you for your interest and hope for a quick contact!

Kind regards, Minna Mäläskä

Interview frame

Appendix 2

Could you tell me first a little bit about your professional history?

How would you describe your company's business network?

What or who do you think are the key stakeholders of SME? (Why?)

How would you describe your own role in this network?

Can you think of any examples or the real-life cases in which the actions or opinions of other persons or organization would have had an impact on (your) company's corporate image and reputation? (positive or negative?)

Can you think of any examples or real life cases in which, your personal opinions or acts or your organization's undertakings would have affected another company's corporate image and reputation? (positive or negative?)

Can you think of any similar situations or cases in general, in which a company's internal or external stakeholders would have affected another company's corporate image and reputation? (positive or negative?)

Does these issues that emerged somehow relate to the building of the corporate image in your opinion? How / How not?

What other activities which affect the corporate image comes in to your mind?

How the company stakeholders may contribute to corporate brand image in the markets?

What is a corporate brand in your opinion?

Is there anything you want to add in relation to the issues we have been discussed?

The empirical data was coded and analyzed by using computer-assisted qualitative data analysis software called QSR N'Vivo. The transcribed data was brought to the program, and coded by using nodes that emerged in the progress of the research. Some of the nodes were based on the theoretical framework and themes arising from it whereas some arose from the empirical data themselves. The nodes used were:

Free nodes:

1. Branding activities
2. Networking activities
3. Focal stakeholders
4. Brand relationship management

Tree nodes:

5. Network actors' participation in corporate branding
 - a) Internal stakeholders participation in corporate branding
 - i. Direct participation
 - ii. Indirect participation
 - b) External stakeholders participation in corporate branding
 - i. Direct participation
 - ii. Indirect participation