
Corporate identity strategy: empirical analyses of major ASEAN corporations

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Keywords

Corporate identity, Strategic planning, Surveys

Abstract

This paper examines corporate identity on three different levels: regional; national and industrial. It then empirically integrates corporate identity with strategy within ASEAN corporations. Multi-leveled analyses are drawn from statistical results obtained from an already established database of 109 ASEAN public-listed companies. It seeks to relate corporate identity to the anatomy of strategic planning within major corporations in the ASEAN region.

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Introduction

Since the seminal *The Corporate Personality* (Olins, 1978) there has been a growing literature on corporate identity (for review see, Balmer, 1997). There remains a paucity of empirical work that investigates how corporate identity may be integrated as part of strategy processes. Yet almost two decades ago, Olins (1989) himself along with strategy scholars Gray and Smeltzer (1985) argued convincingly that identity is an integral part of strategy as rendering strategy visible through design. This strand of thought of identity as integral to strategy has now being woven to be part of brief *The Strathclyde Statement* (see, van Riel and Balmer, 1997 p. 355):

... corporate identity can be a powerful means of *integrating* the many disciplines and activities essential to an organization's success ... By effectively managing its corporate identity an organization can build *understanding and commitment* among its *diverse stakeholders*. This can be manifested in an ability to *attract and retain customers and employees, achieve strategic alliances, gain the support of financial markets and generate a sense of direction and purpose*. *Corporate identity is a strategic issue.*

Are these not too aspects of the rationale (Foo, 1997) for corporations to devote resources to implement formal strategy process? Indeed strategic planning, the formal side of strategy processes, is multi-faceted and involves also many disciplines, functions and activities for achieving corporate success (Foo *et al.*, 1992). As such this paper seeks to relate corporate identity with the anatomy of strategic planning (Grinyer, 1971) within major corporations within the ASEAN region.

ASEAN corporations

Whilst well-documented, in-depth case studies of identity in major organizations (e.g. Balmer, 1996; Wilkinson and Balmer, 1996) contribute in unveiling the complex nature of identity (e.g. multiple or generic identities) in specific settings, there is a lack of systematic study of corporate identity across major publicly-listed corporations, especially from within a given economic region.

Thus this paper approaches corporate identity from different levels: regional, national and industrial before progressing to empirically integrate corporate identity with strategy within ASEAN corporations. Given

the widespread nature of the sample obtained across countries and industries (see Tables I and II), we believe our findings are appealing for contributing to insights that are generalizable.

As may be seen our empirical, multi-levelled analyses are drawn from statistical results obtained from an already established database (Foo and Grinyer, 1994) of some 109 ASEAN public-listed companies. Whilst the response rates vary across countries (e.g. Singapore 43.9 per cent and Philippines 17.6 per cent) overall for the ASEAN region it is a respectable 24.7 per cent. A detailed breakdown of responses based on industries (standard industrial codes, SIC) by countries is also given.

The survey is embarked through the use of three separately pre-tested instruments that are developed separately for CEO, senior manager and corporate planner. For convenience we include here the relevant segments of the questionnaires. We begin the discussion with findings for ASEAN region.

ASEAN regional level of analysis

To what extent is corporate identity emphasized as a strategy within the ASEAN public corporations? We expect a public corporation that turns to the public for funds through listing to sustain a higher public profile than other companies within similar industry. Since corporate identity is one strategy for sustaining a strong public presence we expect to find publicly-listed companies emphasizing more corporate identity than others. Thus based on our theory, we expect relatively greater emphasis on corporate identity promotion by public companies than others. The results of our analyses conform very largely to our prior expectations.

Table I Response pattern

| | Companies surveyed | Companies responded | Percentage |
|--------------|--------------------|---------------------|------------|
| ASEAN region | 442 | 109 | 24.7 |
| Singapore | 98 | 43 | 43.9 |
| Malaysia | 170 | 31 | 18.2 |
| Thailand | 83 | 20 | 24.1 |
| Philippines | 74 | 13 | 17.6 |
| Indonesia | 17 | 2 | 11.8 |

Note: Only usable returns are included
 Source: Foo and Grinyer (1994)

The survey question is put simply as:

How will you rate the following in comparison with the norm in your industry:

In effort at promoting corporate identity 1 2 3 4 5

Our results show the following:

- (1) a significantly high percentage (24 per cent) of the sample ($n = 86$) declare their companies to be *very much* above average in promoting corporate identity;
- (2) an even higher percentage (33 per cent) put it as *above* average;
- (3) A total of 57 per cent (more than half of the sample) rate themselves as *clearly* above average;
- (4) more than a quarter (27 per cent) rate themselves as following the *norm* in the industry;
- (5) only 14 per cent rate themselves as *below* average;
- (6) an insignificant percentage (2 per cent) see themselves as being *very much below* the norm on promoting corporate identity — these are probably the more conservative companies.

In summary, we may conclude from these results that most major ASEAN corporations (84 per cent) emphasize corporate identity (as much as the norm in industry) as part of their strategy (see Figure 1).

National level of analysis

Next we obtain results for the practice of corporate identity promotion across the different ASEAN nations (see Figure 2). Here we have some very interesting results. Our findings suggest that perhaps there is some residual colonial influence on the style of management?

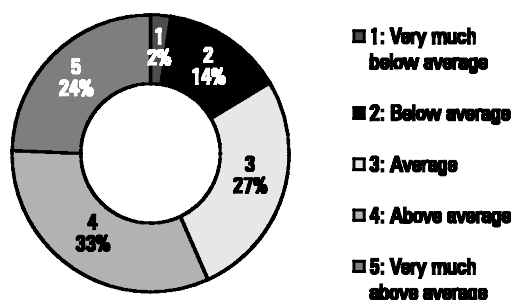
One must bear in mind that public corporations are heavily regulated entities. Corporate actions are often prescribed in statutes and codes. Of these countries the highest score (4.09) is obtained by the public corporations as surveyed in the Philippines. This is followed by Thailand (3.94). Both of these countries are not former UK colonies. Arguably these are more influenced by US legal and managerial practices than those of the UK. Singapore (3.48) and Malaysia (3.36) may be argued to be sharing through a common UK heritage — as far as publicly-listed corporations are concerned — with perhaps a more conservative, less proactive approach in their public relations. The influences may be more subtle and complex

Table II Sectoral composition of ASEAN and individual country samples

| | ASEAN | | Singapore | | Malaysia | | Thailand | | Philippines | | Indonesia | |
|-------------------------------|---------------------|-----------------------|--------------------|----------------------|---------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|---------------------|
| | Survey (n = 442) | Response (n = 109) | Survey (n = 98) | Response (n = 43) | Survey (n = 170) | Response (n = 31) | Survey (n = 83) | Response (n = 20) | Survey (n = 74) | Response (n = 13) | Survey (n = 17) | Response (n = 2) |
| Finance: | | | | | | | | | | | | |
| <i>Insurance</i> | 2.3 | 2.8 | 3.1 | — ^a | 0.6 | — | 4.8 | 15.0 | 1.4 | — | 5.9 | — |
| <i>Banks</i> | 6.6 | 10.1 | 6.1 | 7 | 1.8 | 9.7 | 13.3 | 20.0 | 10.8 | 7.7 | 5.9 | — |
| <i>Investment</i> | 14.9 | 6.4 | 20.4 | 4.7 | 12.9 | — | 24.1 | 20.0 | 5.4 | 7.7 | — | — |
| <i>Financial institutions</i> | 0.7 | 0.9 | 3.1 | 2.3 | — | — | — | — | — | — | — | — |
| <i>Agriculture</i> | 8.6 | 8.3 | — | — | 22.4 | 29.0 | — | — | — | — | — | — |
| <i>Forestry</i> | 1.4 | — | — | — | 3.5 | — | — | — | — | — | — | — |
| Mining: | | | | | | | | | | | | |
| <i>Coal</i> | 0.2 | 0.9 | — | — | — | — | — | — | 1.4 | 7.7 | — | — |
| <i>Petroleum</i> | 0.9 | — | — | — | — | — | — | — | 5.4 | — | — | — |
| <i>Metal Ore</i> | 6.3 | 3.7 | 1.0 | — | 6.5 | 6.5 | 1.2 | 5.0 | 20.3 | 7.7 | — | — |
| <i>Others</i> | 0.5 | — | — | — | 1.2 | — | — | — | — | — | — | — |
| Manufacturing: | | | | | | | | | | | | |
| <i>Food</i> | 9.0 | 8.3 | 10.2 | 9.3 | 9.4 | 6.5 | 3.6 | 5.0 | 12.2 | 7.7 | 11.8 | 50.0 |
| <i>Textiles</i> | 5.2 | 1.8 | — | — | 3.5 | — | 14.5 | 5.0 | 2.7 | 7.7 | 17.6 | — |
| <i>Wood</i> | 1.1 | — | — | — | 2.4 | — | — | — | 1.4 | — | — | — |
| <i>Paper</i> | 1.8 | 1.8 | — | — | 2.9 | 3.2 | 1.2 | — | 2.7 | 7.7 | — | — |
| <i>Chemical</i> | 8.8 | 12.8 | 6.1 | 7.0 | 8.2 | 19.4 | 10.8 | 10.0 | 4.1 | 15.4 | 41.2 | 50.0 |
| <i>Minerals</i> | 4.8 | 2.8 | 1.0 | 2.3 | 4.7 | 3.2 | 6.0 | — | 9.5 | 7.7 | — | — |
| <i>Metal</i> | 1.8 | 2.8 | 1.0 | 2.3 | 3.5 | 3.2 | 1.2 | 5.0 | — | — | — | — |
| <i>Machineries</i> | 7.7 | 10.1 | 11.2 | 18.6 | 8.8 | 9.7 | 6.0 | — | 2.7 | — | 5.9 | — |
| <i>Others</i> | 0.2 | 0.9 | — | — | — | — | — | — | 1.4 | 7.7 | — | — |
| <i>Construction</i> | 2.5 | 4.6 | 5.1 | 7.0 | 1.2 | 3.2 | — | — | 5.4 | 7.7 | — | — |
| Trading: | | | | | | | | | | | | |
| <i>Wholesale</i> | 4.1 | 10.1 | 10.2 | 23.3 | 0.6 | — | 6.0 | 5.0 | 2.7 | — | — | — |
| <i>Retail</i> | 0.7 | 1.8 | 2.0 | 2.3 | — | — | 1.2 | 5.0 | — | — | — | — |
| <i>Hotels</i> | 4.8 | 5.5 | 16.3 | 11.6 | 1.2 | — | 1.2 | 5.0 | — | — | 11.8 | — |
| <i>Transport</i> | 1.6 | 1.8 | 3.1 | 2.3 | 1.2 | 3.2 | 2.4 | — | — | — | — | — |
| <i>Real estate</i> | 2.5 | 0.9 | — | — | 3.5 | 3.2 | 1.2 | — | 5.4 | — | — | — |
| <i>Social services</i> | 0.5 | — | — | — | — | — | 1.2 | — | 1.4 | — | — | — |
| <i>Recreation</i> | 0.7 | 0.9 | — | — | — | — | — | — | 4.1 | 7.7 | — | — |

Notes: ^a none, not applicable. Only usable returns are included. Figures in percentages
 Source: Foo and Crinyer (1994)

Figure 1 ASEAN promotion of corporate identity for the publicly-listed corporations (n = 86)



than one residual colonial effects. Both Malaysia and Singapore continue to model their legal system, if not take philosophical inspirations from UK legal peers. Philippines clearly is modeled after the US system. These findings suggest possible contextual rather than simply cultural influences on the promotion of corporate identity.

Analyses by sector

Here we try to compare our empirical results broadly between services versus manufacturing (see Figures 3 and 4). Our

Figure 2 Countries within ASEAN

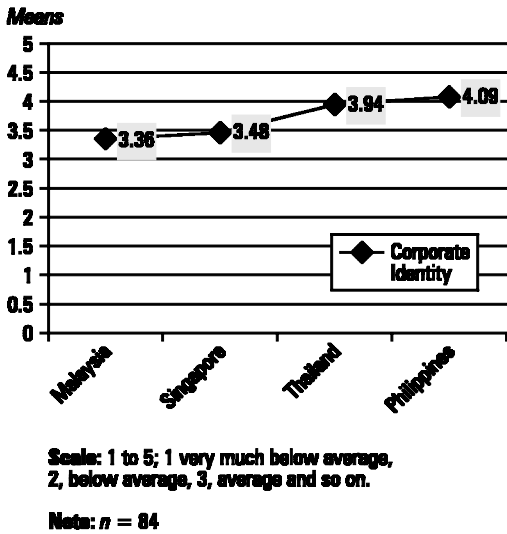


Figure 3 Means for ASEAN service industries

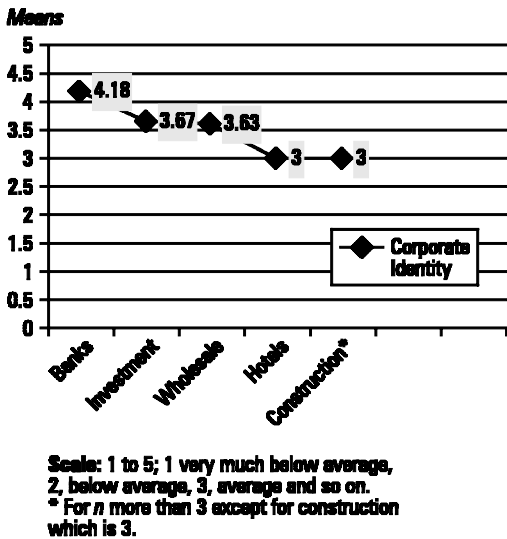
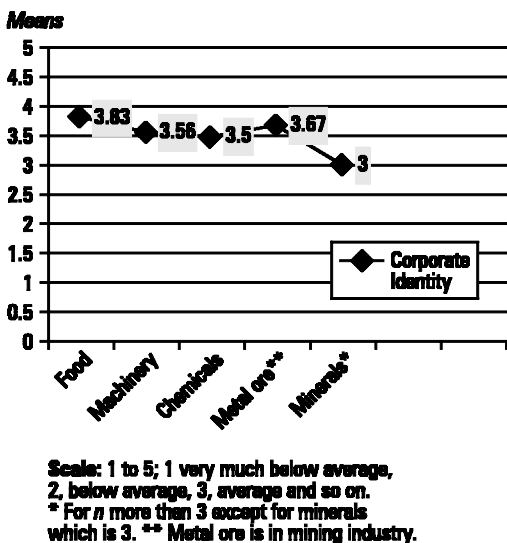


Figure 4 ASEAN manufacturing industries



comments are limited to an overview before we discuss findings at the *dis*-aggregated level. That is of differences across different industries within each sector.

Immediately apparent is the sharper differences in the levels of emphases on promoting corporate identity between industries classified as within services as compared to those found in manufacturing. For example in the services sector there is a variance of 1.18 between banks (4.18) and construction companies (3.00) or say hotels (also 3.00).

In other words, larger, publicly-listed companies within the construction and hotel industries are unlikely to emphasize more than what is the given industrial norm for promoting corporate identity. This may be explained by the fact that construction firms are more likely to rely on their given track record to secure jobs rather than one of sustaining a strong market presence. Within the manufacturing sector the differentials across industries are seen to be narrower and at its widest, 0.83, between food (3.83) and minerals (3.00). This makes it interesting to explore further possible explanations for these results.

Industrial analyses

Our findings show within the manufacturing industry that the food industry (at 3.83) is emphasizing the highest levels in promoting corporate identity. This is not surprising given the rich variety of logos and symbols that are seen on the supermarket floor. These results tend to confirm the importance of corporate identity as an essential marketing tool. For food companies with fierce competition, narrow margins and high volume production, it pays to promote with the consumer a sense of loyalty to a given brand. Also promotional efforts also play a crucial role too in differentiation. For the product by itself may be rather similar, for example spring water. The companies therefore need to use the tool of corporate identity so as to differentiate in order to levy a premium price. For example by associating one's product with a certain kind of lifestyle. Thus one brand of spring water for example may be perceived to be different from another.

This is also an attractive explanation why publicly-listed and thus mostly local banks too greatly emphasize the promotion of corporate identity. Indeed the norm for publicly-listed banks at 4.18 is rather significantly higher than the practice for food

companies. In other words these public banks tend to promote far more aggressively than the others within their industry (by 1.18) than that of the food companies.

One attractive explanation for this may lie at the very heart of the local banking business. A bank needs to attract from the public as the suppliers of “raw materials”, i.e. deposits of money. At the same time banks must also look to the public for businesses, e.g. housing loans, as customers. Now a dollar is a dollar whether one borrows from one bank or another. Thus the greater pressure for banks to differentiate themselves so as to compete in the marketplace.

Co-relational analyses

Corporate identity development is a highly formal process. A simple description will draw this out. Thus at its initiation this often though not always necessarily the employment of identity professionals, the creative design of several alternative logos, the orchestration of their final choice, then the promotional aspects. A change too of corporate identity logo often implies a complete overhaul of the internal and external paraphernalia associated with communication.

As such we are keenly interested in exploring how the promotion of corporate identity nests with the organizing strategy of a publicly-listed corporation? Our anticipations are for corporate identity activities to be associated with more formal processes in organizing strategy.

To explore this we run a co-relational test for significance between the promotion of corporate identity with organizing attributes. These organizing attributes are captured through responses to questions posed as follows:

- To what extent can planning activities undertaken in your company be reflected as described below?
- On an *ad hoc* basis [*ad hoc*]
- Regular meetings are being scheduled [*regularity*]
- Agreed plans are written down and referred to in implementation [*formal*]
- A systematic approach in planning where all possible options are surfaced, evaluated, and choice made [*systematic*]
- A systematic approach in planning where assessment is made of corporate strengths, weaknesses, opportunities and threats [*analytical*]

Note: Words in brackets are added in this paper for ease of reference.

The empirical results support our hypothesis. There is a very highly significant correlation (at 0.001 level of statistical significance)

between the promotion of corporate identity and formality in organizing strategy (see Figure 5). Indeed promotion of corporate identity is seen to be also positively significantly correlated with such attributes as *regularity* and being *systematic*.

As for the attribute of organizing strategy process being analytical, this we find the co-relational relationship to be only suggestively statistically significant ($p = 0.063$ i.e. at 0.1 level). What is most exciting for us is the finding of a statistically significant negative correlation ($p = 0.039$ i.e. at 0.05 level) between the *ad hoc* attribute in organizing strategy with the promotion of corporate identity.

In other words promotion of corporate identity tends to flow from organizations where the internal processes tend to be characterized by being formal, regular and systematic.

Given these findings it is in turn interesting to explore a step further.

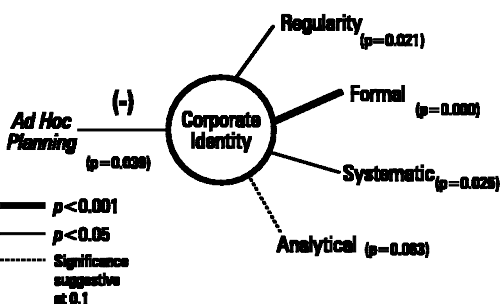
One to answer the question of how the promotion of corporate identity as a strategy may possibly be associated with the corporate planning process. Corporate planning process in such fundamental aspects as the *setting of financial objectives* (e.g. anticipated *dividends per share*), the *forecasting of results*, of analyses of gap in anticipated performance and targets (*gap analysis*), the initiation of *strategies to close gap* in performance and of their coordination. *Coordination of planning* is a central activity as often these public-listed corporations are but holding companies that own subsidiaries as profit-centers. The exact wordings of the scales used to capture these aspects of corporate planning process are detailed below:

FORMAL PLANNING SYSTEM

To what extent is corporate planning unit’s effort put into setting of corporate financial objectives? [*setting financial objectives*]

To what extent is corporate planning unit’s effort put into coordinating the planning activities of sub-units? [*coordination of planning*]

Figure 5 Corporate identity and organizing attributes in strategy



To what extent is corporate planning unit's effort put into forecasting future financial results of the corporation? [*forecasting of results*]

To what extent is corporate planning unit's effort put into analysis of gap between financial objectives and forecasted results? [*gap analysis*]

To what extent is corporate planning unit's effort put into developing strategies for closing the gap? [*strategies to close gap*]

Note: Words in brackets are added in this paper for ease of reference.

What kinds of relationships as may emerge promotion of corporate identity with these different facets as emphasized in the process of corporate planning?

The sample obtained here is of corporations that are large and publicly-listed and under constant pressure to turn in yearly dividends so as to keep their shareholders satisfied through either dividends paid or appreciation in share prices. The promotion of corporate identity, a costly exercise, is undertaken in such pecuniary context.

Thus one may reasonably anticipate some of these pressures on corporate planning processes to also bear on the efforts in promoting corporate identity. In other words they are driven by pressures too to achieve financial results. If so we may anticipate these forces to also emerge from the pattern of co-relations.

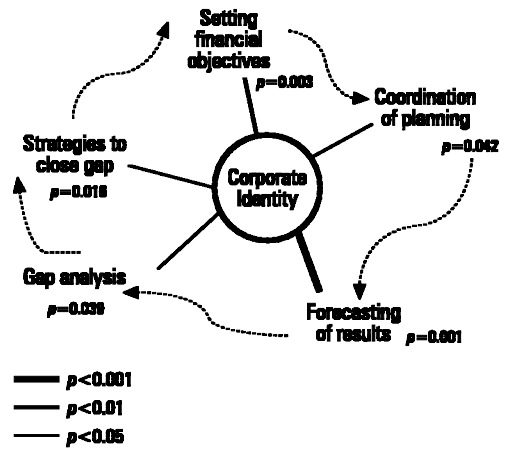
Again the empirical results largely reinforce our arguments.

Corporate identity activities tend to be more heavily promoted where there is also a heavier reliance on forecasting of the results of corporate performance. The co-relation is very highly statistically significant ($p < 0.001$ level) between the promotion of corporate identity and forecasting of results. Indeed the other results too are consistent (see Figure 6).

Thus as promotion of corporate identity an activity due to its cost has to be budgeted, it is consistent to find another highly statistically significant co-relation with the setting of financial objectives ($p < 0.003$). Interesting too is the patterning of the remaining statistically significant co-relations. For the other two more significant co-relations are those with strategies to close gap (in performance) ($p < 0.05$; exactly 0.016) and gap analysis ($p < 0.05$; exactly 0.039). The last and least though still statistically significant result is for the coordination of planning ($p < 0.05$; exactly 0.042).

Given these results we attempt to conceptualize an empirically grounded model

Figure 6 Corporate identity and planning process



of the process of interactions between the dynamics of strategy and the promotion of corporate identity or briefly.

We present the model next.

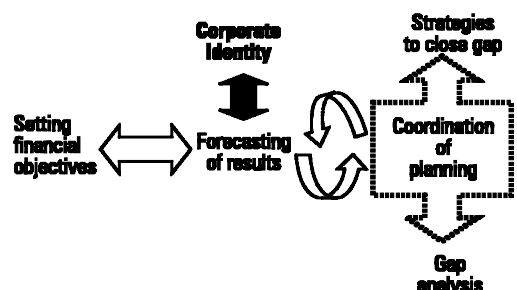
Strategy through identity

The empirically grounded model that we suggest is simple.

First, as argued earlier, we see *coordination of planning* to be at the heart of the strategy processes. For it is through such coordination with subsidiaries that a publicly-listed corporation is able to produce results through projects in a timely, consistent fashion that may be reported. As may be seen from Figure 7 there are two main interactions that flow out of the coordination of planning:

- (1) Coordination between analysis of gaps in financial performance presumably at the holding corporate level and the strategies to be implemented by subsidiaries (e.g. to increase sales by 10 per cent or reduce cost by 20 per cent) so as to narrow anticipated gap (*strategies to close gap*) in financial performance.
- (2) The interactions coordinated between the outcomes of gap analysis-strategies to close

Figure 7 Strategy through identity (empirically grounded model)



gap with *forecasting of results* which is a continuous, on-going process. For it is from the forecasting activities that anticipation of gaps in performance are made.

Second, we find *forecasting of results* to be another center of strategy processes especially within publicly-listed corporations whose shares are traded in the stock exchanges. Whilst financial objectives may have been set for the year yet there is always the possibilities of continuous revisions. When economic conditions are healthy one may expect the targets to be set more aggressively.

Correspondingly if there is a worsening of the outlook for the economy as say for ASEAN being hit by a currency crisis, one may anticipate a lowering of financial objectives that have earlier been set. One of the major roles of corporate planners is to anticipate how the financial reports (eg. profit and loss statements and balance sheets as in annual reports) may compare with others by the end of a financial year. Corporate planners thus play major anticipatory roles within large, publicly-listed corporations.

Third, we may utilize our understanding of corporate identity activities within ASEAN and the empirical results to ground the model. One our model takes into consideration the finding that efforts in corporate identity correlate statistically most significantly ($p < 0.001$) and thus strongly with efforts forecasting of results. We suggest here that the promotion of corporate identity is perceived within ASEAN to be part of performance enabling tools. It is one that facilitates a higher, more integrative corporate presence, and through that to help the corporation achieve, often indirectly, the financial objectives set.

How may that come about? Here is one possibility. By emphasizing one single corporate identity to the many diverse, differently situated operating subsidiaries, it becomes easier, due to reduced resistance, to centralize certain key, visible cost-saving functions as bulk purchasing.

Concluding remarks

Corporate identity has the potential to simultaneously communicate a series of important messages to a wide range of

different constituencies. This reinforces the requirement for the corporate community to sustain its already significant investment in this area. A similar degree of emphasis is also required by the international academic research community if a greater understanding of this complex strategic issue is to be realized. We encourage the development of new research initiatives (e.g. Foo and Lowe, 1999) using a range of methodological perspectives to increase the level of our knowledge in this key aspect of managerial strategy.

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