

# Role of Strategic Thinking in Corporate Identity

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*In this paper, an attempt has been made to unveil how strategic thinking contributes to corporate identity and survival. The instrument used to collect the data was a questionnaire which included a scale on creativity, pragmatic opportunism and intellectual informatism. The sample included the middle and top management of the telecom organizations in Pakistan. The questionnaires were distributed to 125 respondents and an 80% response was received. Results showed that strategic thinking has a fairly positive effect on corporate identity (CI). Among the creativity, intellectual informatism and pragmatic opportunism and when regressed with CI, pragmatic opportunism has the strongest effect on CI; creativity has a fairly positive impact on CI, whereas, intellectual informatism does not show significant impact on CI. Hopefully, this study will be informative for management about learning how they can use the available yet unfound opportunities and information within their creativity to build and maintain a good corporate identity.*

**Keywords:** corporate identity, strategic thinking, strategic planning

## Introduction

Strategic thinking has become an inevitable aura in the realm of successful business management. It is mainly due to the rapidly increasing complexity and competition in the environments in which the organizations are operating. These fast-paced alterations in the external environment have not only affected the pattern of thinking but also the way in which organizations react and maintain their identities. Although reacting in a special way to the changes around them helped the organization it could not bring the feeling of achievement for which efforts have been put into the resources. Therefore, the need for attaining intellectual and creative approach arises towards the factors directly affecting the organization for clearer and sound decisions, more than ever. In the current turbulent and global environment, thinking strategically has become the need of the hour. Strategic thinking involves the capability to think beyond the obvious scenes so as to grasp the vibrant corporate opportunities in the environment, to fit the role to be played, to move ahead. It is about conceptualizing, visioning and understanding the future forces on which the organization is dependent.

Though much research has been conducted on strategic thinking, it has not been studied earlier with its effects on the corporate identity of the organization. Earlier studies have emphasized the impact of strategic thinking on the factors internal to the organization but this research spotlights the impact of strategic thinking on both the factors, i.e. a factor internal

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to organization on corporate identity and a critical factor external to the organization. Consequently, creativity, pragmatic opportunism and intellectual informatism are of substantial importance while making the decisions and policies in the telecom sector of Pakistan because due to the competitive environment among telecom organizations, gaining the market share has become a vital concern of creating and holding strong corporate identities.

This paper aims at unveiling how strategic thinking contributes to corporate identity and survival. No matter what is the size of an organization, either small, medium or large, the responsibility of thinking strategically to build the corporate identity now also rests with the management. This paper comprises of seven sections. After this brief introduction in section 1, the literature is reviewed in section 2 which leads to the conceptual framework. Hypotheses are developed in section 3 and in section 4; methodology applied in this paper is discussed. The next section illustrates the results obtained. The results are then discussed in section 6, which follows the conclusion.

## **A Review of Literature**

### ***Strategic Thinking (ST)***

Organizational success has always been dependent on devising strategic plans that are based on strategic thinking. Although strategic thinking and strategic planning are seen side by side in the literature they obviously are different from each other, hence strategic thinking plays a vital role in the overall performance of the organization. Bonn supported strategic planning is a complete process that happens after a safe process of strategic thinking. [1] Although strategic thinking and strategic planning are equally important for effective strategic management this article holds a strong grip on the concept Bonn provided, supporting the theory that strategic thinking and strategic planning are two diverse concepts and also that strategic thinking leads to strategic planning. [1] Literature on strategic thinking did not provide any evidence on how strategic thinking is best defined. Yet Fairholm and Card provided a holistic and precise description of what strategic thinking is by stating that strategic thinking is to understand the fact that the world may not always work in linear and methodological ways. [2] It supports that everything around an organization does not always work in accordance to the capabilities of an organization, therefore, organizations and employees must be agile, flexible and wise as they adapt plans to meet emergent, ambiguous and odd situations.

Skarzauskiene suggested that strategic thinking helps in formulating effective strategies considering the situations and circumstances demanded by external environment and internal operations. [3] Such useful analysis in turn provides the space for favourable actions to extract the maximum benefits from the potential fertility. As Snyman and Kruger mentioned that apart from competitive analysis organizations need to learn from environments like (a) understanding the industry; (b) identifying its competitors; (c) determining strengths; and, (d) weaknesses along with capture and exchange of information. [4] In this regard, Snyman and Kruger also argued that not only capture and exchange of information is important but its smooth flow and productive use is also a concerning issue. Strategic thinking is not a one-step action rather a continuous process. [4] Bonn also found that strategic thinking is closely associated with acting in an ongoing and entangled process. [5] Abraham suggested whether a company has one person, a group, or everyone doing strategic thinking. [6] The important

thing is that it is done continuously and that the opportunities, alternative strategies, or different business models are periodically shared with other key people in the company. Only then is the company in a position to take appropriate action and only then can it reap the immense benefits of strategic thinking. Competitors pass by any organization unless it has a philosophy of continuous improvement. Tavakoli and Lawton supported the thought that in today's world of accelerating change, establishing and sustaining competitive advantage depends on flexibility and a wide spread spirit of innovation within the organization and knowledge management. [7] Thus, it is important for an organization to think creatively while formulating the policies so that the organizations needs to think strategically to move beyond the vicious circle of fellow-following.

It can be concluded that strategic thinking not only affects the financial status of an organization but also has an influence on the corporate identity of the organization as well. Consequently, strategic thinking can be termed as strategic if it includes finding new ways (creativity) of grasping the unseen and potential opportunities (pragmatic opportunism) to achieve goals through productive use of information (intellectual informatism). Klijn and Tomic also found creativity among the basic requirements for operating a business successfully. [8] Thus, it can be said that *creativity*, as supported by Williams, [9] is the deviation from the conventional ideas that emphasize novelty and innovation while pragmatic opportunism means tracking and grabbing the opportunity everywhere that is being in a position to notice that something can be done better, quicker, cheaper, differently, more conveniently, faster and more reliably. Hence, pragmatic opportunism highlights the idea of grasping the potential opportunity and extracting the fruit out of continuous alteration until a suitable strategy found through use of different analogies. Intellectual informatism stresses that not only the capture and exchange of information is important but its smooth streaming and intellectual use is also essential.

### ***Corporate Identity (CI)***

As individuals have their identities, similarly organizations also enjoy their identities among other organizations. [10] [11] Ashman and Winstanley argued that unlike the individual identity, corporate identity is owned by the organization collectively. [10] So, corporate identity is not the matter of the mission of the organization but it needs the unified and aligned practices of the entire organization. Moreover, employees of an organization also play a vital role in creating the corporate identity for their respective organization. Castro, Lopez and Saez also found that different human aspects of a business activity like customers, suppliers, managers or employees constitute corporate reputation. [12] Therefore, the social reputation of an organization is made up of the perspectives of its indirect stakeholders as investors, customers and the community in a broader sense. It can be, to some extent, figured that social reputation and corporate reputation play an important role in strong corporate identity. Hooghiemstra's point of view is that corporate identity is how an organization presents itself to the audience and that the activities and operations of a company are fundamental to the building or harm of a corporate identity. [13]

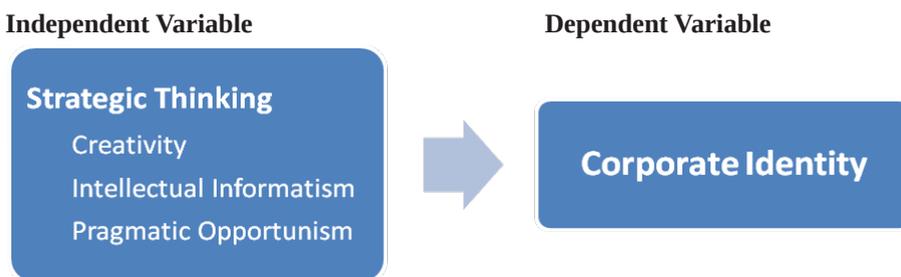
Corporate identity is an on-going process that keeps evolving with time, this is especially is the way how an organization presents itself to its every stakeholder and it, apart from the organizational practices, includes the name of the organization, logo, corporate slogans, etc.,

also play a role in building the corporate identity because they provide the clues to be remembered by its stakeholders. [14] [15] [11] Motion and Leitch further stated that corporate identity is a continuous process and evolves with time. [11] The organizational philosophy, [16] along with its advertising behaviours, [17] provides the basis for the image of an organization to the stakeholders outside the organization. Corporate identity of an organization is the composition of organizational ethos, culture, conduct and attitude that characterizes the distinction of the organization in respective industry and provides the attribute of organizational differentiation accompanying the unique and unified social existence. [10] [15] [11] [18] Motion and Leitch also mentioned that corporate identity attracts the audiences and it is the outgrowth of well executed media projection of the organization. [11] Eventually, corporate identity of an organization can be defined as the image, perception and ultimately the experience of the stakeholders, external to the organization, about the respective organization.

Decisions made by the leaders and the employees of an organization according to Aspin and Champan have a major impact on the corporate identity. [18] For that reason, it is vital that the decisions should be made carefully and intellectually in the organization. Similarly, it is also reported that corporate identity is the result of the decisions of a very few influential internal actors of the organization and the experiences of all the stakeholders of the organization. [19] [10] Bosch, Elving and Jong mentioned that the way strategies are devised inside the organization play an important role in the consistency of the corporate identity. [15] Therefore, it is evident that apart from the methods and techniques of making strategies, their ways of execution and communication to the stakeholders also plays an important role in the built or knock of corporate identity. Corporate identity keeps changing and transforms itself over time according to the decisions taken within the organization. For this reason, strategic thinking is not only important for the good performance and success of the organization but also for the good of the corporate identity of an organization.

### ***Conceptual Framework***

The literature review above on strategic thinking and the corporate identity led to the following conceptual framework.



*Figure 1. Strategic thinking and the corporate identity. [Edited by the authors.]*

The conceptual framework developed above includes the independent variable of strategic thinking that is further divided into the dimensions of creativity, intellectual informatism and pragmatic opportunism. These facets were taken for defining the strategic thinking because

corporate identity being the dependent variable was more understandable with the new ideas, smooth flow of information and grabbing the opportunity. Since these facets are processed inside the organization but their sources lie outside the organization so is corporate identity. Therefore, the corporate identity (dependent variable) was studied under the influence of strategic thinking (independent variable).

## Hypotheses

- H1: ST has a significant impact on CI.
- H10: ST has no significant impact on CI.
- H2: Pragmatic opportunism has a positive impact on CI.
- H20: Pragmatic opportunism has no positive impact on CI.
- H3: Creativity has a positive impact on CI.
- H30: Creativity has no positive impact on CI.
- H4: Intellectual Informatism has a positive impact on CI.
- H40: Intellectual Informatism has no positive impact on CI.

## Methodology

This part of article includes the research methodology for the strategic thinking and corporate identity. Methodology comprises of the development of the scale, explanation of the data collection method, sampling method and the respondents.

This article tags along the quantitative research method. The instrument used to collect the data was a questionnaire. The questionnaire included the scale on creativity, pragmatic opportunism and intellectual informatism. The items on pragmatic opportunism and the intellectual informatism were picked up from the predetermined questionnaire used by Skarzauskiene, [3] while that of creativity and corporate identity were developed with Cronbach Alpha of 0.84. Strategic thinking and corporate identity were measured using five point Likert scales. The questionnaire included a demographic sheet towards its end.

The sample of telecom organizations was judged to be selected because telecommunication has become a big industry in the last decade in Pakistan. People usually like to stereotype others regarding the network used by them. Moreover, corporate identity was defined as the image, perception and the ultimate experience of the stakeholders; therefore, the sample included the middle and top management of the telecom organizations, who were the customers of that very telecom network also. The questionnaires were distributed to 125 respondents but the response rate ended up being 60 percent only. The respondents were surveyed through questionnaires that were self-administered by the researcher to make sure more factual results. The data was analysed using the software SPSS. First of all, the relationships of the facets of the variables were explored using Pearson's correlation. Secondly, the independent variable and its facets were regressed against the dependent variable to test the hypothesis.

## Results

The statistical results found that strategic thinking has a fairly positive effect on corporate identity. When corporate identity (CI) was regressed with strategic thinking (ST), the results

showed 35.8% results (adjusted  $R^2 = 0.358$ ) and  $R^2 = 0.366$  which indicates that the 36.6% change in CI is due to the change in ST, as shown in Table 1. The significance of the regression model is 0.00 (i.e.,  $p < 0.05$ ), this indicates that the regression is significant, that is, there is a useful positive relationship between the CI and ST. The value of  $p$  is taken as 0.05 for reference as mentioned by Sikaran. [20]

Table 1. Regression for ST. [Edited by the authors.]

Model	b	SE	$\beta$	t	p
ST	0.58	0.09	0.60	6.5	0.00

$R^2 = 0.36$

$\Delta R^2 = 0.35$

Note:  $p < 0.05$ ,  $\beta$  = Standardized Coefficients, SE = Unstandardized coefficient standard error  
 b = slope of the line, t = calculated difference represented in units of standard error, p = calculated probability and is used to determine statistical significance in a hypothesis test

The results showed that ST increases when CI increases which indicates a positive linear relationship ( $F = 42.1$ ,  $df = 1$  and  $p = 0.00$ ). The correlation matrix in Table 2 indicates that there exists a fairly strong relationship between ST and CI. The correlation value of 0.605 at 99% confidence interval indicates a moderately strong and positive relationship between ST and CI.

So, the equation of regression for CI and ST becomes

$$CI = 1.91 + (0.60) ST \tag{1}$$

where:

- Y = CI,
- $b_0 = 1.91$ ,
- $\beta = 0.60$ ,
- X = ST.

Table 2. Pearson Correlation for ST and CI. [Edited by the authors.]

Scale	I	II
I (ST)	–	0.605**
II (CI)	–	–

Note: \*\* $p < 0.01$ , \* $p < 0.05$

H1: ST has a positive impact on CI

Moreover, the overall equation shows that one unit change in ST leads to 0.39 unit change in CI. In addition, the significant value of correlation matrix in Table 2 also helps deducing the fairly strong positive relationship between ST and CI so the H1 is accepted.

Among creativity, intellectual informatism and pragmatic opportunism; when regressed with corporate identity (CI), pragmatic opportunism has the strongest effect on corporate identity ( $\beta = 0.33$ ;  $p = 0.010$ ), creativity a little stronger ( $\beta = 0.32$ ;  $p = 0.025$ ) while intellectual informatism has the weakest effect on CI ( $\beta = 0.05$ ;  $p = 0.691$ ) as shown in Table 3.

Table 3. Regression Table for Pragmatic Opportunism (po), Creativity (c) and Intellectual Informatism (if). [Edited by the authors.]

Model	b	SE	$\beta$	t	p
po	0.29	0.11	0.33	2.66	0.010
C	0.25	0.11	0.32	2.28	0.025
if	0.04	0.09	0.05	0.40	0.691

$R^2 = 0.39$

$\Delta R^2 = 0.37$

Note:  $p < 0.05$ ,  $\beta$  = Standardized Coefficients, SE = Unstandardized coefficient standard error  
 b = slope of the line, t = calculated difference represented in units of standard error, p = calculated probability and is used to determine statistical significance in a hypothesis test

The equation for regression becomes

$$CI = 1.89 + (0.32) C + (0.33) po + (0.05) if \tag{2}$$

where:

- Y = CI,
- $b_0 = 1.89$ ,
- $\beta_1 = 0.33$ ,
- $\beta_2 = 0.32$ ,
- $\beta_3 = 0.05$ ,
- X = ST.

H2: Pragmatic opportunism has a positive impact on CI

Resulting values of the regression show that one unit change in pragmatic opportunism causes 0.33 units increase in the CI as show in Table 3. The value of 0.570 and 0.01 significance ( $p < 0.05$ ) of Pearson’s correlation matrix at 99% confidence interval also supports the fact that pragmatic opportunism has a fairly strong and positive impact on CI. Therefore, H2 is accepted.

H3: Creativity has a positive impact on CI

When creativity is regressed with CI, the  $R^2$  value shows that 33% change in CI is due to the creativity as shown in Table 3. The correlation matrix also shows 0.576 at 99% confidence interval that reveals the presence of fairly a positive impact of creativity on CI. Therefore, H3 is also accepted.

H4: Intellectual Informatism has a positive impact on CI

Since the correlation matrix shows a positive relationship between intellectual informatism (0.401 at 99% confidence interval) the regression table does not show as significant an impact of intellectual informatism solely on CI as that of pragmatic opportunism and creativity. It shows that only 5% change in CI is due to intellectual informatism and significance is 0.691 ( $p > 0.05$ ), as shown in Table 3. Although a good relationship could not found p-value helps rejecting H4. Hence, H4 is rejected.

## Discussions

The empirical results of the strategic thinking and corporate identity showed a causal relationship between strategic thinking and the corporate identity. Hence, pragmatic opportun-

ism, intellectual informatism and creativity can be turned into the competency of the organization. It will be useful for strategic and organizational practices because this is the genuine addition in the literature that inspired the author while reading different articles for research. Strategic thinking as defined by pragmatic opportunism, intellectual informatism and creativity reveals the actual values practiced and trends followed. As the results showed significance for pragmatic opportunism ( $p < 0.05$ ) and creativity ( $p < 0.05$ ), this means that better results for corporate identity can be obtained when intellectual informatism ( $p > 0.05$ ) is excluded. Furthermore, if the research is conducted with the organizations that follow strategic thinking a pleasant picture will await corporate identity. Secondly, the organization in Pakistan, where strategic thinking is finding a way in organizations, has shown tremendous results, and thus a better and enhanced idea will be achieved in developed countries.

Therefore, this article will be informative for middle and top level managements about learning how they can use available yet unfound opportunities and information with their creativity to build and maintain a good corporate identity.

## Conclusion

This article evaluated the importance of strategic thinking along with pragmatic opportunism, creativity and intellectual informatism with reference to corporate identity. Corporate identity has shown a dependence upon how the opportunities can be tracked and grabbed (pragmatic opportunism), the need for smooth streaming (intellectual informatism) and the strategic use of available opportunities and information in such a creative way (creativity) that it finds a way out to success.

The empirical findings of Regression and Pearson Correlation that were run to test the strength and relationship among the variables revealed that the corporate identity of an organization can be significantly improved if pragmatic opportunism, creativity and intellectual informatism, that constitute the strategic thinking, are improved. In the theoretical framework, it has been argued that strategic thinking is critical to extract the available information in such a way that it creates opportunities. In addition, nothing needs be extracted that can be used fluently with creativity. Therefore, it is necessary to keep an eye on things happening around us and to get the relative information to create an opportunity that ultimately leads to better corporate identity.

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