

ORGANIZATIONAL IDENTITY AND STRATEGY AS A CONTEXT FOR THE INDIVIDUAL

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ABSTRACT

Organizational identity and strategy provide a context within which individuals are embedded, that is, simultaneously enabled and constrained. Identity refers to an organization's central, distinctive, and enduring character, typically anchored to its mission, whereas strategy refers to an organization's goals and the activities intended to achieve them. Identity can serve as a wellspring for strategy, although identity and strategy are reciprocally related such that identity is enacted and expressed via strategy, and inferred, modified, or affirmed from strategy. Identity and strategy are claims that are articulated and negotiated by organizational stakeholders and members. An identity that accords with or evokes a member's needs is more likely to be internalized as a valid statement of self. The resulting identification induces a member to depersonalize both self and others, and enact the organizational identity and attendant strategies, thereby shaping cognition (by priming attention and interpreta-

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tion and perhaps fostering an outward focus), affect (by fusing self- and organizational-interests, influencing what is valued, and fostering self- and collective-efficacy), and behavior (by encouraging identity-consistent and cooperative actions). As potent forms of control, identity and strategy often prompt inertia. Although identities are inherently self-fulfilling, they are not deterministic. We close by cautioning against over-identification with any single organization.

If strategy addresses the question, "Where are we going and how do we get there?," it leaves largely unanswered the broader question, "Who are we?" (Jelinek & Litterer, 1994, p. 19). A sense of self-definition, of organizational *identity*, is critical because of its tremendous potential to motivate and shape (and be shaped by) strategic choice and action.

Our paper examines the linkages between an organization's identity, strategy, and practices, between definition, choice, and action. We discuss how these qualities interact and become mutually reinforcing, although not determining. Further, because organizations necessarily act through their members, we discuss how members' thoughts, feelings, and behaviors reflect and become *embedded* in the organizational context. Following Granovetter (1985), by "embedded" we mean that one is neither oversocialized (so indoctrinated in the precepts of the context that the capacity for independent will is lost, like a fly in amber) nor undersocialized (atomized, anonymous, and purely self-interested). Rather, one is simultaneously enabled and constrained by one's history of learning and development in local settings and the wider milieu, by the pattern of resources and constraints (values, beliefs, knowledge, opportunities, materiel) in these settings and milieu, and by one's personal network and social ties.¹ The paper, then, articulates a model of how identity, strategy, and action co-evolve in organizations and how the individual infuses and is infused by these qualities.

OVERVIEW

The continuing interest in teamwork, downsizing, total quality management, empowerment, and so on, reflects a larger trend toward more fluid and flexible—more organic—work structures. Such structures provide a means of coping with growing environmental dynamism, complexity, and competition. A common objective of these initiatives is to break down the insularity and immutability of bureaucratically rationalized jobs and departments. However, as the bureaucratic structure dissolves, it becomes increasingly important to have a clear "cognitive structure," a sense of the whole: what the organization stands for and where it is going. This is the realm of organizational identity (OI) and strategy.

What makes the notion of identity in particular so compelling is that it attaches *meaning* to an object. Unlike strategy and even culture, identity goes to the core of what something *is*, what fundamentally defines that entity. Indeed, OIs are often

couched in anthropomorphic terms: the aggressive upstart, the warm and caring family, the bold and irreverent innovator. By endowing an organization with human qualities, it is made more familiar, concrete, and comprehensible—more "real"—and thereby easier to "know" and identify *with*. As argued in the paper, organizational members often define themselves partly in terms of their organization because of the compelling persona it represents. The pride felt by a McKinsey consultant, a Sony technician, and a U.S. Marine transcends the paycheck, occupation, relations with coworkers, or quality of management—it is inherent in what it means to be a member of that particular organization. Indeed, because the meaning of an object is so central to our experience of it, organizations with indeterminate identities are psychologically untenable. Thus, in a real sense, OIs exist because they *must*.

As some organizational scholars have noted, there are few conceptual bridges for linking macro- and micro-level structures and processes (House, Rousseau, & Thomas-Hunt, 1995; Staw & Sutton, 1993). We believe that the concept of identity provides one such bridge (Kramer, 1993; Whetten, Lewis, & Mischel, 1992). Identity has been researched at the level of the individual (particularly in the fields of developmental psychology, social psychology, symbolic interactionism, and psychodynamics), group (particularly, social identity theory and various perspectives on gender, racial, ethnic, and national identities), and more recently, the organization. We see many parallels across these levels in the conceptualization of identity dynamics, and we draw liberally from these perspectives to develop a model of how an organization's identity and strategy create a fluid context for the individual. Because the concept of OI is far less developed than that of strategy, we will focus mostly on the former.

The paper is divided into five sections. The first, "What is organizational identity?," elaborates on Albert and Whetten's (1985) seminal definition of OI as the central, distinctive, and enduring character of an organization. We view OIs as unfolding and stylized narratives about the "soul" or essence of the organization, advanced by stakeholders as claims about meaning. The second, "Organizational identity and strategy," argues that a strong OI may inform strategic choice, but that the two are ultimately related reciprocally such that identity is enacted and expressed *via* strategy, and inferred, modified, or affirmed *from* strategy. We also discuss how OI and strategy are articulated and reinforced through substantive and symbolic management. However, we argue that individuals are not passive recipients of managerial claims; they actively negotiate and validate such claims. The third section, "Organizational identity and strategy as context," argues that an OI that accords with or evokes individuals' needs and preferences is more likely to be internalized as a (partial) definition of self, and that the impact of an organization's strategy on one's sense of self is mediated by the OI. Identification with the organization fuses individual and organizational interests, and strongly affects cognition (by priming attention and interpretation and possibly fostering an outward focus), affect (by influencing what is valued and fostering efficacy), and behavior

(by encouraging identity-consistent and cooperative acts). Figure 1 summarizes the first three sections of the paper. The fourth, "Organizational identity and strategy as a closed system" argues that a strong OI and its complementary strategies is a potent but potentially pernicious form of internalized constraint that often fosters inertia. However, given the importance of an organization's soul to its members, managers need to reconcile pressures for continuity with pressures for change. Finally, the "Discussion and conclusion" summarizes the major themes and outlines several key research questions.

WHAT IS ORGANIZATIONAL IDENTITY?

In this section, we expand on Albert and Whetten's (1985) conception of the nature of OIs. We then briefly discuss the relevance of the concept of OI to Etzioni's (1975) typology of normative, coercive, and utilitarian organizations. Finally, we examine the notion of OI as a stakeholder *claim*, raising questions about the salience, malleability, and veracity of identity.

Albert and Whetten's (1985) Seminal Definition

Albert and Whetten (1985) define OI as the *central, distinctive, and enduring character of an organization*. The notion of "character" is necessarily inclusive and fuzzy, encompassing aspects of mission, values, ideology and beliefs, norms, competencies, and customary ways of doing things. Thus, an OI is that more or less stable and self-defining core set of attributes that differentiates an organization from other organizations. As we will argue, identity is socially constructed—and as an intersubjective phenomenon, the perceived OI may bear little relation to the "objective" or impartially measured OI. This is a critical point because the criteria of centrality, distinctiveness, and continuity are often difficult to realize in practice. Moreover, the greater the consensus among organizational members regarding a perceived OI, and the more confident are members of the veracity of their perceptions, the *stronger* an OI is said to be. An OI exists to the extent that people believe it does.

Centrality

The notion of centrality pertains to the positioning of an attribute in a network or hierarchy of attributes. Research on individual identity suggests that central self-conceptions tend to be well-elaborated and densely connected, providing strong cues for cognition, behavior, and affect (Markus & Wurf, 1987). Similarly, OI refers to the focal or core set of attributes that denote the essence of the organization.

Further, just as an individual's identity in a given social context is largely tied to his or her role in that context, an organization's identity is largely tied to its *mis-*

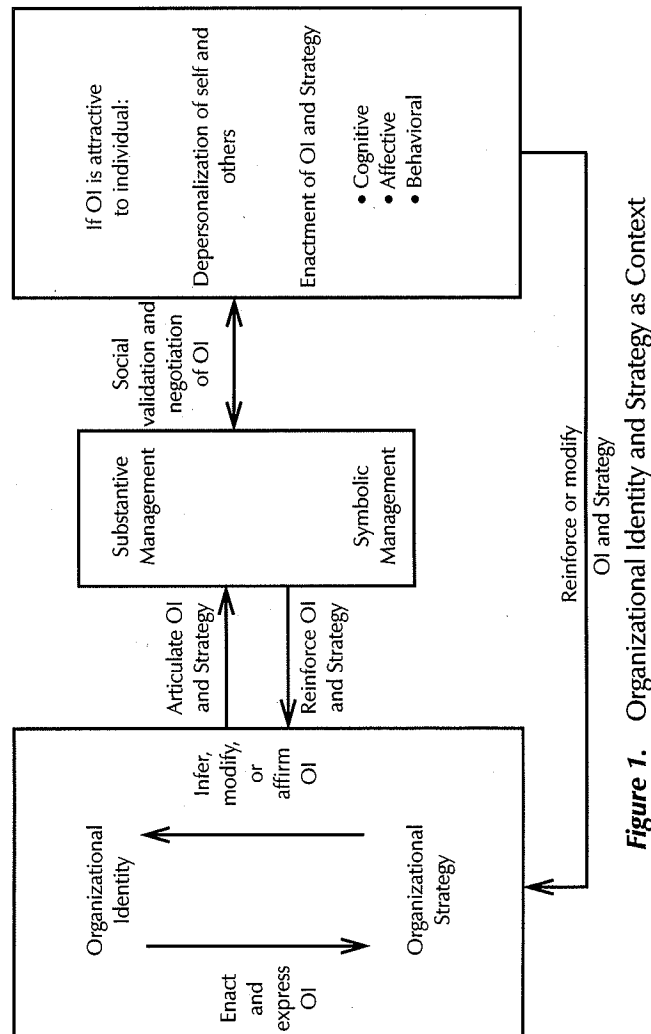


Figure 1. Organizational Identity and Strategy as Context

sion, whether it's to save souls or manufacture high quality tires. As McMillan (1987, p. 38) says of the OI, "we are what we do." Nonetheless, because there are numerous ways of realizing a given mission (equifinality), there is wide latitude for fleshing out the beliefs, values, and norms that come to characterize the organization.

Finally, like individual identities, organizational identities do not evolve randomly. A review of research on the self by Banaji and Prentice (1994) indicates that individuals seek: (1) *self-knowledge*, that is, clear and accurate evidence of one's attributes, provided, however, that it does not contradict one's self-assessments, (2) *self-enhancement*, that is, positive feedback about the self, and (3) *self-improvement*, that is, progression toward an ideal self or away from a feared self. The common denominator is that the search for self-relevant information is not an impartial and objective exercise: it is strongly *motivated* and thus skewed by various needs, including needs for control, consistency, pleasure, and achievement.

Similarly, the search for "the" OI is also strongly motivated by the needs and preferences of organizational members—particularly, the powerholders (e.g., founder, top management). This is most evident in organizations that adopt identities that many would consider offensive. For example, Solonika and Ashforth (1991) describe how an accounting firm with a strong, sexist ideology (e.g., women make poor accountants) and norms (e.g., exclude women from prestigious audits), developed self-serving rationalizations for the resulting inequities (e.g., the high turnover of women proves they are poor accountants). These rationalizations constituted an espoused identity which simultaneously comforted the male accountants and protected the status quo. The identity provided a self-contained belief system that legitimated a local reality at odds with societal norms. This kind of selective sense-making is abetted by the ambiguity, complexity, and dynamism that frequently pervade organizational life.

In sum, the central character refers to a self-contained *cosmology*, a more or less internally consistent system of pivotal beliefs, values, and norms—typically anchored to the organizational mission—that informs sense-making and action. This character often reflects the needs and preferences of organizational powerholders.

Distinctiveness

The notion of distinctiveness entails comparisons with other organizations. This is consistent with Tajfel and Turner's (1986, p. 16) argument that identity is "relational and comparative": an organization is said to be "aggressive" precisely because other organizations are more passive. Interorganizational comparisons provide the figure-ground contrast for crystallizing and articulating a unique identity. Like any social actor, a given organization is measured against *similar* referents—usually those pursuing a comparable mission—because this enables the perceiver to draw subtle distinctions and thus better assess relative differences.²

Claims of uniqueness are critical because they justify the organization's existence ("Only we do this") and provide a clear referent for member identification (Martin, Feldman, Hatch, & Sitkin, 1983). Moreover, consistent with the self-enhancement motive, the literature on social identity suggests that groups actively seek *positive* distinctions between themselves and other groups so as to make their identity more attractive (Ashforth & Mael, 1989). This motivation is particularly strong if the group is threatened or otherwise insecure. Thus, whereas centrality delineates the *core* attributes of the organization, distinctiveness delineates the *boundaries*.

This literature suggests four important points. First, where applicable, organizations are most likely to compare themselves with direct competitors because they are ostensibly similar and because they constitute a source of threat (Porac & Thomas, 1994). Pepsico's espoused identity of a dynamic and aggressive company emerged largely as a counterpoint to Pepsico's view of Coca-Cola. The comparison points are not selected randomly: they are selected to *maximize* the perceived differences between the organizations and to *minimize* the perceived similarities (Messick & Mackie, 1989). However, the greater the number of competitors, the more difficult it is to make claims of uniqueness, and the more an organization may resort to what appear to outsiders to be trivial or artificial distinctions.

Second, because identity is "relational and comparative," the *content* of an OI will vary as the referents and the purpose of comparison varies. Comparing one state university with another may raise issues of relative teaching effectiveness, whereas comparing a state university with a private university may raise issues of relative funding. Thus, an OI does not exist in a fixed and absolute sense: the salience of various attributes is a function of the *context* in which comparisons are made (Turner, Oakes, Haslam, & McGarty, 1994).

Third, social comparisons tend to flatter the focal organization, regardless of its "objective" standing. Studies indicate that members of stigmatized groups tend *not* to have low self-esteem (Banaji & Prentice, 1994). Crocker and Major (1989) suggest several reasons relevant to organizations. For one, a group may engage in "downward comparison" with relatively disadvantaged outgroups so as to feel superior. A struggling airline may draw comfort from the fact that it has not gone bankrupt like some others. Further, a group may devalue those dimensions on which it is known to perform poorly. Thus, a consumer products firm with an entrenched bureaucracy and tired product line is very unlikely to cast itself in these terms; rather, it may gravitate to more flattering criteria (family-like atmosphere), or to labels and metaphors that provide a more uplifting characterization (the industry underdog).³ Once again, this search for a palatable identity is facilitated by ambiguity, complexity, and dynamism, as well as by the diversity of potential attributes for comparison (Elsbach & Kramer, 1995).

Finally, because interorganizational comparisons help demarcate and sustain the organization's boundary, OIs that are *self-referential*—that is, inwardly-focused—may induce the organization to lose touch with reality. Ironically, a

common path to a self-referential OI is *success* vis-a-vis the external environment. Sears, Kodak, and IBM illustrate how a history of success can foster hubris and cause the comparative function of identity to atrophy (Weitzel & Jonsson, 1989). Several years prior to a serious performance decline at Sears, a senior executive said "Sears doesn't have competition save ourselves. Sears is Number one, number two, three, and four" (Katz, 1988, p. 32).

In sum, the distinctiveness criterion suggests that organizations actively seek to perceive or create flattering differences between themselves and otherwise comparable organizations.

Continuity

The notion of an enduring identity refers to its continuity and stability. Continuity is important because it connotes a bedrock quality, that the organization has sufficient substance, significance, support, and staying power to warrant the investment of one's participation and trust. Accordingly, continuity begets continuity.

As a new organization ages and perhaps grows, its embryonic identity tends to become more enriched, gaining both depth and breadth (Kimberly, 1987). Depth is gained through the accumulation of experience and learning within a chosen niche: through trial and error, imitation, innovation, and chance, the mission is refined, the ideology and values are fleshed out, and scripts and standards are elaborated. Apple Computer evolved rapidly from an iconoclastic garage operation focused on creating a user-friendly personal computer, to a major corporation that relies heavily on conventional management systems and strategic alliances to develop and manufacture a range of computer hardware and software in a timely and efficient manner. Breadth is gained as an organization grapples with environmental flux and complexity, gravitating toward new opportunities and challenges. Just as an individual acquires "multiple identities" over time (Thoits, 1983), Albert and Whetten (1985) argue that developing organizations tend to acquire more than one identity as success and visibility impel organizations to assume other responsibilities (e.g., a business patronizing the arts). These processes suggest that organizations, like people, are constantly in the process of *becoming* (Sampson, 1985). However, the more clearly and coherently articulated an OI, and the stronger the consensus, the more likely that depth and breadth will follow *existing* paths—much like the flow of water continuously shapes the course of a river.

Nevertheless, the emergence of identity is never uniformly smooth. Punctuated equilibrium models of change have been applied with increasing frequency to organizations, groups, and individuals (Gersick, 1991; Romanelli & Tushman, 1994). They suggest that social actors typically encounter periods of relative stability, fostering gradual or evolutionary change, punctuated infrequently by dislocating events, provoking abrupt or revolutionary change. Such models suggest that an OI will tend to gradually gain depth and breadth until a major opportunity or

event, such as a merger or Chapter 11 bankruptcy, prompts the organization to question core facets of itself, impelling new iterations in the development of the identity.

Given this perpetual and occasionally uneven state of becoming, what does the criterion of continuity mean? Various theorists argue that individual identities are essentially *narratives* that are crafted to provide meaning and closure to phases of one's life (McAdams, 1992; Peacock & Holland, 1993). As one matures and moves through various social roles and contexts, the narrative provides a sense of continuity for oneself and members of one's role set. As a story, the narrative retrospectively highlights and may even invent important themes while downplaying missteps and inconsistencies that would disturb the orderly plot line. In this sense, stability is conferred after-the-fact—particularly if the identity is not strongly held.

Analogously, organizations tell stories about who they are, where they've come from, and where they're going: letters to shareholders, advertisements, recruitment practices, company newsletters, planning forums, lobbying efforts, and so on, can be seen as storytelling of variable sincerity and insightfulness (Cheney, 1992; McMillan, 1987). An identity tale "allows the organization to draw coherence from its past and establish direction for the future" (Kimberly, 1987, p. 233). Indeed, managers of organizations undergoing a radical transformation often attempt to foster the perception of continuity by simply couching the OI at a higher level of abstraction (e.g., a stable and mechanistic retailer in the process of becoming a dynamic and organic one may be said to be reaffirming its dedication to service excellence). Thus, like the other criteria of OI, continuity is clearly in the eye of the beholder.

Finally, because the meaning of past events is periodically recast to suit the current perspective of the storyteller, the historical OI is never fixed. Many incoming CEOs—even those intent on "reaffirming" the OI—attempt to galvanize change by denouncing the status quo and sacred traditions: efficiency is now termed insularity, decentralized decision making represents lack of control, and a supportive culture is redefined as smothering paternalism. The new narrative begins by relabeling the old.

Normative, Utilitarian, and Coercive Organizations

Following Etzioni's (1975) typology of organizations, it seems likely that normative and even coercive organizations would tend to find it easier than utilitarian ones to articulate a compelling identity (in the case of coercive organizations, for their employees) because their missions embody value-laden and ennobling causes (e.g., to teach, to heal, to protect). However, even the most mundane utilitarian operation—from the corner grocery store to a chain of gas stations—has the *potential* to articulate a meaningful identity (e.g., to serve, to be self-made),

although the identity claims of such organizations often seem forced and the potential unrealized.

A good example of utilitarian organizations donning the mantle of the normative is direct selling organizations, such as Amway and Mary Kay Cosmetics. The power of such organizations lies not in their products, which differ little from those of their competitors, but in the attractive identity they promulgate for their members (Biggart, 1989). Amway (a contraction of "American Way") purports to personify free enterprise, casting their product distributors as self-employed businesspeople who, by virtue of hard work, can attain great material rewards and independence (Butterfield, 1986). The mundane reality is that distributors must peddle goods through their network of friends and acquaintances. Thus, the OI transforms the act of exploiting social ties into a noble calling. The espoused identity of direct selling organizations repulses many people; but more to the point, it inspires others.

Thus, identities that embody a cosmology that evokes or resonates with the personal needs of prospective members can effectively transform utilitarian organizations into normative ones. It is not an exaggeration to liken a compelling identity to the "soul" or "spirit" of the organization (Albert & Whetten, 1985), the latter defined by the Concise Oxford Dictionary as "the vital animating essence."

Organizational Identity as a Claim

An organization's identity is an intersubjective construct: that is, it cannot exist unless people *agree* that it exists. Because the manifest trappings of OI (e.g., type of product, patterns of behavior, policy statements) have many causes (are overdetermined), and because a given identity can be manifested in various ways (equifinality), an OI is only loosely coupled with its trappings. Whereas the trappings are readily observable, the underlying meanings—values and beliefs—are obviously not. Moreover, large and complex organizations are necessarily multifaceted, comprised of differentiated subsystems, pursuing multiple and often conflicting goals, accountable to constituents with often contradictory interests, and attempting to navigate in the face of ambiguous and dynamic forces. Different stakeholders often have different preferences and are motivated to draw inferences and project claims that serve those preferences. Thus, the character of an organization is never self-evident: it must be socially constructed. This means that any statement of OI is essentially a *claim* (Albert & Whetten, 1985): it is *one* (motivated) view of what the organization represents.

Further, this indeterminacy projects into the future. Consistent with the self-improvement motive, Markus and Ruvolo (1989) suggest that individuals harbor *possible selves*, that is, self-conceptions of what one would like to be (good parent) and would like to avoid (disloyal friend). Similarly, Higgins (1983, in Markus & Wurf, 1987) distinguishes between *actual selves* and *ideal selves*: whereas the former are more or less realistic depictions rooted in the present, the latter are opti-

mistic projections for the future. Possible and ideal selves provide concrete and challenging identities to which one can aspire, thus motivating behavior consistent with the identities, and providing benchmarks for interpreting and evaluating behavior. Just as a person is amenable to a variety of possible selves, so too, is an organization.

Thus, identity claims may be motivated by various desires, such as to understand what the organization "actually is," to legitimate the organization and its actions, and to mobilize others toward what one believes the organization "should be." The quest to answer "Who are we?," is a quest for the soul of the organization, for meaning and justification. As argued later, where stakeholders hold divergent preferences, the quest can be seen as a contest for that soul.

Salience of Identity

Identity claims are more likely to be advanced at certain times. Albert and Whetten (1985, p. 265) note that because "the issue of identity is a profound and consequential one, and at the same time, so difficult...it is best avoided" by organizational members. Matters of the soul are inherently abstract, nebulous, arational, and potentially divisive; members often feel safer and more confident discussing the manifestations of identity, such as reporting relationships, budgets, operating routines, and recruiting practices. Moreover, during relatively stable periods, most decisions and actions are the outcome of routinized and script-driven processes that do not require conscious recourse to an underlying OI. Thus, during such periods, the OI may be seldom explicitly invoked, and individuals may simply assume that their more or less taken-for-granted perceptions of the OI are shared. Nevertheless, because thought and action are necessarily *situated*—that is, experienced within an organizational context—they will continue to be informed in subtle ways by individuals' perceptions of the OI.

Consequently, an organization's identity is most likely to be explicitly discussed when ambiguity, change, or disagreement impair the utility of routinized processes. Following the punctuated equilibrium model, this is most likely to occur during major discontinuities: when the organization is being formed, when it is facing critical decisions where rational computation is insufficient (diversification, retrenchment), when it is perceived to be acting contrary to its identity or incapable of enacting its identity, and when the organization's status is changed (merger, acquisition, divestiture) (Albert & Whetten, 1985; Carpenter, 1994; Dutton, Dukerich, & Harquail, 1994). Ghoshal and Bartlett (1994) describe how the senior management of a struggling manufacturer, intent on renewal, crystallized the firm's identity in the form of a mission statement. Once the firm's performance began to improve, the statement "became a focus of some pride, and debates on issues from resource allocation to new product development priority were increasingly resolved by reference to the mission statement" (p. 99).

Malleability of Identity

Because central aspects of identity are elaborate and densely interlocked, OIs are typically resistant to change. It would be a mistake, however, to conclude that OIs are fixed. Over the long-run, change can occur gradually, as the actual identity evolves toward (or away from) the ideal, and more abruptly, as the organization encounters major events. More surprisingly, individuals' perceptions of the OI are somewhat malleable in the *short-run* (particularly if the OI is weak), as a function of situation-specific cues and motivation. Research on individual identity suggests that one retains a great deal of generalized and situation-specific knowledge about oneself and one's actions. However, not all of this knowledge is accessible at any one time. Thus, the "working self-concept" consists of those aspects of one's identity that are cued by the situation and one's current goals (Markus & Wurf, 1987). For example, although a person may generally consider herself to be assertive, if prompted, she may be able to recall instances where she acted passively, and this may lead her to temporarily consider herself less assertive than normal.

The working self-concept is readily applicable to the organization. Given a complex and differentiated system, pursuing multiple and often conflicting goals in the face of ambiguity and flux, it is probable that one could adduce examples of corporate generosity as well as corporate greed, strategic vision and strategic myopia, concern for employees and disdain for employees, and so on. Thus, depending on one's goals, the organization could be simultaneously described in diametrically opposing ways—and yet, both could be accurate. Katz (1988, p. 137) argues that, as Sears' performance soured in the late 1970s, "Writers, regulators, business experts, and members of the general public all appeared eager to partake of the dark pleasure of unmasking the most trusted company in the world." Negative events that would likely have been ignored or quickly forgotten were trumpeted as evidence that Sears was no longer the purveyor of American dreams, but an insular bureaucracy. The speed with which this "tipping effect" can occur attests to the equivocality of an organization's identity. Indeed, when one speaks of an identity in general terms, one is really referring to a *selectively* perceived pattern of behavior, abstracted from (or imposed on) specific encounters. To the extent that consensus emerges on "the" OI, individuals interpret and recall instances so as to support that identity. The implication is that in the arena of public opinion, saints are a misstep away from sinners.

Veracity of Identity

Clearly, then, as a claim to a certain status, an espoused OI will not mirror the complexity and ambiguity of reality. Instead, it is apt to be more *internally consistent*, *simplistic*, and *idealized* than is strictly warranted. Consistent with cognitive needs for consistency, simplicity, and stability (Steinbruner, 1974), identity claims are typically shorn of the diffuse inconsistencies, complexities, and ambiguities

that would inhibit understanding. Identity claims are typically simple and coherent, providing an easy referent for social construction. These claims are also likely to be somewhat idealized. Just as actual selves (what is) and ideal selves (what can be) are most salient at times of momentous decisions (e.g., Should I get married?) (Markus & Ruvalo, 1989), both organizational "selves," and the discrepancy between the two—what Reger, Gustafson, DeMarie, and Mullane (1994) term the *identity gap*—are most likely to be salient at times of formal planning and major discontinuity, when the future is explicitly considered. However, during more banal times, the more or less implicit identity likely reflects a meld of sorts; the actual tinged with the ideal. The OI captures the status quo and those (real or imagined) transcendent moments of exemplary service, competitive coups, major product innovations, and so on that represent the organization at its finest. By embodying these defining moments, OIs attract individuals and encourage them to be true to the high standard implied by the moments. Indeed, members are often willing to "suspend their disbelief" and collude in the articulation of a favorable OI. Alvesson (1990) describes how members of a consulting firm generally accepted the inaccurate view that the firm combined management knowledge with computer knowledge in its consulting because this identity was more prestigious than the reality of straight computer consulting. The acceptance of this view was facilitated by ambiguity, complexity, and the fact that it contained at least a kernel of truth.

Further, to the extent that an OI is the outcome of an identity contest between stakeholders, the initial claims are likely to be somewhat idealistic so as to capture the hearts and minds of organizational members. As politicians have long known, people gravitate away from pessimistic renderings of the present and future and toward the optimistic; indeed, they typically *expect* leaders to be upbeat. This does not mean that an OI is necessarily false, any more than a personal narrative is necessarily false: only that OI claims are *selective*, highlighting and extrapolating desired features at the expense of the less desirable (Alvesson, 1990). This selectivity is critical because it fosters identification with and commitment to the organization. Just as Americans can argue heatedly about the machinations of their government and the proper course for their country and yet still feel very positive about "being American" (e.g., when hearing the national anthem or travelling abroad), so too, can organizational members separate the daily machinations of organizational life from what the organization means to them. Thus, an OI embodies the somewhat idealized essence of the organization.⁴

In summary, an organization's identity is comprised of the central, distinctive, and enduring attributes that define the organization's essence or soul. Although it is inherently easier to articulate a compelling identity in normative and even coercive organizations than in utilitarian ones, all organizations are more or less amenable to identity claims. Such claims are typically simplified and idealized statements about an organization's identity, and reflect stakeholders' needs and

preferences. OIs are perpetually evolving, although they are most salient and subject to reinterpretation or change during major discontinuities.

ORGANIZATIONAL IDENTITY AND STRATEGY

This section begins by focusing on the interplay between identity and strategy. We then discuss the need to actively manage OI claims and supporting strategies, and how this is accomplished through substantive and symbolic management. Finally, we examine the social validation and negotiation of identity claims.

Identity ↔ Strategy

In addressing the question "Who are we?," an OI defines the mission and seminal beliefs and values of the organization, serving as a wellspring for strategic planning (Abell, 1980). Research on dominant logics, interpretive frames, strategic vision, and so forth, indicates the importance of coherent and shared cognitive schemas regarding the organization—particularly among management—for the formulation, acceptance, and implementation of strategic plans (Dutton & Dukerich, 1991; Oswald, Mossholder, & Harris, 1994; Walsh & Fahey, 1986). An OI, with its idealized cast, can serve as a beacon for strategic planning. A bank that defines itself as a commercial lender will attend a radically different environment than one that defines itself as being in retail services, and a copier manufacturer that redefines itself as being in the office systems business will embrace a much different set of strategic issues. In the wake of the 1984 breakup of the Bell System, the seven "Baby Bells" began with a shared history, similar resources, similar environment, and the same mandate to provide local telephone service to a defined geographic region. Sarason (1995) discusses how the Baby Bells soon began evolving in different directions such that their identities now vary widely, from telephone company to provider of entertainment, information, and telecommunications services. Further, she found that these identities strongly affect perceptions of who are a Baby Bell's competitors or potential partners, and what strategic opportunities or threats exist.

Organizations that lack a strong OI, at least among top management, are essentially rudderless. Once again, the literature on individual identity is instructive. According to Baumeister (1986), individuals with an inadequately defined sense of self—an *identity deficit*—lack commitment to goals and values, and thus have no basis for consistent decisions and actions. They are fundamentally ambivalent: they desire commitment but are reluctant to abandon any options. Consequently, they may feel confused, empty, anxious, and self-conscious, and are prone to either actively experiment with different identities or to become avoidant and indecisive. Analogously, organizations without a strong sense of identity lack a base from which to craft a coherent strategy. Miller and Friesen (1984, p. 96), for

example, characterize firms lacking strong leadership and a clear vision as "headless giants" that tend "to drift without any sense of direction or mission."

Further, a strong OI may provide an answer to what Rumelt, Schendel, and Teece (1994, p. 40; Sarason, 1995) describe as "one of the fundamental questions for the strategy field, Why are firms different?" As the outcome of a motivated search for meaning and uniqueness, a coherent and distinctive OI can act as a counterweight to competitive and institutional pressures to imitate successful and widely-accepted practices. Indeed, in the absence of a clear sense of what is distinctive, central, and enduring about the organization, managers are less likely to be aware of the "socially complex resources" (Barney, 1992)—such as values, teamwork, and reputation—that set the organization apart from others and could provide a competitive advantage.

Equifinality, Loose Coupling, and Reciprocity

We hasten to note that an OI does *not* determine strategy. First, consistent with the notion of equifinality, there is usually more than one way to realize an OI. As the soul of the organization, a strong OI may come to be viewed as sacred. In contrast, a given strategy, as just one means of realizing the OI, tends to be viewed more pragmatically. A "good" strategy is one that works—that helps the organization fulfill its mission while remaining true to its values. There is no legitimate reason for staying with a "bad" strategy. (Although, in practice, as argued later, once a strategy is enacted it may become valued and entrenched in its own right). Thus, the principle of equifinality suggests that a given OI is not necessarily yoked to a certain strategy, and that strategies are at least somewhat substitutable.

Second, identity and strategy are often only loosely coupled. Various constraints may prevent an organization from behaving "true to form," such as when a lack of time or resources forces a firm that prides itself on high quality to cut corners, or when customers or shareholders respond negatively to an organization's strategic overtures. An OI may be too weak, abstract, in flux, or outmoded to provide a clear and coherent signal for specific strategic choices. Organizational members may act mindlessly, incrementally, or opportunistically without reflecting on the OI; they may not identify with the organization and therefore be willing to compromise the OI for more practical or self-interested ends; and they may deliberately act contrary to the OI to provoke confrontation and change.

The third reason that identity does not determine strategy is that these two qualities are, ultimately, *reciprocally* related. As depicted in Figure 1 and argued later, self-definition and strategic choice are intertwined such that an organization may *enact and express* a valued identity through strategy and may *infer, modify, or affirm* an identity from strategy and the responses it evokes. A consulting firm that experiences success in turnaround management may reposition itself as a special-

ist in this area. Choices serve to instantiate identities (whether they are constructed before- or after-the-fact) and facilitate their social validation, and identities serve to legitimate choices. Thus, strategies can serve several functions vis-a-vis an OI: instrumental (to realize the OI), expressive ("This is who we are"), impression management ("This is who we want you to believe we are"), and as data for retrospectively constructing an OI ("This is who we might be"). However, as argued later, once an OI has taken root (i.e., become widely shared and deeply held), it tends to become far more resistant to change than strategy.

The Need to Manage Identity

From top management's perspective, it is important that organizational members share at least some common ground on what the organization represents. A working consensus on mission and key values, beliefs, and norms facilitates coordination and a common sense of direction (Treadwell & Harrison, 1994). However, consensus is always problematic. First, as Alvesson (1990) argues, the core activities of organizations are increasingly neither sufficiently distinct nor compelling to spontaneously give rise to OIs. Second, given that OI claims are somewhat idealized, there is usually a gap between reality and rhetoric. Third, given the structural complexity of many organizations, the associated differentiation among members, and the often divergent preferences of stakeholders, there may well be intractable antagonisms, dilemmas, and contradictions inherent in the organization such that an internally consistent and mutually agreed upon OI does not exist. This is most applicable to larger, more complex, and more visible or public organizations. Finally, much like the water that surrounds a school of fish, organizational members often cease to be actively aware of the OI precisely because they hold it in common. Unless one works at the organization-environment interface (e.g., senior managers, salespersons), where boundaries and differences are prominent, more localized bases of differentiation and identity are likely to be more salient (Feldman, 1979). Thus, a critical issue for managers is how to maintain the salience of an OI for members vis-a-vis decisions and actions where normal operating routines are inadequate.

Accordingly, the notion of OI as a claim is significant because the reality and salience of a central, distinctive, and enduring character are often elusive. Given that an OI is important but problematic, top management typically engages in the creation and dissemination of favorable portraits of what the organization supposedly represents. As Alvesson (1990) suggests, an espoused OI often becomes an exercise in "social engineering." It is precisely because many organizations would otherwise lack a coherent and salient sense of what they represent that so much attention is given to the management of meaning. However, as argued later, this is not to say that organizational members are simply passive recipients of OI claims.

Substantive and Symbolic Management

Thus, a major task of top management is to foster and maintain a system of more or less shared meanings so that coordinated behavior can occur (Smircich & Stubbart, 1985; Treadwell & Harrison, 1994). Managers punctuate and selectively emphasize experience, suggesting patterns of events, underlying motives, and beliefs about the workings of the world. Organizational members are subtly and not-so-subtly guided toward interpretations of what the organization represents and how it functions. As shown in Figure 1, this shaping of sense-making is accomplished through *substantive management* and *symbolic management* (Ashforth & Gibbs, 1990; Pfeffer, 1981).

Substantive Management

This practice involves real, material change in organizational practices. An organization adopts certain ways of doing things—a structural configuration, technologies, accounting practices, operating routines, and so on. These adoptions both inform and are informed by the organization's identity and strategy, such that there are continuous, reciprocal interactions between self-definition, choice, and action.

Conceptually, identity and strategy may: (1) precede and inform organizational action, (2) emerge and evolve simultaneously with action, or (3) be retrospectively imputed on the basis of past action. Elements of all three processes are typically evident as an organization matures (Mintzberg, 1978). An OI may begin as little more than an entrepreneur's hot idea for a new product or a new way of producing a product. In time, as ideas are tested and refined, as plans emerge, as some approaches are discarded while others are fleshed out, a fuller sense of what the organization "stands for" may take shape. In some organizations, such as where the entrepreneur has a coherent vision and solid business plan, or success comes quickly and the reasons appear obvious, the identity and (realized) strategy may appear clear and precise; in others, they may remain inchoate and unexpressed—indeed, a question about such abstract qualities as beliefs, values, and intentions might prompt little more than a collective shrug. As noted, OIs in particular often remain implicit and unarticulated: it is far easier to focus on and specify the surface features of OI (e.g., dress norms, leadership style) than the deeper facets (Albert & Whetten, 1985).

Regardless of their exact genesis, identity and strategy are *implicated* in organizational acts. Acts that are perceived to be explicit, irrevocable, public, and volitional effectively *commit* the organization to a particular stance, and subsequently render certain actions more probable and others less so (Salancik, 1977; Weick, 1995). Dutton and Dukerich (1991) discuss how members of the Port Authority of New York and New Jersey dealt with the presence of homeless people in their transportation facilities. Initially, the Port Authority's identity as a "professional

organization with a uniquely technical expertise, ill-suited to social service activities" (p. 526) induced the organization to interpret the issue as one of security to be resolved by enforcing anti-loitering laws. As the problem worsened, it began to threaten other aspects of the Port Authority's identity as a first-class, ethical institution and a "fixer." The organization responded by engaging in more proactive and humane actions such as opening drop-in centers. Presumably, the relative success of such actions helped affirm and enrich these other aspects of the Port Authority's identity and led to the formalization of the emergent strategy. As this case illustrates, the ongoing interaction between self-definition, choice, and action underscores the notion that an organization is always in the process of becoming; hence the feedback arrow in Figure 1 from substantive management to identity and strategy.

As an identity and strategy (or identities and strategies) begin to coalesce, they tend to become institutionalized in structures and processes. Operating and tactical plans reify specific ends and means, structures apportion responsibility and regulate relationships, budgets render certain choices more or less feasible, information systems condition attention and perception, rules and procedures regulate behavior, and reward systems cue choices (Ashforth, 1993).

Symbolic Management

This practice refers to the ways in which management *portrays* the organization. As noted, because of ambiguity, complexity, dynamism, and equifinality, and because the manifestations of OI are overdetermined, meaning is never self-evident. Thus, symbolic management involves selectively creating, highlighting, and interpreting events, acts, plans, and so on to convey a desired OI. Because individuals gravitate toward self-aggrandizing identities, symbolic management imparts a somewhat idealized or optimistic spin: it imparts not a literal reality, but a visionary one.

Common symbolic practices include developing a mission statement, framing strategies and acts in terms of the OI (regardless of their actual origins), claiming responsibility for certain events and denying responsibility for others, choreographing "pseudo-events" (Boorstin, 1964) consistent with the OI (e.g., sponsoring a charitable event), relating stories and myths that embody the OI, using distinctive language and metaphors, carefully fashioning the organization name and logo, physical setting, and dress norms, crafting traditions and rituals which glorify the OI, and championing heroes who exemplify the OI. Consistent with the notion of identity as a narrative, identity claims frequently include references to the history and traditions of the organization—whether the purpose is to espouse an OI that represents an extension, a refinement, or a clean break from the past. Further, consistent with the relational and comparative nature of identity, symbolic management may convey not only socially desirable beliefs and values, but how these constitute a distinctive persona for the organization.

For example, Cheney (1983b) content analyzed magazine-style corporate publications designed for internal use. He concluded that corporations attempt to promote identification by utilizing "associational strategies," whereby "The corporation, in effect, tells the employee, 'We are similar; we are of the same substance'" (p. 153). These strategies involved expressing concern for the individual as an integral part of the organization, recognizing individuals for their contributions to the organization and what it represents, espousing "shared" values, advocating benefits and activities that help cement individual-organization bonds, and relating praise of the organization from outsiders as well as testimonials from insiders about the meaningfulness of their work. "Dissociative strategies" were also employed, whereby an organization attempts to foster an "us vs. them" framework for sense-making. These strategies included urging employees to unite against a common (usually external) enemy, and subtly using the pronoun "we" to imply shared identity. The common theme underlying these tactics is the *presumption* that the organization's goals, beliefs, and values are also the individual's goals, beliefs, and values.

Consistent with the argument that OI claims paint an internally consistent and simplistic picture of reality, symbolic management is often used to gloss over inherent contradictions or divergent perceptions and preferences, to mediate gaps between reality and claims, and to emphasize different aspects of the organization at different times and for different audiences. As Young (1989, p. 191) suggests, perhaps "a strong statement of collectivity, a celebration of organizational unity, is necessary precisely because there are strong tensions between organizational groups" and between certain defining attributes. Horvath and Glynn (1993) found that health care cooperatives managed the tension between the identity of the cooperatives as both a family and a business by extolling each on different occasions, and Osborn and Ashforth (1990) argue that nuclear power plants attempt to reconcile the somewhat contradictory identities of "safe provider" of power and "efficient provider" by promulgating myths that a safe plant is an efficient plant, that the organization knows best, and that accidents are isolated events.

Substantive and symbolic practices usually blur over time as the latter, too, generate complementary structures and processes. Much of this attention focuses on human resource management. Organizations with strong identities and complementary strategies maintain that strength by recruiting and selecting amenable people, socializing and training them, conveying the identity and strategies in formal and informal communications, and rewarding and promoting people who exemplify them. Horvath and Glynn (1993) discuss how health care cooperatives relied heavily on recruitment to attract individuals who were receptive to the multiple identities of quality health care, organizational ownership, and personal and organizational development; on training sessions, newsletters, and feedback sessions to help reinforce these identities; and on celebrating personal events, publicizing accomplishments, and creating opportunities for informal interaction to reinforce metaphors of the organization as a home and family. Again, the feedback

arrow in Figure 1 underscores how symbolic management reinforces identity and strategy.

Role of Peers

A member's understanding of an OI and strategy is mediated by social referents, often the primary group (Kramer, 1991). Because task interdependencies and interpersonal proximity are greater within the primary group, and task and interpersonal differentiation are greater between than within such groups, individuals tend to view primary group peers as relatively credible social referents and come to interact and socially construct the organization with them. Members attempt to triangulate their perceptions, although the consensus, coherence, and depth of these perceptions are always problematic. Consensus instills confidence in the veracity of the perceptions, validating identity and strategy such that they become social facts. Hunt and Benford (1994) discuss how members of peace movement organizations exchanged vivid stories that illustrated why they became committed to the movement, thereby aligning personal and collective identities and rendering the latter salient and meaningful. One's understanding of the organization's means and ends is thus grounded in interactions with peers.

Holographic vs. Ideographic Organizations

Organizational identification is a function not only of the content of an OI and the means employed to realize it, but also of its salience (Dutton et al., 1994). Albert and Whetten (1985) distinguish between *holographic* organizations, where each subunit exhibits the properties of the whole, and *ideographic* organizations, where each subunit exhibits one identity, often distinct from that of other units. In holographic organizations, identification can be strengthened by substantive and symbolic management that focuses on *either* the organization per se or the local subunit (e.g., workgroup, department). Because each subunit more or less replicates the core OI, each represents a microcosm of the organization. Thus, Wilson, Keyton, Johnson, Geiger, and Clark (1993) conclude that member identification with a church congregation was enhanced by the proliferation of small groups that were based on members' interests. Multiple and overlapping group memberships within the context of an overarching OI fostered both local intimacy and a communal identity. Similarly, Barker and Tompkins (1994) studied self-managing teams in a manufacturing firm that was relatively holographic, and found that identification with one's team was strongly correlated ($r = .68$) with identification with the organization.⁵

Ideographic organizations present a much greater challenge. Because of the heterogeneity of unit-level identities, the OI and overarching strategy tend to be less specific and more inclusive than in a holographic organization. For example, diversified and even divisionalized firms often have a very difficult time articulat-

ing precisely what they stand for. This lack of precision and exclusivity makes it difficult for members to identify with the organization. Superordinate goals (such as GE's pledge to rank first in every industry in which it competes), competencies (such as 3M's innovativeness), rewards (such as GM recently replacing divisional competition with system-level coordination), and history or prestige (such as Rubbermaid's strong reputation), often provide only a roof for the organizational house. Brewer (1991) argues that members of large and heterogeneous groups gravitate toward subgroups which offer a sharper and more homogeneous identity. Thus, members of ideographic organizations may identify primarily with their occupations, workgroups, departments, or divisions (Kramer, 1991). Indeed, if aspects of the focal unit's identity are perceived to conflict with those of other units (as is often the case in function-based structures), particularly supra-units such as the head office or parent company, identification with the focal unit may even be *negatively* related to organizational identification (Brown, 1969).

Much of the appeal of the "less is more" movement to divest businesses unrelated to core competencies, to delay or downsize, to spin new projects off into separate entities, to decouple units (e.g., outsourcing), and to empower subsidiaries, divisions, and branches, is the implicit recognition that a smaller, more focused, and more self-contained unit is a more *coherent* unit. This coherence allows a local identity to blossom, and thus concentrates commitment, thinking, and action on the unit. Ghoshal and Bartlett (1994) found that when a manufacturing division broke away from its holding group to become free-standing, members focused more on interdependencies *within* the division rather than *between* divisions, and were better able to develop a sense of collective identity.

Social Validation of Identity

We argued that identity claims are somewhat idealized, facilitated by the inherent complexity, ambiguity, and dynamism of organizational action, and by the diversity of potentially defining attributes. This suggests that OI claims, as promulgated through substantive and symbolic management by senior leaders, may be only loosely coupled to the OI perceptions of both external stakeholders and internal members. Loose coupling is problematic because identities must be *socially validated* to "stick," that is, to be internalized.

Identity theorists from a variety of disciplines argue that one's sense of self is largely grounded in the perceptions of others (Schlenker, 1986; Weigert, 1983). Through social interaction and the internalization of collective values, meanings, and standards, we come to see ourselves through the eyes of others and construct a more or less stable sense of who we are (e.g., loving spouse, dependable coworker). Further, as we mature and are attracted to certain self-conceptions, we attempt to negotiate identity claims by selecting interaction partners and contexts that are likely to elicit the desired perceptions, by acting in ways that are consistent with identity claims, and by adopting the trappings of the identity (e.g., appear-

ance, possessions) (Schlenker, 1985; Swann, 1987). Thus, our identities are sustained in part through validation by valued members of our role set (e.g., family, friends, coworkers).

Analogously, as shown in Figure 1, social validation is also required to sustain an *organizational* identity. Albert and Whetten (1985) argue that an OI is formed through a "reflected appraisal" process, and Treadwell and Harrison (1994, p. 82) posit that "Images that prevail internally for the organization are those that survive a 'reality test' against external points of reference." Moreover, given that an organization "is said to be legitimate to the extent that its means and ends appear to conform with social norms, values, and expectations" (Ashforth & Gibbs, 1990, p. 177), an organization denied such validation will find it difficult to attract the necessary resources to survive. Thus, as suggested earlier, there are limits to how far identity claims can deviate from the perceptions of either external stakeholders or internal members.

The role of external stakeholders in the validation of an OI is beyond the scope of the paper. However, an instructive example of how external perceptions affect *internal* identity construction is provided by organizations and industries whose identity claims are significantly at odds with the perceptions of certain stakeholders (e.g., nuclear power plants, social movement organizations, tobacco companies). In the face of threat, such organizations engage in a great deal of *identity work* (Snow & Anderson, 1987) to articulate and reinforce a coherent system of mission, ideology, and values. Identity work creates a counterweight to external attempts to delegitimize the organization. Hertz (1991) describes how vigorous protests against an abortion clinic forced the staff to reflect on why the clinic mattered and helped mobilize commitment to the defense of the clinic. Ironically, it was the threat to the organization and what it represented that lead to the crystallization of the identity. However, the clinic could not have survived without validation of the OI from at least some critical external parties (legal authorities, clients, volunteer escorts).

Negotiating Identity

The notion of validation by organizational members would be moot if members simply accepted identity claims at face value. As Neilsen and Rao (1987) argue, organizational leaders are typically portrayed as active producers of meaning, whereas members are portrayed as passive consumers of meaning. This portrayal, however, neglects the interactive and iterative process through which meaning is socially constructed and negotiated. Given individuals' motivated search for salutory identities, and their situated perspective in a complex, ambiguous, and dynamic enterprise, individuals often have idiosyncratic and divergent views on what the organization is (actual self) and should be (ideal self). Because the OI constitutes the soul of the organization, members may regard themselves as the OI's rightful *custodian*, whereas they may view strategic decision making as the

legitimate domain of management. Thus, members are often highly motivated to negotiate OIs—where "negotiate" is an overarching term for a variety of sense-making and social influence processes, including information-seeking, social comparison, persuasion, collaboration, coercion, and bargaining (Strauss, 1978).

Members are most likely to actively negotiate an OI under three conditions. First, OIs that are undeveloped or ambiguous invite conflict, whereas OIs that are coherent, widely-shared, and deeply internalized present an institutionalized face that discourages renegotiation. Second, as noted, organizations experiencing major discontinuities or changes in their strategic contingencies are amenable to change. These forces may unfreeze an OI and motivate individuals to lobby for their preferences. Third, OIs that contain either contradictions or coherent but divergent subidentities are prone to conflict. Ideographic organizations are more susceptible to identity conflicts than holographic organizations because members tend to be committed to their particular subunit's identity. Whetten and Foreman (1994) discuss the tension between the dual identities of agricultural co-ops as business concerns and family-like social concerns. Advocates of the former spoke in the utilitarian language of economics, whereas advocates of the latter spoke in the normative language of social relations. Because of the taken-for-granted nature of strong OIs, members of both sides found it hard to articulate their fundamental differences and to understand the other side. In such organizations, discussions about specific actions and practices become loaded with broader symbolic meaning vis-a-vis the multiple identities, and thus become sites for the ongoing negotiation of "the" identity (Albert & Whetten, 1985).⁶

Identity negotiation at other times—when an OI is well-developed and internally consistent, and the organization is relatively steady—is less pronounced and more subtle. Generally, given Banaji and Prentice's (1994) review of the self in social contexts, members are more likely to accept an extant OI if it is socially desirable (self-enhancement), defensible (i.e., has at least some validity; self-knowledge), and somewhat idealized (self-improvement). Thus, members expect and are indulgent of a certain amount of puffery in symbolic management (Ashforth & Gibbs, 1990). However, if OI claims are chronically contradicted by strategic choices or routine practices, or if an OI is increasingly out-of-step with members' preferences or environmental demands, then dissatisfaction and cynicism may result. This creeping cynicism may or may not foster change. On the one hand, because an OI is often not particularly salient during periods of relative stability, and because there is typically some slack in how one chooses to enact an OI, one's dissatisfaction may remain largely latent and unexpressed. On the other hand, if the dissatisfaction is acute, and one is willing and able to agitate for change, then identity contests can quietly emerge or loudly erupt. The literatures on whistle-blowing, countercultures, and young Turks contain many examples of individuals and coalitions that fought for what they perceived to be the rightful identity of their organizations (Mintzberg, 1983; Trice & Morand, 1991).

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In summary, although a strong OI can provide a solid basis for strategic decision making, identity does not determine strategy. Rather, the two are reciprocally related such that identity is enacted and expressed *via* strategy, and inferred, modified, or affirmed *from* strategy. Further, because the reality and salience of a stable and desirable identity and supporting strategy are often elusive—particularly in ideographic organizations—managers engage in substantive and symbolic management. The former refers to material changes in organizational structures and processes, providing a basis for identity and strategy claims, whereas the latter refers to the portrayal of these structures and processes. Claims must be socially validated for individuals to willingly internalize them; insofar as individuals retain idiosyncratic perceptions and preferences, they may actively negotiate identity and strategy claims.

ORGANIZATIONAL IDENTITY AND STRATEGY AS CONTEXT

This section examines how the individual's sense of self is partially embedded in the organization. First, we discuss how an organization's identity and strategy may be internalized as an expression of self. Second, we explore how a strong OI induces one to depersonalize others and, through identification, oneself. Third, we discuss how members enact the organization's identity and strategy via cognition, affect, and behavior.

Identity, Strategy, and the Individual

Dutton et al. (1994) argue that the strength of organizational identification is mediated by the perceived attractiveness of an OI. Attractiveness, in turn, is predicted by the extent to which a perceived OI resonates with personal needs—thus fostering *identity congruence* (Whetten et al., 1992). We have already discussed needs for self-enhancement, self-knowledge, and self-improvement. Organizational identification has also been argued to meet personal needs for continuity and distinctiveness (Dutton et al., 1994), and meaning, connectedness, empowerment, and immortality (Ashforth & Mael, 1989). Similarly, Alvesson (1990, p. 385) states that a coherent OI may "help to attain a closure upon the precariousness of meaning created by fragmented cultural patterns, increased complexity and ambiguity, [and] the noise level of modern mass-media," and Diamond (1992) argues that organizations lacking a stable identity foster insecurity, uncertainty, and helplessness. The upshot is that an OI that engages one psychologically is more likely to be internalized as a valid expression of self. Congenial OIs are seductive because they help *define* a person, at least within the organizational context, providing a persona that one need only adopt. This *situated identity* (Wiley & Alexander, 1987) provides a cognitive link between individual and organization, embedding one's sense of self in the organization.

An organization's strategy may also be internalized as an expression of self if one perceives the strategy to be tightly coupled to a valued OI. As noted, a given strategy is one more or less pragmatic means of realizing an OI (or of generating action for retrospectively constructing an OI) that is chosen from an array of possible means. The more substitutable the means are perceived to be, the less likely one will view the chosen strategy as necessarily definitive. Conversely, if a strategy is perceived to have no realistic substitutes, such that the OI can only be pursued via certain goals and plans, then one is apt to regard the strategy as a natural extension of the OI. However, as argued later, once a strategy is chosen—even a substitutable one—it may *become* tightly coupled with the OI and come to symbolize it, thus providing a *de facto* basis for identification. In sum, the impact of an organization's strategy on members' self-concepts is mediated by the organization's identity.⁷

Clearly, the perceived attractiveness of a given OI and the strategies designed to realize it are in the eye of the beholder. However, we speculate that member identification will tend to be greater in holographic rather than ideographic organizations because it is easier to perceive and understand the identity of the former. In the discussion to follow, we assume that the OI is both strong and attractive to members. The major effects on the individual are summarized in Figure 1.

Depersonalizing Self and Others

Individuals simplify and order the social environment by sorting social objects into categories (Ashforth & Humphrey, 1995). Attached to each category is a schema, a set of cognitions about the members of the category. Schemas are based on abstractions of the most widely shared attributes of category members (prototypes) and/or on specific objects that exemplify the category (exemplars). Schemas are assumed to provide valid and reliable information about category members. Thus, when an object is categorized, it becomes *deindividuated*, that is, perceived as an interchangeable member of its category rather than as a unique object. Further, categories and their attendant schemas are also associated with affective tags, such that members may be seen automatically in positive or negative terms. Finally, perceivers' first impressions are routinely based on social categories, and perceivers are motivated to confirm the correctness of these impressions, although they can pursue more individuated perceptions if they have sufficient motivation, information, and time.

The implication is that when an OI is salient and strong, particularly in holographic organizations, organizational members will tend to view themselves as members of a common social category and thus *deindividuate* or *depersonalize* one another on features directly relevant to the OI (i.e., mission, beliefs, and values). The attributes associated with the prototypical member or key exemplars (e.g., the founder) are activated and generalized to the membership. Further, because OIs tend to have an idealized cast, they often evoke positive feelings.

Moreover, insofar as an OI accords with personal needs, the individual will tend to include herself in the process as well, triggering "self-stereotyping" (Turner, 1985). Initially, she may enact her organizational role in a relatively self-conscious manner, attempting to act, think, and even feel as she imagines a prototypical or exemplary member would. Over time, however, she may come to regard *herself* as an exemplar of the organization and more or less automatically act, think, and feel accordingly. As Brewer (1991, p. 476) puts it, "the *I* becomes *we*."

Thus, as individuals define themselves in terms of the organization, they internalize its mission, ideology, and values, and by extension, strategies and customary ways of doing things. In short, "they assume the role of the organization" (Tompkins & Cheney, 1983, p. 125): in a sense, each individual becomes a *microcosm* of the organization. This "person-organization merger" is analogous to Turner's (1978) notion of a *role-person merger*. Under such conditions, to faithfully enact the organization's identity and strategy in thought, deed, and feeling is simply to be true to oneself. By extending the concept of self to include the organization, the concept of self-interest also comes to include the organization. The distinction between one's own welfare and the organization's welfare is reduced so that helping the organization becomes tantamount to helping oneself. The individual perceives that she and the organization share a common destiny and that the organization's successes and failures are *her* successes and failures (Ashforth & Mael, 1989).

Depersonalized Trust

Interpersonal trust is the belief that a certain person is reliable, and is based on prior interactions with that person (Brewer, 1981). One learns who is trustworthy and who is not. Interpersonal trust is the foundation of Granovetter's (1985) notion of embeddedness: one's behaviors are both enabled and constrained by one's network of *personal* relationships. However, it is difficult to develop interpersonal trust in large organizations because of the large number of possible dyads.

Identification extends the reach of embeddedness through the development of *depersonalized trust* (Brewer, 1981). Depersonalized trust is based on a common social identity, and thus does *not* require prior interaction with every individual. One assumes, by virtue of the common identity, that members share the relevant mission, beliefs, and values, as well as commitment to the collective. Thus, a Ford manager from Germany is predisposed to trust and empathize with a Ford manager from Detroit. Indeed, "group members may engage in trusting behaviors independently of, and in some cases even despite, what other group members actually do" (Kramer, 1993, p. 252). Identification, then, extends one's network (and therefore trust) from personal ties to social ties.

Accordingly, a strong OI tends to increase the degree of cooperation and prosocial behavior in the organization (Dutton et al., 1994; Kramer, 1993). One thinks of the organization as "psychologically real—as embodying characteristics thought prototypical of its members" (Ashforth & Mael, 1989, p. 28). The organi-

zation per se becomes the referent, rather than the individual or group. In reifying the organization, one regards fellow members as extensions of the organization. Cooperation and prosocial behavior become an expression of this shared identity.

Self-stereotyping and Uniqueness

It should be emphasized that the depersonalization of oneself and others does *not* mean that organization members are perceived to be identical. First, depersonalization occurs only when an OI is salient, that is, when substantive and symbolic management, situational cues, recent experience, and so on draw attention away from *intraorganizational* comparisons and toward *interorganizational* comparisons. Second, depersonalization occurs only on attributes implicated in the OI (Brewer, 1993). Indeed, *the perception of a common bond may enhance the appreciation of differences*.

Enacting Organizational Identity and Strategy

As Schlenker (1985) notes, an individual's identity is both a *structure* (a schema about the self) and a *process* that guides thoughts, feelings, and actions. The more subjectively important a given identity, the more likely that one will seek opportunities to enact that identity and perceive a given situation as such an opportunity (Swann, 1990). By "enact," we mean the process by which preconceptions set in motion actions and events that further shape and often reinforce the preconceptions; in short, the ongoing interaction between action and sense-making (cf. Weick, 1995). Individuals seek opportunities to conduct themselves in a manner consistent with what they believe or hope themselves to be. And just as "people learn about their identities by projecting them into an environment and observing the consequences" (Weick, 1995, p. 23), so too, do organizations through their members. Moreover, the more a member identifies with the organization—that is, internalizes its identity and possibly strategy as a valid statement of self—the more he or she will think, act, and feel in ways consistent with that identity and strategy. As noted, one enacts the identity and strategy not only for *instrumental* reasons, but for *expressive* reasons, to affirm a desired sense of self both to oneself and to others, regardless of any instrumental contribution to organizational goals (Emler & Hopkins, 1990; Shamir, 1990).

Cognition: Noticing and Interpreting

If we assume a relatively strong and salient OI, the question that arises is "*How* does the identity affect sense-making?" For example:

... why in some liberal arts colleges was the decline in the number of 18-20 year olds seen by administrations as a legitimate and important issue, feasible to resolve, while in other col-

leges, the same issue was seen as irrelevant or impossible to resolve (Milliken, 1990)? Alternatively, why, in some hospitals facing a doctors' strike was this event seen as a major threat to survival, while in others, the same issue was seen as an opportunity to innovate and reduce costs (Meyer, 1982)? (Dutton & Penner, 1993, pp. 93-94)

An OI provides a lens for perceiving and interpreting the environment, defining "what is good, real, important, possible, and necessary" (Stoecker, 1995, p. 113). An OI affects what is attended to and, therefore, what gets *noticed*. As the above quote attests, the impact of an OI on cognition is perhaps most evident in strategic decision making. Strategic issues are not objective facts; they are socially constructed from the welter of ambiguous activities and events that surround and suffuse an organization (Dutton & Penner, 1993; Thomas, Shankster, & Mathieu, 1994). To be labeled a strategic issue, something must be noticed and interpreted as potentially relevant to the organization's status or performance. An OI, by declaring a mission and supporting beliefs and values, motivates sense-making oriented to the identity.

Specifically, Dutton and Penner (1993) contend that an OI affects the perceived *importance*, *legitimacy*, and *feasibility* of socially constructed issues. First, issues that appear relevant to an OI are seen as inherently more important—particularly if they threaten the OI—because they bear on the very definition of the organization (and, if one identifies with the organization, on the definition of *self*). However, like the parable of the boy who was given a hammer and then saw that everything needed hammering, a salient OI induces one to seek opportunities to enact the identity and, thus, to construe diverse and otherwise unrelated issues and events as relevant to the identity (Stryker, 1987). Hunt and Benford (1994) describe how members of peace movement organizations routinely interpret mundane personal activities (e.g., putting a child to bed) as reflections of the conflict between peace and war. Second, issues that are couched in the familiar terms of the mission, values, strategies, and so on are more likely to be seen as appropriate or legitimate for the organization to handle. Familiar terms activate schemas about what the organization can and should do (Reger et al., 1994). Third, issues that speak to the *raison d'être* and core competencies of the organization are more likely to be seen as feasible to handle, and thus, more attractive. Positive identities instill confidence.

These dynamics are illustrated by Brown and Starkey's (1994) study of a candy producer. The company defined itself primarily as a manufacturing concern rather than as a marketing concern. This identity was reinforced at the subsidiary level by an insular and paternalistic culture that emphasized cooperation and was preoccupied with operational issues. Consequently, the organization did not systematically attend to the external environment, had primitive information systems, and thus failed to notice both opportunities and threats. Individual managers who *did* notice such possibilities were unable to legitimate them as strategic issues, presumably because they were not regarded as particularly relevant or easily resolved. Ultimately, the organization was acquired by a stronger company.

Finally, a strong and salient OI can obviate several major causes of politics in strategic decision making. An OI with a comparative rather than self-referential focus (i.e., externally rather than internally oriented), draws attention to organization-level issues (Kramer, 1993). The major perceptual contrast is between the focal organization and referent organizations, underscoring what is distinctive and valued about the former. By focusing attention on what the organization *per se* represents, an OI helps align the goals of members. Moreover, a strong OI facilitates consensual sense-making so that the process of interpretation is less prone to conflict. Thomas et al. (1994) surveyed senior administrators in institutions of higher education and found that strong OIs were associated with the perception of six issues as strategic, whereas weak OIs were associated with the perception of these same issues as political. This does not mean that organizations with strong identities are devoid of politics, only that a critical domain for political activity—strategic decision making—is less likely to be contested.

Affect: Valuing and Motivating

A strong OI not only primes sense-making, it *motivates* members by imparting value. First, in providing a sense of distinctiveness, meaning, empowerment, and the like, a strong OI confers purpose and direction. Enacting an OI and its complementary strategies becomes a "moral statement," expressing a valued sense of self and a valued membership in the collective. Stoecker (1995) reports that a community organization founded on a widely-held ethnic identity was able to galvanize support by framing issues in terms of community interests, whereas community organizations lacking this identity gained support by framing issues in terms of more narrow self-interests. Moreover, even though it may be very difficult to justify an organization's mission and goals on pragmatic or narrowly rational grounds, they may nonetheless be pursued with great fervor because of the moral overtones. One is *meant* to pursue the organization's mission. Members of social movement organizations often pursue their mission passionately in spite of (or perhaps because of) overwhelming opposition.

Second, the greater the members' identification, the greater the fusion of self- and organizational-interests such that more of the members' identity and esteem are at risk. To fail—or worse, to not even try—is to invite disgrace, shame, and guilt; to try and to succeed is to win affirmation, honor, and pride. For example, human service workers who identify strongly with their helping role are more likely to work intensely and persistently, often to the point of incurring job burnout (Ashforth & Humphrey, 1993).

Third, a strong OI imparts a sense of efficacy: because cosmologies tend to be internally consistent and coherent, they often instill faith that the mission and supporting goals *will* be realized if they are pursued with sufficient zeal. Identity emboldens strategy. Thus, entrepreneurs succeed in part by learning to ignore the naysayers.

Behavior: Expressing

Identity and strategy establish the parameters for behavior. Through the internalization of an OI and customary ways of enacting it, members become predisposed to "act out" (Cheney, 1983a, p. 346) the organization's mission, beliefs, values, and norms. Cheney (1983a) found that individuals with strong organizational identification were more likely to derive their decision premises from the organization, and Walsh and Fahey (1986) suggest that a strong OI is likely to predict consensus on strategic decisions and the quickness and ease with which such decisions can be implemented. Further, as noted earlier, the individual becomes predisposed toward cooperative and prosocial behavior as an affirmation of the presumably shared identity. Horvath and Glynn (1993) found that members' identification with their health care co-op was associated with both intrarole behaviors (i.e., those expected as part of one's job) and extrarole behaviors (i.e., those that go beyond what is expected), and Mael and Ashforth (1992) found that alumni identification with their alma mater was associated with financial contributions, advising others to attend the school, and participation in various school events.

It should be emphasized that enacting an OI does not mean that one becomes a mindless automaton, an oversocialized functionary. First, while an OI establishes mission, beliefs, values, and even ways of thinking, feeling, and acting, there is usually considerable latitude in the specific manner in which these qualities can be displayed. Nordstrom's identity centers on customer service, for which they are renowned. However, their employee "manual" consists of one rule: "Use your good judgment in all situations" (Collins & Porras, 1994). Second, barring complete isomorphism between the individual and organization (i.e., person-organization merger), one's enactment of an OI is usually tempered by other aspects of the self, such as personal traits and other social identities. Rosenbaum (1988), a physician, describes how his experience as a cancer patient at the same hospital where he worked caused him to provide medical care in a far more sensitive and empathic manner than did his peers or he *himself* prior to the onset of cancer. Third, identification speaks to the *process* by which the organization's identity becomes the individual's—it does not specify the *content* of that identity. Thus, if an OI calls for prospector strategies, role innovation, constructive conflict, or total quality management, then identification will be positively rather than negatively related to an inclination to challenge the status quo. Similarly, Schein's (1970) concept of "creative individualism" suggests that organizations can foster adherence to pivotal goals and values, but encourage freedom and creativity in how these goals and values are realized.

In summary, the more an OI resonates with or evokes personal needs, the more likely that one will internalize the OI as a valid statement of self. The OI also mediates the internalization of strategy as an expression of self. Identification with the organization induces one to depersonalize self (and others) such that one becomes a microcosm of the organization and is predisposed to trust other mem-

bers. Further, identification strongly affects one's cognitions (by priming attention and interpretation, and possibly fostering an outward focus), affective states (by fusing self- and organizational-interests, influencing what is valued, and fostering self- and collective-efficacy), and behavior (by encouraging identity-consistent and cooperative actions), thereby reinforcing the OI and supporting strategy.

Thus, OIs tend to be inherently self-fulfilling, as depicted by the lower feedback arrow in Figure 1. Organizational members, after all, are *motivated* to confirm an identity they find attractive. Much like housebuilders working from a blueprint, a clear identity confers a certain coherence, integrity, and boundary to the organization, providing a direction and impetus for action.

ORGANIZATIONAL IDENTITY AND STRATEGY AS A CLOSED SYSTEM

This section considers identity and strategy as a potentially pernicious system of constraint. First, we suggest that identity and strategy can be viewed as a form of internalized control. Second, we argue that identity and strategy may produce debilitating inertia. Third, on a more prescriptive note, we discuss the interplay between reinforcing and recalibrating an OI.

Identity and Strategy as Internalized Control

The notion that OIs and their attendant strategies are self-fulfilling is very important. On the one hand, the notion appears quite attractive from a managerialist perspective because it suggests that identity and strategy are potent sources of control over organizational members and their actions. In internalizing the who/what/how of the organization, a member assumes the organization's mission, goals, beliefs, values, and customary ways of acting as his or her own: they become moral imperatives to be pursued for their own sake (Shamir, 1990). Moreover, whereas other control systems (e.g., supervision, regulating technology, rules and procedures) typically focus on specific means to organizational ends, the mission and values of an OI entail a far more holistic and diffuse commitment to the organization. Finally, unlike these other systems, the control inherent in an OI is less likely to be experienced as externally-imposed. The more complete one's identification, the greater the sense that cooperation is freely chosen. In this sense, a strong OI simultaneously empowers and constrains the individual. Consequently, an organization's identity and complementary strategies can act as a substitute for costly and intrusive control systems.

Identity, Strategy, and Inertia

On the other hand, a self-fulfilling system suggests the possibility of a *closed* system, one that is not responsive to dynamic environments and emergent needs.

In defining what is *appropriate* for the organization, identity and strategy also define what is *inappropriate* (if only by default). This has several effects. First, what does not get noticed, does not get considered. Like other schemas, identities and strategies function as blinkers, orienting one toward certain aspects of the environment. An organization that sees itself as a low cost defender will not be scanning the environment for opportunities to be an innovative prospector. Second, as a densely interlocked set of self-sealing beliefs, values, and ways of doing things, a strong OI can impede *comprehension* of issues that exceed its bounds (Reger et al., 1994; Walsh & Fahey, 1986). Reger et al. argue that many organizations have resisted total quality management because they cannot connect it to the extant OI schema. Third, whatever threatens an "appropriate" or valued facet of an OI will be resisted. We argued earlier that, as the soul of the organization, a strong OI may be viewed as sacred. To push the religious metaphor even further, attempts to change a sacred OI may be viewed as tantamount to sacrilege. Yergin (1993, p. 723) describes how traditionalist oil company executives regarded the oil industry's identity shift in the 1980s from integrated manufacturing to commodity style trading as "immoral...[and] almost against the laws of nature." The literature on individual identity indicates that once an identity is internalized, the motive for self-consistency tends to overpower the motive for self-enhancement—even if the identity is socially undesirable (Swann, 1990).

Institutionalizing Means and Ends

As noted, a given OI can usually be pursued through a variety of means. An OI defines the very essence of the organization, providing a basis for member identification, whereas a strategy—as one means of realizing the OI—lacks the same normative weight. A strategy is a tool and its legitimacy depends on its utility: unlike an identity, a strategy is *not* an end in itself.

In practice, however, the means we live *by* often come to define us as surely as the ends we live *for*. Sarason (1995) found that when asked to describe what is central, distinctive, and enduring about their organizations, managers often responded in terms of strategy. This blurring of ends and means, of "who" with "how/what," suggests that identity and strategy often become more tightly coupled over time. Strategic choices, as well as regular practices, familiar habits, and operating routines, develop a strong allure *because they embody or come to symbolize the identity itself*. An entrepreneurial firm "should" be aggressive; a conscientious manager "ought to" schedule regular meetings. The means, as totems, assume a strong normative quality and the power of *ritual* (Ashforth, 1993).

Moreover, identity-affirming means may be invoked when they are *most* problematic. Research on decision making indicates that acute stress impairs critical thinking: information processing is reduced, analysis is simplified and stereotyped, fewer alternatives are considered, and decisions are made hastily (Janis, 1982; Staw, Sandelands, & Dutton, 1981). The decision maker becomes cogni-

tively overburdened by the weight of the decision and so resorts to well-known scripts that have succeeded in the past. This rigidity may be exacerbated by identity concerns in that a stressor is more likely to be perceived as a threat if it implicates an important identity (cf. Thoits, 1995). Thus, it is precisely when one values the identity implicated in a role that one is most likely to respond to severe threat by rigidly following past practices. Much like an obsessive-compulsive person who is reassured by repetitive behaviors, organizational members can become collectively locked into outmoded strategies and behaviors. D'Aveni and MacMillan (1990) found that the managers of failing firms, compared to managers of a matched sample of surviving firms, tended to deny or ignore falling demand for their products and paid more attention to fine-tuning the internal environment.

Further, as identity and strategy become institutionalized in structures and processes, they assume a reified and objective quality. They are no longer the vision of their creators, but a property of the collective. Members can only conceive of the organization as pursuing a certain mission and goals, propelled by certain beliefs, values, and operating patterns. Identity and strategy may become taken-for-granted and therefore difficult to consciously access, fostering a sense of permanence (Zucker, 1977). Indeed, they may become so entrenched that the organization becomes a virtual caricature of itself, endlessly re-enacting a favored role.

Finally, our discussion of the veracity of an OI suggests that organizations can survive at least in the short-run with (indeed, they may *depend* on) identities that neutral outsiders would say are not entirely accurate. First, strong identities are very robust, such that threats to an identity often trigger excuses, justifications, selective memories, and actions that affirm the desired identity and neutralize the threat (Schlenker, 1986). Organizations routinely attribute illegal behavior and serious mishaps to individual employees rather than to systemic problems so as to preserve the sanctity of the OI (Osborn & Ashforth, 1990). Second, whereas individuals sustain their personal identities by choosing interaction partners who confirm their self-perceptions (Swann, 1987), organizations are *comprised* of "interaction partners" who develop a stake in perpetuating an idealized OI. Organizational members may echo the espoused OI, thereby convincing themselves of its veracity. Thus, organizations have a tremendous capacity for self-delusion. Often, only a major external jolt such as a steep drop in market share or a shareholder lawsuit is sufficient to disturb the socially constructed and sustained myths.

In sum, the very success of an organization's self-definition may constrain other potentially critical possibilities. The upshot is that a strongly held and insular OI and supporting strategy can foster inertia (Dutton & Penner, 1993; Reger et al., 1994). The economic and sociopolitical landscapes are littered with organizations that either did not recognize environmental threats/opportunities (because they could not allow themselves to see them) or were incapable of responding to them (because it would have meant reworking a valued status quo) (Weitzel & Jonsson, 1989). Staw and Sutton (1993) describe how Pan American Airline, as its losses mounted, sold off profitable hotel and real estate businesses but retained the failing

airline. The result was bankruptcy. As noted, individuals seek opportunities to *affirm* strongly held identities: because the airline *defined* Pan Am, dumping the airline may have been literally unthinkable to top management (Carpenter, 1994). As Albert and Whetten (1985, p. 277) state, "It is generally easier to acquire a new identity during growth than to divest an identity during a time of retrenchment." Thus, a strong OI may induce organizational members to resist changes that outsiders would regard as patently advantageous.

A Prescriptive Note

Although OIs are inherently self-fulfilling and may ultimately lead to a closed system, we are not arguing that major OI change is necessarily desirable. If we take seriously the notion of identity as soul, as an organization's vital animating essence, then the psychic cost of changing an OI—of "selling one's soul"—may be intolerable for organizational members. A collective identity provides a sense of self and meaning, and places one in a wider social context. Thus, if Pan Am had retained the healthy businesses and sold the unhealthy airline, the resulting identity shift, though pragmatic, may have crippled the integrity of the firm and upset members' center of gravity and moral bearing. The psychic fallout of such identity shifts is often most apparent in Etzioni's (1975) normative organizations. For example, the growth of for-profit hospitals has been interpreted by many as an identity shift from "providing quality healthcare" to "providing profitable healthcare," touching off very heated debates about the very meaning of healthcare and the *raison d'être* of healthcare workers (Schiller, 1995).

Indeed, because individuals tend to become committed to their conception of the organization, and are perceived by others to be committed, it is often necessary to change personnel to change an OI (House et al., 1995). Stoecker (1995) describes how the identity of a community organization shifted radically over time from confrontation with local government and businesses to cooperation. This shift only occurred as militant leaders and staff resigned or were ousted and were replaced with more conciliatory and conservative people.

Although radical OI change should not be made lightly, the need for incremental change is often very real. As stated, OIs are in a constant state of becoming. Resisting that evolution is akin to damming up flowing water: ultimately, it precipitates a flood of more sweeping change. Consistent with the punctuated equilibrium perspective, pressures for evolutionary change are often resisted such that revolutionary change becomes necessary.

To switch, then, to a more prescriptive voice, organizations must walk a fine line between reinforcing an OI and refashioning it. Much of the literature on organizational renewal and learning can be interpreted as a call to institutionalize OIs that welcome rather than resist at least some change (Fiol, 1991). The mission and strategic goals need to be anchored in sensitive external referents (e.g., market share, votes, donations, community health) such that the organization can detect if it is

becoming irrelevant. In a provocative metaphor, Bergquist (1993) likens an OI to a sea anchor, used in open water to help stabilize a ship under turbulent conditions and yet allow some movement with shifting tides.

In summary, a strong and attractive OI and its attendant strategies and scripts represent a potent form of control because organizational members *want* to think, feel, and act in ways that affirm the OI. The danger is that identity and strategy can bracket perception and interpretation and become institutionalized such that individuals become unwilling and unable to recognize the need for change, thus fostering stagnation. However, given the importance of an organization's soul to its members, a certain degree of inertia is not only inevitable, but desirable.

DISCUSSION AND CONCLUSION

Organizational identity speaks to the fundamental question of what a given organization *is*—the nature of its defining attributes—whereas strategy speaks to the question of how the organization realizes them. If identity is the idealized essence or soul, strategy is the set of more or less pragmatic means. A widely shared and deeply held OI can galvanize and orient strategy, but does not determine it. A given identity can usually be realized by various strategies (equivinality), numerous factors may impede the translation of identity into strategy (loose coupling), and identity and strategy evolve reciprocally in that the former may be modified or even inferred from the latter, and both may emerge retrospectively from organizational action. Identity and strategy are articulated and reinforced through material change in organizational structures and processes (substantive management) and how they are portrayed (symbolic management). Over time, identity and strategy tend to become more tightly coupled as the latter comes to symbolize the former and both become more or less institutionalized.

Organizational members socially construct an OI through a process of negotiation and validation. An OI that evokes or accords with members' needs and preferences is more likely to be internalized as an expression of self, thus embedding members' identities in the organization. Further, the OI mediates the internalization of strategic choices and actions as an expression of self. This process of binding self- and organization-conceptions—of identification—fosters a common definition of the membership (depersonalization), and induces one to enact the OI and concomitant strategies as an affirmation of that definition. Identification strongly affects cognition (by priming attention and interpretation and possibly fostering an outward focus), affect (by influencing what is valued and fostering efficacy), and behavior (by encouraging identity-consistent and cooperative acts). However, a strong OI can also foster resistance to change, even as it provides a sense of meaning and connection.

Two overarching themes warrant some discussion. First, a strong OI is potentially both a great strength and a great weakness. A strong OI connotes consensus and confidence, providing the necessary unity and will for the organization to face

environmental challenges. Thus, Milliken (1990) and Thomas and Gioia (1991) found that a strong OI, as reported by university administrators, was associated with confidence to weather an external threat and to pursue proactive strategies. However, that same consensus and confidence can foster hubris, myopia, and inertia. As argued, one prescription is to institutionalize OIs that remain receptive to valid indicators of effectiveness and to the need for renewal—without responding to every shift in the prevailing winds.

A second theme is the extent to which an OI and strategy, as a salient context, *determine* individual cognition, behavior, and affect. Following Granovetter (1985), recognizing that individuals are necessarily embedded in specific contexts does not mean that they are oversocialized, devoid of free will. While an organization's identity and strategy certainly influence thought, action, and feeling, they do not determine them. We argued that an organization's identity is only loosely coupled with its surface trappings and with strategy, that identity claims are loosely coupled with identity perceptions, that identity and strategy are often emergent and retrospectively account for action, and that OIs are socially negotiated and validated. Although an OI and its concomitant strategies tend to channel and constrain thought, action, and feeling, OIs and strategies are not deterministic, and may be modified as they are enacted. Indeed, such modifications may be a chief mechanism for evolutionary change in the punctuated equilibrium model. Thus, embeddedness enables even as it constrains.

Further, this perspective on OI may enrich the literature on person-organization fit (Bretz & Judge, 1994). Much of this literature assumes that newcomers have a static set of pre-existing needs and aspirations that they seek to realize in the organization, much like a key fits a lock. In contrast, the literature on individual identity suggests that self-definition is a product of social interaction in specific contexts, such that one's sense of self-in-organization—a specific type of Wiley and Alexander's (1987) *situated identity*—is emergent and somewhat fluid. Accordingly, the research focus shifts from the nature or *content* of two fixed qualities, person and organization, and the match between them, to the *process* whereby the person and organization are socially constructed and co-evolve over time (Hunt & Benford, 1994).

Research Questions

The discussion of OI and strategy as a context for the individual raises many interesting research questions. Four examples will suffice. First, we argued that OI is tied to mission, and encompasses selected beliefs, values, norms, competencies, and customary practices. How essential are each of these facets to identity? Is identity more properly characterized as a gestalt? How tightly coupled are these facets in organizations with strong OIs? To what extent can certain facets be altered without significantly altering identity? When Metro-Goldwyn-Mayer briefly abandoned moviemaking in the 1970s, was it still "MGM" in any meaning-

ful sense? Are certain facets more central to identity in certain kinds of organizations and industries? For example, strong OIs may have a greater impact in industries with unclear cause-effect relations and ambiguous performance standards (i.e., weak situations) (cf. Thomas & Gioia, 1991).

Second, we also argued that there are significant parallels across the various literatures on individual, group, and organizational identity. How similar are the structures and processes of identity across these levels? In what respects do they differ? For instance, to what extent can Erikson's (1959) theory of individual identity development be applied to groups and organizations? Further, in our discussion of ideographic organizations, we alluded to competing organization-based identities. Under what conditions do individual, workgroup, occupational, and departmental identities assume greater prominence than the OI?

Third, the precise linkages between an organization's identity, strategy, and behavior—between definition, choice, and action—remain unclear. Although much of the paper awarded primacy to identity, we also argued that identity may be inferred from strategy, that identity and strategy may emerge from action, and that—regardless of the exact genesis—all three are reciprocally related. Under what conditions does definition, choice, or action assume first-mover status? Are all three so interdependent that the very question is foolish or trivial (cf. Weick, 1995)? We argued that identity and strategy are often loosely coupled. Under what conditions does identity directly affect strategic choice and action, and vice versa? To what extent can an organization act "out of character" (e.g., an otherwise scrupulous contractor engages in bid-rigging) and still preserve its self-definition? At what point does strategic change become identity change? If equifinality holds, if there are indeed many paths to realizing a given OI, how do managers translate an identity into specific strategic choices?

Finally, we have not considered individual differences. To what extent is the social construction and acceptance of an OI mediated and moderated by certain life experiences, demographic variables, personality traits, and attitudes? Mael and Ashforth (1995), for example, found that biodata (e.g., outdoor pastimes, nondeviant lifestyle, participation in group activities) were associated with newcomers' identification with the U.S. Army. We suggested that individual acts can modify an existing OI. What individual differences predict the use of such mechanisms as role innovation, voice or protest, active participation, whistleblowing, and Mintzberg's (1983) "insurgency games"? Finally, the growth of demographic diversity raises interesting issues. Does a diverse organizational workforce impair the development and internalization of an overarching OI? How can organizations realize the benefits of diversity without compromising the unifying quality of an OI?

A Cautionary Note

We wish to close by asking, "Is it healthy to define oneself in terms of an organization's identity?" We noted the benefits of identification—a sense of distinc-

tiveness, meaning, empowerment, belonging, and so forth. However, identification may also provoke a sense of ambivalence, a disquieting feeling that a Faustian bargain has been struck.

Religious cults are often discussed in pejorative terms. Why? Possibly because they are thought to provide a totalitarian environment: a self-sealing cosmology, isolation from outsiders, self-sacrifice, and "strange" rituals and symbols (e.g., Singer & Lalich, 1995). But how different is this from the way scholars and practitioners talk about organizations and the creation and maintenance of a strong OI? Is the problem one of *kind* or one of *degree*?

Organizational identification is not a panacea for the existential needs of individuals, and we believe that very strong identification is potentially detrimental to both the individual and the organization. Organizations, occupations, and roles are flat and sterile abstractions; to become deep and rich, they must be infused and informed by people who bring with them human experience, emotion, and perspective. They must, in short, be infused by people with strong personal identities (e.g., convictions, dispositions, needs) and strong social identities lodged in additional spheres of life (e.g., family, community). Individuals who identify very strongly and more or less exclusively with a given collective—be it an employer, peer group, church, or sport's team—risk losing an independent sense of self. In so doing, they lose the independent intuition, moral bearing, and conviction that act as a counterweight to the unavoidably egocentric and myopic cultural control systems that sustain every collective (Kahn & Kram, 1994). They may become little more than functionaries, enacting their roles in a literal and overzealous manner.

For example, Ashforth and Mael (1992) found that organizational identification interacted with organization structure, such that high-identification managers in centralized organizations were more likely to display some tyrannical tendencies than were high-identification managers in decentralized organizations. Presumably, the former took the notion of centralized control too seriously, to the point where they equated tyrannical tendencies with strong leadership. Similarly, research suggests that strong identification may at times be associated with resistance to change, ethnocentrism and bigotry, decreased creativity and risk-taking, unethical behavior on behalf of the organization, and unreflective conformity to organizational demands (Jacobson, 1993; Mael & Ashforth, 1992). Drawing on the literature on alcoholism, Schaef and Fassel (1988) refer to people who deny their individuality and tacitly collude in the perpetuation of a dysfunctional workplace culture as organizational "co-dependents."

Further, the greater the identification, the greater the proportion of one's self-definition that is vested in the organization—and, hence, the stronger the association between one's well-being and the perceived successes, failures, and demands of the organization (Ashforth & Humphrey, 1993). Thus, identification can prove debilitating if the organization becomes stigmatized (e.g., accused of illegal activity), if one is forcibly separated from the organization (e.g., through a layoff or retirement), or if one is unable to honor perceived obligations to the organization.

Last, it is fair to ask how relevant organizational identification will be to individuals and organizations in the future. In this tumultuous age of mergers and acquisitions, restructuring, downsizing, outsourcing, virtual corporations, project management, and telecommuting, the very meaning of "organization," "employment relationship," and "career" are being questioned. Organizations, particularly utilitarian ones, cannot and will not promise life-long job security. What happens to one's identification if one's company is swallowed by another in a hostile takeover? What happens to identification as teamwork and empowerment supplant hierarchy and obedience? What happens to identification if one becomes a member of the growing contingency workforce, where one works with a series of employers on specific assignments for limited time periods? Because fewer and fewer employees spend their entire working lives with one organization, interruptions in identification are becoming increasingly common. Our society may well be moving toward a two-tier workforce of a relatively small inner core of long-term employees and a vast outer core of disposable workers.

Given the human need for social attachments, we suspect that other social identities will provide much of the psychological support to surmount these interruptions. Indeed, Wallach and Wallach (1983) argue that what is needed is *more* identification with various collectives, not less. In the context of the workplace, we suspect that the prime locus of identification is currently shifting from the organization per se to the occupation, profession, and/or workgroup (Handy, 1994; Stroh, Brett, & Reilly, 1994). As a *Fortune* article declared about the meaning of work in the future, "You are what you do, not where you work" (Dumaine, 1994: 204). Necessity makes this a virtue.

In the final analysis, perhaps the best antidote to "over-identification" is simply *balance*. Western society is defined by a complex web of collectives, including families, peer groups, communities, churches, employers, recreational clubs, political parties, and self-help groups. No single collective can or should be expected to address all the dimensions of today's multifaceted self. Moreover, research suggests that the accumulation of multiple identities—identities vested in various social domains—generally benefits psychological health (Thoits, 1983). Thus, identification need not mean isomorphism: one can internalize and hopefully integrate positive aspects of *many* selves.

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NOTES

1. This conceptualization of embeddedness is broader than Granovetter's. He confined his analysis to how networks of interpersonal relationships affect rational behavior within and between organizations; in short, how personal relations affect economic relations.
2. Organizations that lack similar referents, such as some monopolies, government agencies, and firms operating in highly specialized niches may instead be evaluated against their own history or goals. Further, over time, the members of a given organization may abstract a more generic set of standards from a series of specific comparisons—what Mead (1934) terms the “generalized other”—as a basis for self-evaluation.
3. An interesting case is where organizations are publicly compared on a single “objective” metric, such as return on investment, because public rankings leave very little room for face-saving distinctions. *Business Week* publishes biannual rankings of U.S. business schools and *Macleans* publishes annual rankings of Canadian universities, setting off bouts of sense-making on many campuses as the “losers” attempt to normalize their self-perceived status. Elsbach and Kramer (1995) studied the responses of eight “Top 20” U.S. business schools to the *Business Week* rankings and found that members of the schools responded to the identity threat implied by the rankings by highlighting identity dimensions and comparison groups not emphasized by *Business Week*. This ability to reaffirm the OI in the face of threat suggests that members’ perceptions may be quite robust.
4. If OIs represent optimistic claims, one may ask why such claims are said to be only “somewhat” idealized. The answer is *reputation*. Claiming a positive identity “is to invite evaluation...in terms of the virtues regarded as prototypical of the category” (Emler & Hopkins, 1990, p. 129). A firm claiming to be environmentally friendly is inviting scrutiny on this basis. Such claims must be reasonably valid for the organization to be accorded a positive reputation and the commensurate legitimacy (Ashforth & Gibbs, 1990).
5. The description of the organization and the correlation between team and organizational identification are based on personal communications with Jim Barker and Phil Tompkins (February and March, 1995).
6. Interestingly, Whetten and Foreman (1994) found that members wanted co-ops as a whole (i.e., at the institutional level) to become more *normative*, but wanted their own co-ops to become more *utilitarian*. This contradiction helps explain why symbolic management can be so seductive: it may assuage one's concerns about doing the “right thing” while leaving one free to indulge less noble interests.
7. Dutton and Dukerich's (1991; also, see Dutton et al., 1994) research on the Port Authority suggests that an organization's strategic choices and actions may induce outsiders to construct an “image” of the organization which may in turn affect members' self-concepts (via reflected appraisals). In this case, strategy affects self-concept because it is presumed (at least by outsiders) to *reveal* the organization's identity and competence in enacting the identity.

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