

# ORGANIZATION IDENTITY AS MANAGERIAL CONCERN

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## ABSTRACT

A largely sterile debate characterized the discourse on Organization Identity for the past two decades. Scholarly contributions however mushroomed during the last five years but empirical research remains limited. The current paper set out to briefly report on five empirical studies pursued from within the framework provided by Organization Identity Theory (OIT). The findings of these studies suggest that Organization Identity (OI) performs a powerful role in organizational functioning. It is postulated that the emerging construct of Organization Identity will in future become a crucial consideration for organizational sustainability. The implications for management are briefly discussed.

## FROM IDENTITY TO ORGANIZATION IDENTITY

The increasingly interconnected nature of global society, premised substantially on rapid advances in information and communications technology, have transformed the very nature of business and, in an increasingly open, accessible global operating context, redefined notions of competitiveness and institutional success. Against this setting it is unsurprising that organization identity would emerge as a significant construct in the contemporary management discourse, but it is as yet a largely unknown phenomenon. This paper considers the significance of organization identity from an emergent empirical perspective.

### Identity as Platform for Considering Organization Identity

In the behavioral and social sciences the notion of identity is well known and a well-established individual level construct. Within the disciplines of organizational theory and organizational management, however, it is a fairly recent addition to the theoretical frames with which scholars view and interpret organizational functioning and behavior. In these settings it is construed as an organization-level phenomenon i.e. an attribute of the system-as-whole (Wells, 1980). This paper considers the relevance of this construct for contemporary management practices on grounds of several empirical studies recently concluded. To be able to evaluate the contribution of these studies it is necessary to briefly consider the meaning parameters of the identity construct and its application in institutional settings.

The term *identity* is generally taken to be a derivative of the Latin word "idem" meaning "the same" (Abend, 1974), while contemporary Oxford dictionaries of English, in addition, describe it as *the fact of being who or what a person or thing is*. The concept's first known occurrence in colloquial language dates back to approximately 1570 AD when it was used as an expression to convey the *quality or condition of being the same, being absolutely or essentially similar and to embody a sense of unity* (Van Tonder, 1987). The notion of identity or personal identity became a household term through Erikson's (1956, 1959, 1968) enduring work on identity development during childhood and adolescence. He described identity as the person's *inner sense of sameness and continuity of character* (Erikson, 1959). Although the application of the identity construct in institutional settings as *corporate identity* and *organization identity*, in terms of meaning, is substantially removed from this individual-level concept, it constitutes an important point of departure as it tacitly informed the general meaning frame associated with the term and legitimized the very general and often cited view of identity as being the response to the question "who am I?"

(Schley & Wagenfield, 1979). It is however important to note that at the individual level, identity is more often used to articulate a person's uniqueness, solidarity (i.e. his/her sense of unity), autonomy, continuity over time, and discreteness (Van Tonder, 1987). Moreover, apart from viewing the identity construct as a dynamic, self-referential cognitive schema or meaning frame<sup>1</sup> referred to as the "fact of identity" (FoI), a second and intertwined identity construct, "sense of identity" (SoI), is distinguished (Abend, 1974; Van Tonder, 1987; 1999). The latter in turn refers to a person's *sense of having or possessing an identity* i.e. his / her identity awareness. The *fact* of identity is more descriptive, for example, Mary's identity as perceived from an outsider-looking-on i.e. interpersonal perspective, whereas the *sense* of identity relates to the person's subjective awareness of possessing an identity or otherwise e.g. Mary's identity as sensed by her from a reflective i.e. intrapersonal perspective. These identity constructs constituted the basic point of departure for the theory of small group identity (Van Tonder, 1987) and Organization Identity Theory (OIT – Van Tonder, 1999). Empirical progress with regard to key postulates of the OIT is the central focus of the paper and the impetus for viewing organization identity as an important and significant managerial concern.

## Identity in Institutional Settings: Corporate and Organization Identity

Applications of the identity concept within organizational settings deviate substantially from individual-level identity and although elements of an individual psychological theory of identity may be surfacing in the theoretical accounts of corporate and organizational identity and on occasion may have informed these accounts, it is not generally acknowledged by scholars in the marketing and management sciences.

The first identity construct to emerge in a corporate environment was the notion of *corporate identity*, a phrase presumably coined by Martineau (circa 1958, cf. Balmer & Greyser, 2003:67) and a construct largely utilized in the corporate environment by the communications and marketing disciplines. Different meanings for the construct abound but it is generally viewed as those features of the organization that are purposefully employed to project and portray the organization in a specific (desired) manner to various stakeholders, predominantly through planned and persuasive visual means.

The introduction of the *organization identity* construct is less clear and more recent. Its introduction into the scholarly management discourse is attributed to Albert and Whetten (1985:265), who conceptualized it as those *features of the organization that are distinctive, core, and enduring*. Since Albert and Whetten's (1985) initial work organization identity has rapidly ascended to a position of prominence in the discourse on organisational theory and functioning. This is evidenced, in part, in prominent management journals such as the *Academy of Management Review*, *The European Journal of Marketing* and the *British Journal of Management* that have devoted dedicated (special) issues to the subject of corporate and organization identity. Yet, despite this rise to prominence, organization identity remains a complex and ambiguous construct, relevant theory appears problematic, and empirical research is rare (cf. Albert, Ashforth & Dutton, 2000; Gioia, Shultz & Corley, 2000; Hogg & Terry, 2000; Pratt & Foreman, 2000; Van Tonder & Lessing, 2003).

Moreover, the rapidly mushrooming literature base on organisation identity, viewed in some quarters as largely anecdotal and quasi-theoretical (Balmer & Gray, 2000; Melewar, Saunders & Balmer, 2001), reveal distinct intellectual traditions which add to an already nebulous situation. It is consequently unsurprising that organisation identity has very different meanings for different scholars (Corley, Harquail, Pratt, Glynn, Fiol & Hatch, 2006; Cornelissen, 2006; Hsu & Hannan, 2005; Illia & Lurati, 2006; Nag, Corley & Gioia, 2007; Pólos, Hannan & Carroll, 2002). Not only does this situation underscore the need to shift focus from conceptual to empirical research, but it also suggests that scholars pursue such research from within clearly demarcated definitional and theoretical parameters (Corley et al., 2006; Sugreen, 2009).

## Research Focus

Against this setting, this paper aims to report a series of empirical studies conducted from within the theoretical framework offered by Organization Identity Theory (OIT) (Van Tonder, 1999, 2004abc), and to reflect on the potential significance of research findings for institutional management. The OIT is strongly premised on an Eriksonian view of identity and would fit the conceptual domain demarcated as "classical approaches" to organization identity (Van Tonder, 2006ab). It is not to be confounded with the increasingly prominent identity

derivative referred to as “social identity” which was originally interpreted for organizational settings by Ashforth and Mael (1989) and more recently brought into sharper focus by Haslam (2001) and Haslam, Van Knippenberg, Platow, & Ellemers (2003).

## EMPIRICAL CONTRIBUTIONS

Between 2000 and 2008 five empirical studies premised on the OIT and using qualitative and/or quantitative research approaches were completed. The studies explored the existential nature of the organization identity phenomenon, explored and tested different operational definitions, and examined the construct’s relatedness to other organisational variables. Organization Identity’s relatedness to organizational performance was a particularly important focus as this illuminates the relevance of the construct at an applied level. In all instances convenience samples (willing, participating organizations) were utilised. Participating organisations hailed from different industries and comprised profit and not-for-profit institutions. Apart from different operational definitions of the organization identity construct, organizational performance was also operationalized as managerial self-reports of performance, “hard” financial data and standardized performance assessment questionnaires. The findings of these studies converged substantially and provided encouraging support for several tenets of Organisation Identity Theory<sup>2</sup>. The most prominent observations derived from the various studies are briefly summarised in Table 1.

**Table 1: Empirical studies of Organization Identity (OI)**

| Study, design and findings in brief  |
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| <p><b>Study 1:</b> Van Tonder (1999)<br/> <b>Design:</b> Mixed Methods. <b>Sample:</b> Ten (10) listed companies, 153 executives. <b>Measurement:</b> structured interviews, Questionnaires, TST<sup>a</sup><br/> <b>Results:</b> 1) <i>Identity operationalized, inter alia, as Sense of Identity (SoI) and Fact of Identity (FoI), affirmed across ten organizations;</i> 2) <i>Both SoI and FoI differentiate between companies;</i> 3) <i>SoI reveals different identity statuses (e.g. crises) for different organizations;</i> 4) <i>FoI and SoI correlate with executive assessments of performance, published financial results; and performance rankings based on published financial results for a four-year period;</i> 5) <i>OI and organizational life-cycle stage related.</i></p> |
| <p><b>Study 2:</b> Van Tonder (2006b)<br/> <b>Design:</b> Quantitative. <b>Sample:</b> four (4) companies, 499 respondents. <b>Measurement:</b> experimental Organization Behavior questionnaire (incorporating OI)<br/> <b>Results:</b> 1) <i>SoI a significant differentiator among companies;</i> 2) <i>Two (2) identity factors (SoI and Uniqueness) form part of nine core organizational attributes;</i> 3) <i>SoI, Organization Uniqueness, and Organization Culture the strongest predictors of respondent ratings of organizational performance.</i></p>  |
| <p><b>Study 3:</b> Carstens (2008)<br/> <b>Design:</b> Qualitative. <b>Sample:</b> single school, 57 respondents. <b>Measurement:</b> Structured interviews, TST, metaphor analysis<br/> <b>Results:</b> 1) <i>Identity revealed when different operational definitions applied;</i> 2) <i>Evidence of both malleability and stability of identity over time.</i></p>  |
| <p><b>Study 4:</b> Van Tonder (2008)<sup>d</sup><br/> <b>Design:</b> Quantitative. <b>Sample:</b> 27 companies, 674 respondents. <b>Measurement:</b> Sense of Identity questionnaire<br/> <b>Results:</b> <i>SoI structure reveals four (4) factors i.e. sense of unity, identity strength and clarity, uniqueness, and identity development status.</i></p>   |
| <p><b>Study 5:</b> Sugreen &amp; Van Tonder (2008)<br/> <b>Design:</b> Quantitative. <b>Sample:</b> Three (3) companies, 274 respondents. <b>Measurement:</b> Elaborated Identity questionnaire (SoI, FoI) and standardized organizational performance questionnaire (PI<sup>c</sup>).<br/> <b>Results:</b> 1) <i>Similar SoI structure to Van Tonder (2008);</i> 2) <i>Both SoI and FoI predict performance when measured by the PI.</i></p>  |

Note. OI, SoI and FoI refer to Organization Identity, Sense of Identity and Fact of Identity respectively.

<sup>a</sup>Twenty Statements Test. <sup>b</sup>Principal components analysis (varimax rotation). <sup>c</sup>Performance Index (standardized instrument). <sup>d</sup>Unpublished research

Regardless of variations in research design, nuances in operational definitions utilised, or the type of organization or industry engaged, organization identity approached from within the OIT framework revealed a consistent empirical character. This is important as the organization identity discourse for the greatest part during the past two to three decades have remained ensnared in conceptual debates, which were informed largely by assumptions. Key organization identity (OI) constructs i.e. the organisation's sense of identity (SoI) and the fact of the organisation's identity (FoI) are revealed as distinct empirical constructs that relate to key organisational variables. The structure of the organisational sense of identity, though still the subject of ongoing research, revealed a consistent factor structure comprising, as a minimum, the strength and clarity of the organisation's perceived identity, organizational unity or solidarity, organisational uniqueness, and organisational endurance (enduring features). Organisational performance was consistently predicted by the SoI and the FoI regardless of the definition of performance (e.g. published financial results, performance rankings, executive assessments of performance, or standardised organizational performance instruments (such as the Performance Index). Empirical results also revealed that the Sense of identity (SoI) statuses cluster into three primary categories i.e. a healthy or positive identity status, an inadequate or deficient identity status (embracing identity crises) and an intermediate or diffused identity status. Of these, problematic identity issues ("negative" identity statuses) were substantially more salient. A consistent relationship was observed between a strong and clear, i.e. a healthy organisational identity, and high performance. Poor or unsatisfactory performance aligned with a troublesome or deficient identity. Organisations with a clear and strong sense of identity presented with greater clarity of purpose and focus, were likely to be in or entering a growth stage in their life cycle, and performed substantially better on a variety of performance indices compared to their counterparts who experienced diffused identities or identity crises.

Organization Identity Theory (OIT) postulates that a strong and clear organization identity informs and enhances organizational focus, which in turn enhances performance and facilitates long-term organizational sustainability, whereas the converse is true for organizations with weak or diffuse identities. This position was implied by Labich's (1994, p. 22 - 23) conclusion that most companies fail because they lose their mental map of the business i.e. their sense of identity. The results of De Geus' (1997) Royal Dutch Shell study of long-living organizations revealed that very few organizations endure for 200 to 300 and indicated that those companies that do (approximately 27 of the studied population) revealed a *strong sense of identity* as one of four prominent, long-term survival factors. Both Labich and De Geus' observations align with the *identity-focus-performance-survival postulate of OIT*. The studies reported in this paper provide confirm this OIT postulate more directly and clearly, and demonstrate the consistency of the identity-performance relationship. These findings suggest that organization identity is a significant concern for institutional management.

## IMPLICATIONS FOR MANAGEMENT

The cited studies draw attention to organization identity (OI) as an influential variable and because of its relatedness to organizational performance, one that cannot be ignored.

Although the dynamics associated with organization identity are still largely unknown, the first more obvious implications are that a clear and strong OI will relate (and facilitate / contribute) to desirable levels of organizational performance and vice versa. The results suggest that regular measurement of OI status has diagnostic value, with an unhealthy or diffuse organization identity status pointing to inadequate institutional focus at the level of measurement (e.g. among the workforce at large). Unless attended to, an unhealthy identity status will translate into a decline in performance levels.

It appears that OI imbues employees with a frame of reference for thinking about the organization and subtly directing behaviour and decision making in accordance with this framework. It makes imminent sense to focus on, surface and review the organization's identity consciously rather than ignoring it, as the latter will imply that the organization is directed in a powerful manner by an "unknown" quantity, but from a "below-the-surface" or preconscious level. The promising perspective is that effort invested in clarifying, refining or intensifying OI will translate, among other, in improved organizational performance (for an outline of OI interventions designed to strengthen the organization, see Van Tonder, 2004b).

However, a clear and appropriate OI will also translate into several other "benefits". One such aspect is its likely impact on the stakeholder community. A strong, appropriate OI will demarcate and convey the essential character of

the institution more clearly and crisply for current and future stakeholders (including employees, executives, shareholders, trading partners). In turbulent and fiercely contested markets OI becomes an instrument to attract, secure and retain stakeholders, in particular new generation clients and employees, who otherwise do not subscribe to notions of “loyalty”, and experience a sense of fragmentation as a result of the surreal and hyper real settings in which they live and work (cf. Berner & Van Tonder, 2003). Identification with the organization (i.e. with the organization’s identity) will inform decisions to engage the organization and cultivate a longer term association while simultaneously acting as a tacit selection measure and process (selecting / deselecting appropriate and inappropriate stakeholders and ventures). Particularly relevant to the current competitive challenges is the contribution that a strong and clearly discernable identity would make to crystallizing the organization’s niche and its strategic positioning. Organizational distinctiveness, a core component of OI, differentiates the institution from competitors on innate attributes in a manner that cannot be emulated, which strengthens employee (stakeholder) identification and “fit” with the organization. With organizational culture a more difficult construct to alter, organization identity should become a preferred target for intervention, whether an organization’s identity is known or otherwise<sup>3</sup>, with substantially improved prospects for succeeding and sustaining desired organizational changes. *Who we are* (the identity question) unavoidably directs *how we do things around here* (the layman’s definition of culture) (Van Tonder, 2004b) and as a consequence culture will adjust with commensurate strengthening of the organization’s identity. A crucial component of OI is the sense of unity / solidarity (sense of belonging) that a clear and strong identity cultivates and which accounts for improved focus and performance in the identity-performance relationship. Organizational unity generally facilitates the nature and magnitude of the organization’s output (unity rather than discord drives success), but is particularly desirable during large scale organisational change, which has become the most salient feature of the contemporary institutional landscape. The findings of the reported studies imply that the traditional role of leadership i.e. cultivating a sense of unity among followers is significantly aided when OI is accentuated. The stabilising role of organization identity (the “enduring” dimension of OI) during periods of upheaval and change was demonstrated by several of the studies. This implies that an intensified focus on OI in preparation for engaging any form of change, are likely to buffer the organization (the workforce) against the typical adverse consequences recorded in respect of change initiatives.

In closing, OI is a recent artefact in the scholarly discourse on organizational management and empirical research has been rare. The current paper set out to briefly report on some of the first empirical studies pursued from within the framework provided by Organization Identity Theory (OIT). The findings of these studies provide support for several tenets of OIT and suggest that the emerging construct of Organization Identity may prove to be a crucial consideration for organizational sustainability in a turbulent global operating context.

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## ENDNOTES

- 1 Compare Bartunek and Moch, 1987; Dixon, 1999; and Van Tonder, 2004d.
2. See Van Tonder (1999) for a detailed account of Organization Identity Theory (OIT) and Van Tonder (2004bc) for a brief overview of OIT.
3. See Van Tonder (2004b) for a consideration of identity as target of intervention.