

Organizational Identity: An Exploration of its Dimensions and Meanings in the Context of Organization Change and Development

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Abstract

This phenomenological study was aimed to understand and to explore how organization identity emerged when it faces with change and development. Based on this understanding, the dynamics and meaning of the new emerging identity was examined, especially in term of how the organization identity functions in dealing with changing environments. Five organizations that experienced and dealt with changing situations were involved within this study. The organizations involved in this study were ranged from educational institutions that developed new core businesses, mining factories that did rightsizing of their organization structures, and hotel businesses that developed their services quality, from two-star to four-star hotel. In-depth interviews were applied to organizations' decision makers who experienced the process of developing strategies to deal with change of each organization. The results showed that new identity, the mechanism within the self of the organization, that led to new respect and dignity emerged. New themes were reconstructed and they led to new-emerging organization identity: (1) be more discipline with tighter rules and regulations; (2) be integrated and interconnected to all possible resources; (3) be more flexible, learning hard; and (4) self dignity and respect by developing quality assurance.

Key words: phenomenological study, organization identity, organization change and development, in-depth interview

Introduction

Within today's global world, organizations are under tremendous pressure to fundamentally change the way they do business due to increasingly dynamic, uncertain and turbulent environment (1), (2), (3), (4). In this paper the term fundamental change is used to describe actions that alter the heart of what the organization believes about itself

and how it behaves (5), and not simply revise process and structure (6). Accordingly fundamental organizational change, including strategic change (7), is not an easy task to do since it has to change the basic and essential character of the organization (4), which is also called mental models (8) or organization identity (9).

Fundamental organizational change in itself, therefore is complex and dynamic phenomenon (10), (3). To successfully implement this kind of change a new mental model that questioned organization members' most basic assumption about the nature of the organization is required. Unfortunately mental models are not easily altered (8). Managers who are responsible to implement strategic change cannot assume that every employee shares the same mental model of what is the best for the organization. Sobirin and Himam (11) for example, reported that more than one year is needed just to convince employees that the implementation of rightsizing program will not have negative consequences to the employees' quality of work life. Instead, both employees and organization are supposed to get the benefit from this program. In this case employees tend to resist to the rightsizing program that is valuable to the organization's future performance.

Mental models, i.e. a set of beliefs members hold about the organization's identity therefore are critical to consider in implementing strategic change (12). Within this respect, organizational identity can be thought of as a particularly powerful cognitive schemata that can either inhibit the values of organizational change or facilitate its implementation (13), (4), (12). Previous studies discussing more explicit links between organizational identity and strategic process and outcomes (see, Sarason, (14); He & Balmer, (15); Balmer, et al., (16) suggested that organizational identity might drive the emergence of organizations' strategic decision making and actions (17) (18) (19). For example, Dutton and Dukerich's (17) classic study on homelessness in New York Harbor showed how employees' organizational identity influenced their perception of homelessness as strategic issue that management needed to address. Other study (14) traced the evolution of organizational identity at US West and found that changes in identity could be linked to change in strategy. Likewise, Ravasi and Schultz (19) showed that perceived threats to organizational identity may lead to renewed strategy-making. Within the scope of organizational identity literatures, these empirical findings confirm the significant impact of identity on strategy. It can be said that organizational identity is a key driver of a strategy (12). However, within the field of strategic management, the role of organizational identity in relation to strategic change process is sometimes neglected (12). Managers tend to induce strategy without considering employees' belief about organization's identity and their behavior. As a result, strategy-identity dissonance is unavoidably emerged (15) (20). Within this case, employees are forced to reexamine and reaffirm or reformulate their beliefs toward organizational identity so that it can align with new strategy.

The literatures also identified that issues involved in understanding organizational identity came from the theory of self (21) and social identity theory (22). Metaphorically, organization could be perceived as "individual" or "social entity" that its identity environments. Mead (21) explained that the development of self was a reflection of the development of "attitude" in dealing with the social interactions. "*Individual self*" essentially was a process of behavioral modification and codification of the experiences perceived by the organization in dealing with suppressed environments. Within this

context, organization did not merely adjust its self to the demanding pressures of the environments (i.e. other organizations), but it also tried to influence other organizations to change their selves. The modification of self would exist if the organization understood its experiences as important and meaningful. Social Identity theory implied that there was a strong tendency of an organization to reclassify itself and other organizations to many types of new identity, such as: member of new alliances, affiliation to a certain religious orientation, and the like (22). This reclassification process functions as an instrument of the organization to understand other organizations. Hogg and Ridgeway (23) explicitly mentioned that social identity served as an evaluative definition to its social attributes, or served as a “collective self”. This identity was developed through organization’s learning processes.

Those understandings were, then, used as basis to understand the phenomenon of organizational identity. Albert and Whetten (9) developed several questions related to identity of an organization, i.e. “*who are we?, what kind of business are we in? what do we want to be?*” There were three criterion used to understand the identity of organization: (1) *the criterion of claimed central character*; (2) *the criterion of claimed distinctiveness*; and (3) *the criterion of claimed temporal continuity*. Other experts argued that organization identity was similar to organization image, i.e. organization characteristics that are “*central, enduring, and distinctive*” (24). Organization identity emerged as a collective understanding of the members of the organization that are important, permanent, and functions to differentiate their organizations to other organizations. This collective understanding served as the interpretations of values developed within the organizational life (25) (3). Moreover, Hatch and Schultz (25) explained that organization identity was a reflection of organization image or organization culture that functioned as an adjustment instrument to environmental demands. Gaines-Ross (26) used the term *corporate reputation* that explained the credibility of the organization on the eyes of its members and other organizations. The focus of this paper is on exploring how strategic change influences organizational identity. This would mean that organizational identity might have to change when organization changes its strategy. Understanding how and what dimensions of identity itself change is importance if it is assumed that managers can affect change in organizational identity in order to achieve strategic change (18). By definition, strategic change is a change in the form, quality or state over time in overall pattern of alignment with its environment (27). It can involve both changes in the content of strategy itself or changes the organizational system and structure including changes in organizational identity which support the strategy (27); (20).

Within this line of inquiry, the following questions are pursued: How identity changes and develops? What does identity look like at the end of the change process; how does it differ from the previous identity? To what direction this change and development should be oriented? What impacts do this change and development have to the employees and organization as a whole?

Many scholars are attracted to answer these questions. Reger (28) for example proposed a model of identity change which hypothesizes that organizational identity can change in response to perceived stress. The model shows that when organizational members perceive stress as an overwhelming crisis, they engage in a conscious reexamination of organizational identity. This process leads to either reaffirmation or reformulation of

organizational identity. Meanwhile, Hogg and Ridgeway (23) argued that organizational identity was developed from the concept of “self” which was then applied in the organization level. They also said that learning process is the determinant factor that led to organizational identity change and development. Other scholar (29) proposed that the essence of identity change and development was the change of organizational culture since identity and culture were essentially conceptually related (25). The same argument was also proposed by (30) who related organizational culture with strategy. The abovementioned discussion leads to the conclusion that organizational identity change caused by strategic change is a “theme” that needs further exploration and analysis. For example it was known relatively little about how employees negotiate to identity change and give meaning to the new identity when old identity is forced to change due to strategic change implemented by organizations facing a changing environment. Using phenomenological approach, this study hopefully could provide answer to these questions.

Research Design

This research was designed to explore the dimensions and the meanings of organization identity within the context of change. Within this case, organization identity was examined through collective experiences of the members of the organizations which served as aggregate phenomena (25); (3); (26).

Based on this understanding, this research designed by adopting the phenomenological perspectives (31); (32). By using this perspective, the understanding of organization identity was developed through the keen eyes of the decision makers who experienced and reacted to the changes happened in their organizations. Based on this understanding, the dynamics and meaning of the new emerging identity was examined, especially in term of how the organization identity functions in dealing with changing environments. Five organizations that experienced and dealt with changing situations were involved within this study. The organizations involved in this study were ranged from educational institutions that developed new core businesses, mining factories that did rightsizing of their organization structures, and hotel businesses that developed their services quality, from two-star to four-star hotel. In-depth interviews (33) were applied to participants who experienced the processs of developing strategies to deal with change of each organization.

Research Results

The results showed that change and uncertainty created confusions, frustrations, feeling uneasy to deal with, and needs high energy to concentrate with. Within these conditions, organization tried to keep its existence going, otherwise, their functional ‘beings’, its ‘self’ will be eliminated by the new suppressed-situations. New identity, the mechanism within the self of the organization needs to be developed. The identity that led to new respect and dignity emerged. New themes were reconstructed and they led to new-emerging organization identities: (1) discipline; (2) integration of all resources available; (3) learning that led to flexibility; and (4) self dignity and respect. These identities served as strategic survival “self” that emerged as consequences of the adapting mechanism in dealing with hostiles, risky, uncertain and suppressing environments. When organization should face risks and uncertainties, within which the current organizational mechanisms could not function properly, it tried to look inward (i.e. maintaining its efficiency) by

acting conservatively. This actions explained the meaning of being discipline (i.e. tried to conserve its resources in a tight manner) and integrating all resources available to be reserved to deal with uncertain demands. By being conservative for some period of time, organization built its capability to learn whether there were opportunities emerged within its interactions with the demanding situations. Within this case, flexibility were developed, the learning capability emerged as the organization experienced some rewarding consequences from applying the learning strategy in understanding the situations. As consequences, organization could maintain its dignity and respect in developing further and more effective interactions with the demanding organizations. High quality of performance was emerge as the core identity of the corporate “self-image”, and this identity affected how organization’s members understood their roles in dealing with change and development and also affected the way of other organizations perceived its quality to deal with.

Discussion and Conclusion

Organizational identity has been drawing increased attention in both the organization theory and the strategic management literature (34). The concept has its roots in Albert and Whetten’s definition of identity as those characteristics of an organization which its members hold to be central, distinctive and enduring (9). Implicit from this concept, it can be said that organization’s identity is relatively stable collective cognitive construct that difficult to change. This research however proved otherwise; organizational identity is less stable and enduring than it was previously depicted. Identity is continuously changing in accordance with new experiences and thereby emphasized the interplay between thinking and acting. The finding of this research also explains that when environment forced organizations to change, organizations do not change in parallel steps of matching new identity but continuously adapt to environmental influences by reconstructing the meaning of identity. To keep their existence going in the new suppressed-situation, organization members were forced to examine old identity. They also tried to maintain old identity. Identity negotiation therefore was unavoidable. According to London et al. (35), identity negotiation occurs when members disclose information about themselves and share feedback about each other. Reformulating and developing new identity was most likely when negotiation failed.

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