



Organizational Identity as a Strategic Practice

Working Paper 61

March 2005

DR PETER BURGI*
Research Fellow

DR DAVID OLIVER*
Research Fellow

*Imagination Lab Foundation - Rue Marterey 5 - 1005 Lausanne - Switzerland
Tel +41 21 321 55 44 - Fax +41 21 321 55 45 - www.imagilab.org

Imagination Lab Foundation researchers communicate their findings to interested readers through the Working Paper publication series. This paper should be considered preliminary in nature and subject to subsequent revision.

Abstract/Summary

A growing number of scholars have pointed to the mutually shaping relationship between organizational identity and strategy. This paper adopts a practice perspective to shed light on key social processes by which organizational identity and organizational strategies are mutually constructed. We adopt this approach because strategic practices within organizations frequently involve the construction of identity claims, and identity-related practices therefore often have immediate strategy implications. Our propositions are illustrated through three short case studies of interventions we conducted with strategy-development teams of the core business divisions of a specialty chemical company we call Chemalot. These case studies focus on intersubjective processes of meaning creation that lie at the root of identity formation, and they show organizational members using metaphorical or analogical imagery as they characterize their organizations' identities. In turn, the case studies also show that this practice has a direct impact on the essentially strategic challenge of selecting and applying resources. While there are methodological limitations to our illustrative case study, this paper supports the contention that organizational identity and strategy practices can be mutually constitutive.

Organizational Identity as a Strategic Practice

Background

While a growing number of scholars have pointed to the mutually shaping relationship between organizational identity and strategy (Dutton & Dukerich, 1991, Dutton & Penner, 1993; Reger et al., 1998; Gioia & Thomas, 1996; Glynn 2000), there has been little discussion in the literature of how *strategy practices* and *identity formation processes* relate. This paper adopts a practice perspective to shed light on key social processes by which organizational identity and organizational strategies are mutually constructed. We adopt this approach because strategic practices within organizations frequently involve the making of identity claims, and identity-related practices often have immediate strategy implications. Indeed, Weick (1995) proposes that identity construction is the first characteristic of sensemaking, which itself is an important element of strategizing (e.g. Schneider, 1997).

This paper begins with a brief overview of the concept of strategy as practice, before moving to a discussion of the concept of organizational identity. In this latter section, we assert that organizational identity is a practice of claiming or describing characteristics or attributes that both draws on and helps constitute the socially constituted reality of organizational members. A central dimension is the symbols and metaphors that epitomize the sensemaking processes of selecting information and construing it in meaningful schemas. We illustrate our claims through three short case studies of interventions we conducted with strategy-development teams of the core business divisions of a specialty

chemical company we call Chemalot, and make some overall conclusions about implications for the fields of strategy as practice and organizational identity.

The Practice of Strategizing

The process of conceptualizing and implementing organizational strategy has been the object of study of a growing number of scholars in the strategy field, including more recently a call for the study of “micro processes” (Johnson et al., 2003), and strategy “practices” (Jarzabkowski, 2003). There are several reasons for this new interest in the particularities of strategy practice. An over-reliance on economics stemming from modernist assumptions concerning social science in general and strategy research in particular has led to an overly detached approach to the field of strategy research (Whittington, 2004). Although the resource based view of the firm (Wernerfelt, 1984; Rumelt, 1987) has focused on the notion of dynamic capabilities (Barney et al. 2001), many of the capabilities that may lead to sustainable advantage are not commodities, but rather hard-to-discern and awkward to trade, and thus have remained largely invisible to resource-based strategy researchers (Johnson et al, 2003). Finally, the managerial agenda in strategy research appears to have fallen by the wayside, with little systematic research being conducted on the practical challenges of strategic management for practitioners (Whittington, 2004).

Practice approaches to strategy attempt to reduce detachment by focusing on actual practices engaged in by managers, and subsequently examining how these micro phenomena may be linked to macro influences and outcomes. Importantly, the relationship between micro and macro is bidirectional (Wilson & Jarzabkowski, 2004; Giddens, 1984). Practice embraces both the interactions and interpretations from which strategic activity emerges over time, as well as the infrastructure through which micro strategy and strategizing occurs (Jarzabkowski, 2003). Scholars in this emerging strategic domain have called for studies of “how skilled and knowledgeable strategic actors constitute and reconstitute a system of shared strategic practice that they also draw upon as a set of resources in the everyday activities of strategising” (Wilson & Jarzabkowski, 2004: 15). Although localized practices might be considered important value creating resources to scholars of “dynamic capabilities” within the resource-based view of the firm (Teece et al., 1997), the study of these capabilities and practices needs to be context specific, as they are dependent on the particular social system in which strategy-making takes place (Whittington, 2001). Strategy as practice further holds the potential to better reflect the work and concerns of practitioners to develop actionable knowledge (Wilson & Jarzabkowski, 2004: 15). In its inclusion of both sociological and managerial issues, this line of strategy scholarship might be considered “after modern” (Whittington, 2004) where “either-or” is being supplanted by “both-and”, and “old truths live side by side with new ones” (Lowendhal & Revang, 2004).

A critical concept in understanding how strategizing occurs in organizations is sensemaking (Schneider, 1997). In specifying seven important characteristics of sensemaking in organizations, Weick (1995) highlights the critical importance of *identity construction* processes. Although others (e.g. Reger et al., 1998; Fiol, 2001) have suggested that the way people construct their organizational identities is critical to understanding how strategy is practiced in organizations, little empirical work has been completed in this area. In making the case for our own empirical work in this domain, we turn now to discuss the concept of organizational identity.

Organizational Identity

As a psychological and social reality, organizational identity is an empirical, theoretical and practical construct that can be used to enhance understanding of organizational processes (Haslam et al., 2003). Notably, organizational identity has the possibility to both enable and constrain an organization's strategic processes. When members of an organization characterize its identity, they often make implicit claims about what they deem to be relevant resources in the organization, and how possibilities for action are enabled or constrained by these resources. Others have proposed that organizational identity can be seen as mediating strategic agenda concerns (e.g. Dutton & Penner, 1993), but we seek to look more closely at the *practices* of both identity formation and strategizing as *mutually constitutive*. Identity processes may have such an important impact on strategizing that the construction of identity can itself be viewed as a strategic practice. In turn, strategizing may

be viewed as a process which contributes to the formation of an organization's identity.

Organizational identity influences how issues, emotions and actions within organizations are interpreted (Dutton & Dukerich, 1991), constrains organizational actions and decision-making processes (Fombrun, 1996), provides organizations with the confidence to be proactive (Gioia & Thomas, 1996), provides institutional legitimacy necessary to attract resources (Brown, 2001), and helps define issues as threats or opportunities (Dutton et al., 1994). It may also provide a frame within which resources become emphasized, prioritised and deployed, and how perceptions of core capabilities are constructed (Glynn, 2000). The closer an organization's unique source of competitive advantage is to its core identity claims, the more likely the resource or capability can be legitimately characterized as an organization-specific asset (Whetten & Mackey, 2002).

Organizational identity was originally defined as "that which members believe to be central, enduring, and distinctive about their organization" (Albert & Whetten, 1985), although more recently the extent to which an identity must be enduring has been called into question (Gioia et al., 2000). Other definitions of organization identity state that it reflects an organization's central and distinguishing attributes—including its core values, organizational culture, modes of performance, and products (Elsbach & Kramer, 1996), or that it refers to a collective, commonly shared understanding of the organization's distinctive values and characteristics (Hatch & Schultz, 1997). The wide range

of definitions stem from some fundamental dichotomies related to whether one sees is organizational identity as shared beliefs or institutionalised claims (Whetten & Mackey, 2002), a process or a thing (Ravasi & van Rekom, 2003: 123), or a macro or micro phenomenon (Brickson, 2000). Much of the academic literature sees identity not as a rigid and enduring taxonomic position, but as more mutable and situationally-determined set of meanings (Fiol, 2001; Gioia & Thomas, 1996; Gioia et al., 2000), while other scholars have emphasized the instability and contingency of organizational identity (Brown & Starkey, 2000; Fiol, 2001; Gioia et al., 2000). Gioia (1998: 25) has proposed that organizational identity has variously been studied as a functionalist/social realist, interpretive/constructionist and post-modern phenomenon.

We agree with Fiol (2001) that organizational identity consists of a set of meanings that is socially-constructed¹ rather than essentialist, the product of intersubjective, shared perceptions and understandings of the organization and its broad environment. Organizational identity is an emergent property constituted out of the process of interaction (Weick, 1995: 20), involving both organizational members and top management (Hatch & Schultz, 1997: 358). It can thus be thought of as a social accomplishment rather than an essential quality of organizations, an emergence of shared views of “whom” an organization is. These shared views in turn indicate an orientation that implies what is appropriate, natural and valued for an organization (Kärreman &

¹ This notion is already embedded in Albert and Whetten’s original formula of identity as a set of propositions about reality framed as claims -- “*claimed* central character ... *claimed* distinctiveness ... [and] *claimed* temporal continuity” (1985: 265; emphasis added).

Alvesson, 2001). Fiol has proposed that the social construction of organizational identity is a firm-specific form of sensemaking, such that identity “serves as a critical link between people’s particular behavioural contexts and the underlying values that give them meaning” (1991: 200).

Despite their use of social constructionist rhetoric, however, many analyses of organizational identity tend to stress psychological processes of “identification” with the collective, in which it is implicitly assumed that organizational identity is the aggregate of processes of identification with the organization by its members (Ashforth & Mael; 1989). Examples include Foucauldian analysis of the microprocesses of control that produce individual identification with organizations (Covaleski et al., 1998); the role of image in identification processes (Dutton et al. 1994); the role of organizational culture in mobilizing employee identification with the collective (Fiol 2001); and the dynamic between identification processes and perceptions of the strength or weakness of organizational identity (Gioia and Thomas 1996). What is often under-represented in these approaches (as well as undertheorized in organizational identity processes) are the symbolic and metaphorical dimensions of sensemaking that contribute to strategic processes. We briefly examine two examples in more detail.

Gioia and Thomas (1996) have suggested that perceptions of organizational identity and organizational image mediate between strategy and strategic interpretation. They argue that social constructs like identity and image act as “perceptual screens” which affect how strategic issues are perceived and

responded to (1996: 372). As a sensemaking “screen,” however, Gioia and Thomas do not address the potential richness in organizational identity as a social construct, as the data from their subjects reflects only perceptions of whether the identity of their organization is strong or weak (1996: 381), and not what the symbolic referents of organizational attributes are. Instead, they address relative strength of perceived identity, which then translates into identification processes. While the focus on perceptual screens implies sensemaking processes, their argument focuses less on the characterization and more on the strength of identification with the institution.

In turn, Glynn (2000) sets out two primary processes that presume judgements about strategic resources: processes of identification and processes of interpretation. She reasons that the interpretative process is important because the contested claims about the identity of the organization rests on differing interpretations of what the relevant strategic issues are that confront it (Glynn, 2000: 294; see also Dutton & Jackson, 1987). Fundamentally, contestation arises because of the different professional identities that cleave the orchestra organization; these identities mediate the strength of the “perception of oneness between the self and the collective” (Glynn, 2000: 293). Thus, her analysis ultimately addresses a problematic of how individual psychological identification processes aggregate. As with Gioia and Thomas, there is no description of the core and distinctive characteristics of the organization other than as types of generic institutions.

Analogy and metaphor are inescapable elements in the repertoire of ways of thinking about and knowing organizations (Morgan, 1997; see also Grant & Oswick, 1996; Sackmann, 1989; Tsoukas, 1991), and hence central to sensemaking processes. Thus, Morgan proposes “we can open the way to different modes of understanding by using different metaphors to bring organizations into focus in different ways. Each metaphor opens a horizon of understanding and enacts a particular view of organizational reality” (1997: 427; see also Tsoukas, 1991). In organizational contexts metaphors are not exclusive or exhaustive descriptors of those contexts, since seeing the collective as a machine predisposes one to see mechanistic effects in it; seeing it as a political apparatus predisposes one to see alliances and power cliques. The use of any one such image emphasizes some subset of the information available to us, and casts it in terms of a meaningful schema (Morgan, 1997). Consequently, such metaphors serve an important practical purpose, as crucial components of the knowledge that organizations have of themselves, and as tools with which managers can understand their environment more holistically. When members of an organization represent its core and distinctive characteristics using such metaphors and imagery, these may be seen as direct data about organization’s identity.

The Strategic Practice of Organizational Identity

It has been claimed that organizational identity can be a source of competitive advantage for firms (Barney & Stewart, 2000), however, we believe organizational identity is not an asset in a reified sense. Rather, when members of an organization characterize its identity they make a claim about relevant resources in the organization and their strategic potential. Firms have many potential resources at any given time which may or may not be defined, understood or mobilized as a result of a variety of organizational behavior factors (Stevenson, 1976; Mosakowski, 1998). Selecting which resources in a firm are appropriate for any particular situation necessarily involves a process of sensemaking (Weick, 1995). We contend that meaningful characterizations of an organization's identity can be intimately involved in this process.

In strategizing, organizational members have to further deal with simultaneous pressures to differentiate their firms while seeking legitimacy (Deephouse, 1999). An overemphasis on simply imitating successful performers (e.g. Eisenhardt & Martin, 2000) in an institutionalist fashion may lead to strategies that depart from a firm's core capabilities and historical strengths. Too much emphasis on differentiation can lead organizations down paths where meaning is difficult to find. When organizational members talk about the identities of their organizations, they ground these pressures for differentiation and mimesis in the organization's own particular context.

Organizational identity often serves as an orienting framework for strategic discussions, as “you have to know who you are before you can take action” (Reger et al., 1998: 113). Knowledge of ‘what an organization is’ can be a necessary precondition for mobilizing an effective and complete strategy – not only in situations of reactions to crisis management, but in situations where strategy for the future is being proactively crafted. “Identity is not simply a screen, it is also a source of competitive advantage. It constrains our thinking of options in the first place” (Gustafson, in Reger et al., 1998: 117).

Rather than stressing the stressing the effects or consequences of organizational identity – particularly aggregating of individual psychological identification processes – we propose to examine the intersubjective processes of meaning creation at the root of making claims about organizational attributes or characteristics. We suggest that in order to describe specific characteristics of a particular organization, organizational members often use metaphorical or analogical imagery. The resulting symbolic schema guides the essentially strategic practice of selecting and applying resources. This process of analyzing and formulating organizational identity may implicitly subsume the sorts of decisions otherwise arrived at through consciously performed operations or organizational routines through the very act of defining the essential qualities of the organization.

The literature on organizational identity tends to deal with the claimed “attributes” of the organization stresses professional identities (e.g. Glynn 2000, Parker 2000), industry or organization type (e.g. Porac et al., 1999;

Gioia & Thomas, 1996), or identity strength (Gioia & Thomas, 1996). Such attributes appear to be grounded in an assumption that organizational identity is only the aggregate of individual psychological processes of identification. They do not draw from rich symbolism, analogies, metaphors, and systems of meanings available in the broad social and cultural environment in which organizational members live. We argue that these latter attributes can just as well constitute elements in process of social construction of organizational identity, resource definition, and strategic purpose. The schemas that result from highly metaphorical or symbolic characterization of an organization's identity embed assumptions about structures and relationships of resources as they are mobilized in pursuit of organizational goals.

Methodological Considerations

Our concern in this paper is to develop a theoretical argument about the relationships between organizational identity and strategy, and to illuminate our theoretical proposition with detailed examples drawn from organizational life. The issues we were seeking to examine – organizational identity, strategy, and the relationships between them – are necessarily complex and often subjective (Bouchikhi et al., 1998; Reger et al., 1998). Furthermore, they are situated in multilayered contexts, characterized by different types and levels of feedback loops and causalities (Langley, 1999). Research methodologies which can access such implicit cognitive and semiotic formations are necessarily qualitative, involving close interaction with the subjects (Gioia & Chittipeddi, 1991; Kunda, 1992). Previous studies of the

relationships between organizational identity and strategy (e.g. Dutton & Dukerich, 1991; Glynn, 2000) have typically used qualitative research methods, including participant observation and interviews, to gather data on the ways that individuals identify with their organizations.

Neither experiment nor survey constituted appropriate methodological frameworks for such data, since we are at an early stage of developing new theory about a conceptual relationship (Yin, 2003). Our approach in this paper, therefore, is to use an interpretive case study approach (Stake, 1995) to develop theory on the connection between organizational identity and strategy practice. Consequently, we are not claiming that these data have statistical generalizability - i.e. that they are a sample which can be generalized to a population. But we do claim an analytical generalizability, i.e. from case into theory; namely, that the case can stand as a documentation of effects derived from theory development.

There are implications in this approach for our role as researchers, since in providing and facilitating the workshops discussed below we were not completely detached but very much in the thick of what is going on (Stake, 2000: 445). This too is relevant to how we have proceeded, since we conducted a workshop that responded to the needs of the organization as they were presented to us. Our case study work is built on the idea that the repertoire of data gathering and creation can be more varied and extensive, involving observations, participant observation, interviews and document

analysis, thus permitting one to triangulate implications or findings in these data (Stake, 2000: 443).

Research Site

Our case studies describe elements of strategy practice in three divisions of Chemalot, a large (4,400-employee) privately-held specialty chemicals firm. Headquartered in the French-speaking part of Europe, it has been in existence for more than 100 years under the control of its original founding family. With an annual turnover currently in excess of USD 1 billion, its primary focus is on design and production of very specific types of compounds used in high-end consumer products. It consists of three major externally-oriented divisions -- Fragrances, Flavors, and Specialty Chemicals. Based on their different respective market focuses, each of the three divisions was expected to develop its own strategic plan (See Table 1).

Table 1: Chemalot’s Primary Divisions

Division	Market	Social standing inside Chemalot
1	Fragrances	Oldest division of corporation, very high profile; largely responsible for Chemalot’s high external reputation
2	Flavors	Newest division, attempt to leverage corporate competency into new market segment; problem child

3	Specialty chemicals	Basic engineering and production; focused on both internal and external clients; handles all corporate Purchasing.
---	---------------------	--

Our contact with senior management at Chemalot began in 1999, with several extended meetings with their top- and mid-level managers. Over time, we developed a research project in which we would ask three divisional management teams within the company to explicitly focus on their organization's identity in their strategy process. This would involve holding three workshops, which took place just at the beginning of Chemalot's triennial X6 strategy development process in 2001.

Data Collection

Data was gathered through both ethnographic interview (Spradley, 1979) and observational mechanisms. Semi-structured interviews were conducted before and after the workshops with a total of eight individuals in the first division, eight in the second, and seven in the third.

The pre-workshop interviews lasted approximately one hour. In these discussions, subjects were asked to characterize the strategy-making processes in their division, the overall strategic situation of their division, and describe their involvement with the strategy-making process. Topics included:

The types of data used in the strategy-making process

The weaknesses and strengths of the process

What was missing from the process

What could be improved about the process

Finally, they were asked for their ideas about specific strategic challenges and opportunities that they felt were not being addressed immediately by the organization. In addition to these pre-workshop interview data, we also gleaned data by reviewing the Powerpoint slide presentations that each division had assembled to present its strategy to the executive board.

During the workshop itself, we videotaped the entire proceeding, focusing primarily on the entire group itself and not on any specific individual. This gave us a relatively complete document of participants' actions, words, and constructions throughout the entire event. The videotapes were reviewed afterwards, in order to reconstruct and digest the primary flow of activity in the group, resulting in the narratives given below.

Approximately two months after the workshops, participants were contacted for a 30-minute telephone interview. They were asked to describe the workshop itself, and then characterize its effect on their divisional strategy. We also sought their reflections about the nature of the workshop itself. We also had email exchanges with several participants both before and after the workshop, concerning the same sort of subjects covered in the interviews.

Participants

The first workshop included nine participants, of whom four reported directly to the Division President. They had been directly involved in the development

of the X6 strategy during the preceding months, including preparation of the PowerPoint presentation to top corporate management. Each had full-time responsibilities in other areas (directing specific lines of business, key accounts, etc.). Another four individuals were asked to join the workshop by the Division President, to add additional points of view to the strategy development process. They were mid-level managers, with a variety of geographic and account responsibilities. The ninth individual was the Division President.

In the second division, only six of the seven individuals originally interviewed actually attended the workshop. This group consisted entirely of the individuals who had played an active role in the development of divisional strategy. As a whole, they were largely middle managers with a variety of responsibilities, and were not as senior as was the case for the group in the first division. One Vice President who reported directly to the Divisional President was included in the group, as he had been in charge of the strategy development process.

In the third division, with the exception of two individuals who were absent, the group consisted entirely of the top management team of the division, including the Divisional President. This group included people who managed all the functional and geographic areas of the division.

Nature of the Workshops

We facilitated three structured exercises using a standardized set of 3,000 individual LEGO pieces of a variety of colors, shapes and sizes, following a series of guidelines that were consistent across each session. In each case, three “warm-up” exercises were delivered, including: 1) an opening ‘tower building’ exercise designed to improve participants’ skills in using LEGO materials, 2) an exercise that developed participants’ abilities to describe their constructions using metaphors, and 3) an exercise designed to improve their ability to create a story describing their constructions. Participants subsequently were asked to construct their organization, including their specific jobs, their organization’s environment, and importantly, the identity of their organization itself.

Each workshop lasted approximately two days, and alternated between building activities, turn-taking in presenting to one another what each individual had constructed, and periods of collaborative building of what the identity of their organization was. Intensive discussions amongst participants about the implications of their individual and collaborative constructions occurred throughout. All of the activity was documented with a combination of note-taking, still photography, and a total of 40+ hours of videotape recording. For the purposes of this paper, these video data were used to confirm key observations made in the notes which were taken during the sessions.

Data Analysis

The data analysis process began with the authors reviewing our notes taken during the workshops themselves, while re-examining the videotapes. This data, together with the pre- and post- workshop interviews was independently classified into a mid-range accounting scheme based on Bogdan and Biklen (1992). The following categories emerged at this point into which our data was classified: context, situation definition, perspectives, ways of thinking about people and objects, process, activities, events, strategies, relationships and social structures, and methods. This process facilitated the organization of the considerable volume of data collected in order to allow for the development of categories.

To improve the data's reliability, each of the two co-authors completed separate accounting schemes. Once we had completed schemes for each workshop, each of the co-authors began independently generating preliminary categories (Dey, 1993), and assigning textual data to each of the emergent categories. Once completed, these categories were compared and discussed by the co-authors to generate this paper's findings, which were subsequently compared to existing literature, with the aim of raising the work's theoretical level (Eisenhardt, 1989).

Case Study

Formal strategic planning was a relatively new process at Chemalot, as a triennial process of divisional strategy development had only been instituted in the late 1990's. (One senior manager characterized the situation before that in the following terms: "There really wasn't any formal strategy at Chemalot until

about 5 years ago. Up to that point we simply made money by producing high quality, desirable products for an industry that was organized like a sort of big club in which everyone had a place and a role.” An initial large-scale effort was made to draft strategic plans for each division. This first strategy-making initiative was named “X3” (see Table 2), and it had been completed by 1999. By early 2001, then, Chemalot was undertaking the second major strategy-making initiative, called “X6.”

Table 2: Chemalot Divisions And Strategy

Division	X3 Strategy	X6 Strategy	Means of dissemination
Fragrances	Preferred client, determined via financial measurements	Review and update data used to generate X3 strategy	PowerPoint presentation focusing on financial aspects of key client relationships
Flavors	Detailed market segment analysis	Review and update X3 strategy with even more detailed analysis	PowerPoint presentation focusing on financial aspects of market segmentation
Specialty Chemicals	Market analysis; initiation of Balanced Scorecard	Continue and extend implementation of Balanced Scorecard	PowerPoint slides of Balanced Scorecard components

	approach		
--	----------	--	--

In keeping with their relative autonomy within the Chemalot organization, each division was using a somewhat different method and set of concepts in developing its strategic plan. Thus, the Fragrances and Flavors divisions followed the classic externally-oriented practice of conducting detailed industry and financial analyses, and then using this information to formulate market, client, and revenue targets. Specialty Chemicals, however, had chosen to use a Balanced Scorecard approach, which it was still in the process of rolling out by early 2001.

The X3 strategic plan for the Fragrances division consisted of detailed market segment financial forecasts that drove what Chemalot strategists called a “preferred client” strategy. According to this strategy, the Fragrances division would concentrate on those clients that produced the largest amounts of revenue, and then strive to diversify the points of contact and commerce with them. The X6 cycle of strategic plans, in turn, was regarded by the Fragrances team primarily as a review and update of the prior plan – it was not to be an entirely new plan as they deemed the market circumstances to have remained essentially unchanged.

The X3 strategic plans in the Flavors division had consisted of an elaborate and highly analytical review of their mostly foods-oriented industry, which was very fragmented (the two biggest players together constituted only 4% of the

total market). This analysis had been used to drive an internal reorganization of the entire division, creating a great number of separate departments that each focused on a small set of clustered sub-segments of the market. As with the Fragrances team, the team at Flavors also regarded the X6 strategic plans as needing, at most, refinement, but no significant adjustments or changes. Consequently, their strategy presentation laid out the X6 strategy in terms of market segment analysis, followed by specific “segment actions” including detailed tables of growth rates needed to hit financial targets; and a geographical market analysis, also followed by specific “market actions.”

The Specialty Chemicals division’s strategic plans had been undertaken in a different way. With the arrival of a new divisional executive in 2000, the division has begun to roll out a Balanced Scorecard process, which, by early 2002, was expanding, with more and more detailed activities, throughout the organization. The person responsible for overseeing its implementation was second most senior manager in the division, who commented: “The Balanced Scorecard is the primary input to our strategy. It drives the level of detail about what has to be done down very far – it’s a very detailed process.” He noted that, although it had been initiated with the expectation of a 6-month implementation period, that milestone had long been passed, and the conclusion of the “implementation phase” was still several months away.

Interviews we conducted with members of all three strategic planning groups revealed some uneasiness about the existing state of affairs. In the case of the Fragrances and Flavors division, the strategic planning groups were

concerned with correcting deficiencies in how the X3 plans had been implemented. Said one senior manager at the Fragrances division:

The strategic vision of X3 was not lived through people. People were reassured that we had such a plan, but it wasn't critical to what they did on a daily basis. We now want to bring it closer, bring it home to people, and make it tangible in their behavior.

A senior member of the Flavors division's strategy development team put it this way: "The X3 didn't address implementation. In fact, we had success with the strategy despite the lack of implementation focus."

At the Specialty Chemicals division, however, the concern was more about delays in the implementation of the Balanced Scorecard approach. When asked about this concern in an interview, the person responsible for implementing it stated: "It's a heavy process. There's so much formalism that it is quite difficult to use."

Top corporate management of Chemalot was not satisfied with the state of affairs either. In part, they were uneasy with what they felt were rigidities in the process. More importantly, the top corporate strategy officer told one of the authors in a meeting in 2001 that they were dissatisfied with the quality of the emerging strategic plans from the divisions. Their dissatisfaction consisted in equal measure of disappointment in the content of the plans – they were felt to be too similar to the X3 ones – and disagreement with, the

processes that had been used to develop this content. Before the plans were formally accepted into the overall corporate plan for the coming three years, therefore, they wanted to generate new and different content for the plans using unconventional methods.

Together with new content in the plans, corporate management wanted the strategy teams to use new practices to generate them. As part of our long-term relationship with this firm, they engaged us to conduct workshops for each of these three divisions, the authors of this paper were engaged to conduct workshops for each of these three divisions, the primary outputs of which were a set of detailed 3D LEGO constructions. The workshops involved bringing together the strategy team, and through their intensive interaction and collaboration discussing and building a model of their respective division's identity. Our analysis focuses on these constructions and on the intensive discussions among the strategy team members during the activities.

Practicing Organizational Identity in Chemalot

Our attempt to introduce a new strategic practice to the management teams of Chemalot yielded some very different results.

Fragrances Division

In the workshop for the Fragrances division the construction which represented the identity of the division concentrated on the dominant workflow of the organization. This workflow consisted of a complex series of processes by which client requests for quantities of specific chemical compounds were

fulfilled on a project-by-project basis. The structure was very linear, and was laid out along a single long axis, which began in an “*innovation engine*,” and culminated in a set of stairs which rose up to the generic “*client project*,” represented by a large animal. A small, mobile, piloted vehicle, bristling with flower-like emblems of the specialty products which the division provided to clients, was moving along the axis in order to present the end product to the client as if presenting a bouquet. This represented for the participants the continuous efforts to bring value to clients. Thus, the participants saw the essence of their organization as a process that routinized the production and delivery of a product saturated with romantic emotion – hence the almost courtship-like imagery of the presentation of the “*bunch of flowers*.”

In light of this construct, the group began to discuss the X6 plan, quickly arriving at an agreement that it seemed to omit consideration of what the ability to evoke emotion that they now recognized as an essential resource of the organization. At the end of the workshop one of those who had worked to draft the X6 plan said: “If you look at the X6 plan, where is the ‘love’ part? Where is the emotional part that is such a big part of our products? It’s not there.” In other words, after the intensive exploration of their organizational identity with this workshop, the members of the strategy development part of the organization felt they had gained such important new insights into key sources of competitive advantage that modifications to the X6 plan would be needed.

Approximately two months later, the executive in charge of the Fragrances division met with us to share what these changes had been. They consisted of rebuilding the X6 plan and the way in which it was presented to the entire division, around the essential messages that their division had a product with a unique type of emotional charge.

Flavors Division

The construction of a representation of the Flavor division's identity began as a small model of the major departments. Considerable detail was then added to model to convey what they felt was the excessive amount of internal structural complexity their organization had developed. The resulting labyrinthine model had a variety of elements symbolizing the differences in components, personnel, strengths, weaknesses, techniques, etc. of the different internal departments. At the rear of the model participants built a narrow set of communication channels to a pair of support departments which, they stated, were perpetually clogged with a stream of information requests far in excess of the "*bandwidth*" available for them to be dealt with. Threading through this complex construct, they also laid what they called "*tube relationships*" which represented the most productive route through their organizational labyrinth for delivering value to their clients.

As in the Fragrances division workshop, the members of the Flavors division workshop began a discussion in which they reflected openly on the existing version of their strategic plan. The discussion intensified when the divisional director of the strategy development process confessed that he felt the plan

was inadequate in light of what the workshop had made manifest: that the organization's structure was choking its ability to satisfy key clients. Several others then acknowledge a general feeling that much of the division's X6 strategic plan simply reflected the complexity of their organizational structure, without defining clear actions. "*We've just underlined where the bottlenecks are in our value creation*" and not focused on increasing the number of tube relationships, said one participant.

At the end of the workshop, the only Vice President present among the group, who reported directly to the Division President, spontaneously left the room and ran up two floors in the building looking for his boss. In five minutes he was back, accompanied by this individual, and by the Corporate Vice President for Strategy for all of Chemalot. He drew them over to representation to explain to them the construct they had produced of the organization's identity, and talk about how it related to the division's strategic plan. In an email received approximately a week later from this individual, he announced that this review with the Divisional President and the Corporate Vice President for Strategy had had "*positive results*" in leading them to reformulate their divisional strategic plan.

Specialty Chemicals Division

In the case of the Specialty Chemicals division, an initial attempt to create a very orderly depiction of the organization provoked an extended discussion among participants about what the real character of their organization was. A key point in the discussion concerned differences of opinion about what a few

participants felt were problematic internal relationships between them. After almost an hour of impassioned discussion, they began constructing a new representation of the organization's identity, in which they felt that they were all much more in agreement. The dominant image was of a "flat information surface," like the circuitry on a microchip, in which an interwoven network² of relationships knit together production, marketing, planning, etc. The manager who oversaw the engineering function was especially emphatic about installing "gates" – akin to the logic gates on a microchip – that opened and closed in the connections between people, to illustrate the obstacles in their communications network. He insisted, "We have to show how it really is." Another significant element of the construct was that it showed that the second-in-charge in the division, the individual responsible for overseeing the implementation of the Balanced Scorecard process, was connected, it seemed, to everything and everyone, in the center of this large-scale microchip. The Division President, by contrast, "wasn't really connected to anything" except to the computerized data system that weaved through the organization. Having brought the Balanced Scorecard approach to the organization and promoted its use, he now appeared to be relatively uninvolved in the operations of the division as a whole..

In the concluding discussion of the workshop, the group agreed that their strategy of depending on the Balanced Scorecard to set operational targets was fundamentally correct. But, reflecting on their organizational identity as a

² As they explored their organizational identity, though, two individuals began to realize that they were having difficulty talking about the "network." The discussion peaked with the following exchange: "Well, when I say we're a network, what I'm referring to is the web of information that we all share," said the first. "That's not what I mean," said the second. "When I say network, I'm talking about the personal relationships between people."

complex interpersonal, interdependent, and informational network, they confessed that this tool neglected another strong strategic issue: the need to coordinate their activities with those of their sibling divisions. This, they felt, was a vital aspects to their strategic situation that they had ignored

Table 3: Impact Of Workshops On Chemalot Divisional Strategic Plans

	Fragrances	Flavors	Specialty Chemicals
Organization's Identity Made Explicit	A single complex process of managing projects to create "love stories" with clients	An uncoordinated proliferation of departments chasing different market niches	A tightly interwoven information surface that is strongly interdependent with all of Chemalot
Central idea	The love proposal to the elephant	The thread through the labyrinth	Interdependent microchip circuitry
Changes to X6 Strategic Plan	Revise to focus strategic action on emotional dimension of their products	Revise to focus strategic action on developing more of the productive tube relationships	Coordinate Balanced Scorecard targets with other divisions' strategic priorities

Discussion

The three-part case study we have presented here exemplifies how the practice of constructing organizational identity verbally and physically was a

strategy practice. Thus, in each of the three cases, strategy team members constructed their organization's identity (literally, as physical model, and figuratively, through their consensus-building discussions) and in the process evaluated the relevance and potential of other firm resources. The process of defining and representing the organization's identity – in a phrase, the *practice of identity* – directly affected strategy development processes in these divisions.

A particularly important component of the process was the use of extended metaphors to create schemas of organizational structure, setting, key processes, resources, and relationships amongst all of these, to formulate and express the identities of their organizations. While the emphasis on metaphors and imagery has received some attention in the literature on organizational behaviour (e.g. Morgan 1997; see also Grant and Oswick 1996, Sackmann 1989, Tsoukas 1991, 1993). Our contribution to this body of knowledge is to call attention, among other things, to the strategic implications of such schemas. As the outcomes for the three division show, the practice of identity yielded metaphorically rich schemas which directly impacted strategy formation.

In the first division, the way in which the organization was identified in the workshop underlined the emotionality of the division's products. Participants described this as "creating a love story" for clients. This led them to revise their strategic plan, supplementing the overall quantitative targets with a

series of evocative emotional catch-phrases which linked the “passion” embedded in their products with a passion to romance their clients.

In the second division, the representation of the organization as a tangled web of interconnected activities overshoot with simple “tube relationships” led the firm to re-evaluate its service delivery processes. The resulting strategy re-organized internal divisional processes so that administrative and technical resources focused on key accounts, and not on trying to capture all the teeming opportunities, both small and large, in their sprawling complex market.

In the third division, the workshop resulted in the participants viewing their division as a broker of many vital relationships both inside and outside of the firm – they characterized this as an “information surface” akin to a microchip, in which key information flows were mediated by the quality of interpersonal relationships. Instead of simply populating the Balanced Scorecard process they had hitherto used as a strategy plan surrogate, therefore, they set up specific goals for ensuring that their divisional actions coordinated with the strategic goals of their sibling divisions.

Clearly, this case study is limited in its potential to provide generalizable theory, as noted in our methodological considerations section above. There are certainly limitations that arise from the focus on the events and activities of specific workshops, as opposed to a longitudinal, thicker description of the processes of making strategy. Thus, it begs highly important questions

relating to the use and role of symbols, metaphors, analogies, and schemas more widely throughout the everyday strategic practices of organizations. At the same time, in taking up the threads of how metaphors relate to organizational life, we have tried to show the practice using such devices may be constitutive not only of organizational identity, but also of strategy, and of the relationship between the two.

Conclusion

The paper discusses how *strategy and organizational identity relate at the level of practice*, i.e., at the level of the key social processes in which organizational identity and organizational strategies are mutually constructed. Our work thus responds to calls for study of the strategizing practices (Wilson & Jarzabkowski, 2004). At the same time, it also instantiates Glynn's assertion that "organizational identity can frame the manner in which resources become emphasized, prioritized, and deployed, and how perceptions of core capabilities can become constructed for the institution" (2000: 295).

The relationship between organizational identity and strategy discussed in the literature has focused on processes of identification with the organization, and so has problematized this issue as one of individual psychological process. A central element in our argument, however, has been the symbols and metaphors mobilized in sensemaking processes, by means of which information is defined, selected, and construed in meaningful schemas. Examining the intersubjective processes of meaning creation that lie at the

root of identity formation, we find organizational members using metaphorical or analogical imagery as they characterize their organizations' identities. In the case studies we show that this practice, in turn, has a direct impact on the essentially strategic challenge of selecting and applying resources. Finally, our paper further supports the contention that organizational identity and strategy practices can be mutually constitutive and reinforcing, even while the intersection of these fields merits further consideration by scholars in both domains.

References

Albert S., & Whetten, D. 1985. Organizational identity. In L.Cummings, & B. Staw, B(Eds.), *Research in organizational behavior*, vol. 7: 263-295. Greenwich, CT: JAI Press.

Ashforth, B. & F. Mael 1989. Social identity theory and the organization. *Academy of Management Review*, 14, 20-39.

Barney, J., & Stewart, A. 2000. Organizational identity as a moral philosophy: Competitive implications for diversified corporations. In Schutz, M., Hatch, M., & Holten Larsen, M. (Eds.)*The expressive organization*. Oxford: Oxford University Press, 36-50.

Barney, J., M. Wright,, & D. Ketchen, Jr. 2001. The resource-based view of the firm: Ten years after 1991. *Journal of Management*, 27: 625-641.

Brickson, S. 2000. Exploring identity: Where are we now? *Academy of Management Review*, 25, 147-148

Brown, A.D., & K. Starkey 2000. Organizational identity and learning: a psychodynamic perspective. *Academy of Management Review*, 25, 102-120.

Brown, A. 2001. Organization studies and identity: Towards a research agenda. *Human Relations*, 54(1) 113-121.

Covaleski, M., Dirsmith, M., Heian, J., & Samuel, S. 1998. The calculated and the avowed: Techniques of discipline and struggles over identity in big six public accounting firms, *Administrative Science Quarterly* 43: 293-327

Deephouse, D. 1999. To be different, or to be the same? It's a question (and theory) of strategic balance. *Strategic Management Journal*, 20, 147-166

Dutton, J. & J. Dukerich 1991. Keeping an eye on the mirror: Image and identity in organizational adaptation. *Academy of Management Journal*, 34, 517-554.

Dutton, J., & W. Penner 1993. The Importance of Organizational Identity for Strategic Agenda Building. In: *Strategic thinking: Leadership and the management of change*, J. Hendry, G. Johnson, & J. Newton, eds., pp. 89-113. Chichester: John Wiley & Sons.

Dutton, J., J. Dukerich & C. Harquail 1994. Organizational images and member identification. *Administrative Science Quarterly*, 39, 239-263.

Dutton, J., & Jackson, S. 1987. Categorizing strategic issues: Links to organizational action. *Academy of Management Review* 12: 76-90.

Eisenhardt, K., & Martin, J. 2000. Dynamic capabilities: What are they? *Strategic Management Journal*, 21: 1105-1122.

Elsbach, K., & Kramer, R. 1996. Members' responses to organizational identity threats: Encountering and countering the *Business Week* rankings. *Administrative Science Quarterly* 41: 442-476.

Fiol, C. M. 1991. Managing culture as a competitive resource: An identity-based view of sustainable competitive advantage. *Journal of Management* 17: 191-211.

Fiol, C. M. 2001. Revisiting an identity-based view of sustainable competitive advantage. *Journal of Management* 27: 691-700.

Fombrun, C. 1996. *Reputation: Realizing value from the corporate image*. Boston: Harvard Business School Press.

Giddens, A. 1984. *The constitution of society: Outline of the theory of structuration*. Berkeley: University of California Press.

Gioia, D. & J. Thomas 1996. Identity, image and issue interpretation: Sensemaking during strategic change in academia. *Administrative Science Quarterly*, 41, 370-403.

Gioia, D. 1998.. From individual to organizational identity. In Whetten, D. & P. Godfrey Eds. *Identity in organizations*. Thousand Oaks, CA: Sage, 17-31.

Gioia, D., M. Schultz, & K. Corley 2000. Organizational identity, image and adaptive instability. *Academy of Management Review*, 25, 63-81.

Glynn, M. 2000. When cymbals become symbols: Conflict over organizational identity within a symphony orchestra. *Organization Science*, 11, 285-298.

- Grant, D. & C. Osrick 1996. *Organization and metaphor*. London: Sage.
- Haslam, S., T. Postmes, & N. Ellemers 2003. More than a metaphor: Organizational identity makes organizational life possible. *British Journal of Management*, 14, 357-369.
- Hatch, M. & M. Schultz 1997. Relations between organizational culture, identity and image. *European Journal of Marketing*, 31, 356-365.
- Jarzabkowski, P. 2003. Strategic practices: An activity theory perspective on continuity and change. *Journal of Management Studies*, 40, 23-55.
- Johnson, G., Melin, L., & Whittington, R. 2003. Guest editors introduction: Micro strategy and strategizing: Towards an activity-based view. *Journal of Management Studies*, 40, 3-22.
- Kärreman, D., & Alvesson, M. 2001. Making newsmakers: Conversational identity at work. *Organization Studies*, 22: 59-89.
- Lowendhal, B., & Revang, O. 2004. Achieving results in an after modern context: Thoughts on the role of strategizing and organizing. *European Management Review*, 1, 49-54.
- Morgan, G. 1997. *Images of organization* 2nd edition.. Beverly Hills, CA: Sage Publications.

Mosakowski, E. 1998. Managerial prescriptions under the resource-based view of strategy: The example of motivational techniques. *Strategic Management Journal*, 19, 1169-1182.

Parker, M. 2000. *Organizational culture and identity*, London: Sage.

Porac, J., Wade, J., & Pollock, T. 1999. Industry categories and the politics of the comparable firm in CEO compensation. *Administrative Science Quarterly*, 44: 112-144.

Ravasi, D., & Schultz, M. 2003. Practicing identity: A process model of identity change management in organizations. *SDA Bocconi Working Paper 85/03*.

Reger, R., J. Barney, J. S. Bunderson, P. Foreman, L. T. Gustafson, A. S. Huff, L. L. Martins, Y. Sarason, & J. L. Stimpert. 1998. A strategy conversation on the topic of organizational identity. In: *Identity in organizations: Building theory through conversations*. D. Whetten & P. Godfrey, Eds., 99-169. Thousand Oaks: Sage Publications.

Rumelt, R. 1987. Theory, strategy and entrepreneurship. In: *The competitive challenge: Strategies for industrial innovation and renewal*, D. J. Teece (ed.), 137 – 158. Cambridge, MA: Ballinger Publishing Company.

Sackmann, S. 1989. The role of metaphors in organizational transformation. *Human Relations*, 42, 463-485

Schneider, S. 1997. Interpretation in organizations: Sensemaking and strategy. *European Journal of Work and Organizational Psychology*, 6 1, 93-102.

Stevenson, H. 1976. Defining corporate strengths and weaknesses. *Sloan Management Review*, 17, 51-68.

Teece, D., Pisano, G., & Schuen, A. 1997. Dynamic capabilities and strategic management. *Strategic Management Journal*, 18: 509-533.

Tsoukas, H. 1991. The missing link: A transformational view of metaphors in organizational science. *Academy of Management Review*, 16, 566-585.

Weick, K. 1995. *Sensemaking in organizations*. Thousand Oaks, CA.: Sage.

Wernerfelt, B. 1984. A resource-based view of the firm. *Strategic Management Journal*, 5: 171-180.

Whetten, D., & A. Mackey. 2002. A social actor conception of organizational identity and its implications for the study of organizational reputation. *Business and Society*, 41, 393-414.

Whittington, R. 2001. *What is strategy – and does it matter?* (2nd ed.). Thomson Learning Business Press: United Kingdom

Whittington, R. 2004. Strategy after modernism: Recovering practice. *European Management Review*, 1, 62-68.

Wilson, D., & Jarzabkowski, P. 2004. Thinking and acting strategically: New challenges for interrogating strategy. *European Management Review*, 1, 14-20.

