

**STAYING THE SAME WHILE CHANGING:
ORGANIZATIONAL DENTITY IN THE FACE OF
ENVIRONMENTAL CHALLENGES**

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Abstract

Identity is an enduring property of organizations that explains, to both internal members and external audiences, “who we are” and “what we do” as an organization. Identity serves a number of important organizational functions that can affect organizational survival and performance by: filtering managers’ understanding of the organization’s capabilities and resources; framing strategic problems and solutions; enabling positive valuations of organizational worth; serving as a touchstone for individuals’ identification with the organization; and facilitating wealth creation. Because it is such a core and stable aspect of organizations, identity can be remarkably resilient to change, and even a barrier to organizational adaptation under environmental pressures. Managers can find it difficult to change in ways that are inconsistent with, or potentially threaten, cherished organizational identities; thus organizational identity can be problematic in adapting to environment changes. And yet abandoning the identity that defines the organization is problematic in its own right. Organizational identities themselves are not fixed and unchanging; rather, they can have generative potency for updating and revision. Like other organizational features, identities are subject to revision over time and can become reconstituted to redefine the organization in ways that are still consistent with its perceived legacy. Thus, focusing on identity continuity, rather than identity permanence, can be a managerial lever for change. I examine how the organizational identity can, paradoxically, be both enduring and adaptive, and serve as a touchstone for organizational sustainability.

“Shrinking our environmental footprint while growing our business...Think Outside the Bottle”

- The Clorox Company, Recipient of the Most Innovative Corporate Social Responsibility (CSR) Disclosure Policy Award by Corporate Secretary magazine (Jan. 2013)

Change has always been a challenge for organizations. As Weick (1979) observed, “adaptation precludes adaptability”: Once an organization becomes fitted to a particular niche, changing to meet shifting environmental conditions, can be difficult. Paradoxically, what enabled success in the past may disable it in a new and different future. What is often required, as the Clorox tag (above) implies is that it’s often necessary to break with historical tradition to “Think Outside the Bottle.”

Sustainable organizational practices often require fundamental changes in the organization’s character (Selznick) or identity, i.e., not only in what organizations do, but also in who they are, how they see themselves or their essential nature (Navis & Glynn, 2010). “Sustainability is a multifaceted concept that presumes a dynamic balance among economic, environmental, and social goals ... an enduring shift toward sustainable organizational practice requires that sustainability become a fundamental, indispensable part of an organization’s identity.” (Hamilton & Gioia, 2009: 436). Simply put, sustainability is “the right thing to do from our standpoint and the right thing to do from the consumer’s standpoint,” as one manager put it (Bansal & Roth, 2000: 728).

The model of the new global corporation is one that understands its connection to society and leverages this connection in a way that creates competitive advantage (Kanter, 2009). By working to solve some of world’s most difficult social challenges (including that of environmental sustainability), organizations are more likely to be responsible to their stakeholders. Thus, organizations that engage in sustainability (including CSR) not only benefit

society, but can market solutions that can drive the future growth of the company (Marquis, Glynn & Davis, 2007).

A number of researchers have focused on the connection between sustainability and strategy, change and leadership (e.g., Kanter, 2009). My intent is to complement this perspective by looking at the more symbolic or interpretive side of organizations – identity – which has been an understudied concept in sustainability. As such, it will complement extant work investigating the links between organizational image and reputation.

My purpose is to examine sustainability through the lens of organizational identity. This approach has the potential to make several contributions to our understanding of how organizations engage in sustainability practices so as to enhance organizational survival and performance. First, an identity perspective can offer a different value proposition for justifying why business should invest in society; complementing the value proposition of the “triple bottom line.” An identity perspective focuses on sustainability as a core aspect of an organization’s identity, values or purpose. Thus, it relates corporate sustainability practices not only to “what we do” as an organization but “who we are” (Navis & Glynn, 2010). Second, identity serves as a touchstone that can persist over time, even as a legacy identity (Walsh & Glynn, 2008), when an organization changes to become a more sustainable business. Thus, identity can enable organizational continuity in the face of environmental discontinuity. Finally, because identity sits at the interface between internal organizational members and external stakeholders (Navis & Glynn, 2010), it relates and organization to key stakeholders and their interests. Organizations' relations with stakeholders “constitute a prominent feature of organizational identity” and are perceived to be “tightly coupled” (Brickson, 2005).

SUSTAINABILITY AND ORGANIZATIONAL IDENTITY

Broadly speaking, corporate sustainability refers to "a company's activities, voluntary by definition, demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders" (van Marrewijk & Werre, 2003). "At the organizational level, we define sustainability as achieving a balance among environmental responsibility, social equity, and economic capability" (Hamilton & Gioia, 2009). The World Commission on Environment and Development defines sustainability as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987: 43). Thus, the corporation of the 21st century is one that serves society as well as rewarding shareholders and employees (Kanter, 2009).

The notion of corporate sustainability seems to have a natural affinity with that of organizational identity, which has gained growing prominence in the literature (Corley, Harquail, Pratt, Glynn, Fiol, & Hatch, 2006). Although the construct of identity has had a long intellectual history in several different domains of scholarship, inquiry into organizational identity was launched with vigor when Albert and Whetten published their influential *Research in Organizational Behavior* article in 1985. The triggering event that inspired their theorization were the over-the-top reactions of administration and faculty to some relatively minor budget cuts in the early 1980s; they observed an intensity of reactions to a budget cut that amounted to ½ of 1%. They felt that the "screaming-to-pain ratio" was out of proportion to the actual size of the cut and to other reactions they had seen in downsizing businesses as result of much larger budget cuts (Whetten & Godfrey, 1998: 30). As they explained:

What we observed was the anguishing personal and collective examination of members' taken-for-granted assumptions about what was core, enduring, and distinctive about an American research university in general, and the University of Illinois in particular, exacerbated by the terrifying prospect that the slightest reduction in the current organizational configuration could precipitate an uncontrollable erosion of organizational, and by inference, personal, identity. ... contagious fear that once they started down the slippery slope of budget cuts there would be no way to stop short of cutting out what for each individual member constituted the core of a university (Whetten & Godfrey, 1998: viii).

Albert and Whetten (1985) conceptualized the organizational identity as claims to what is core, distinctive, and enduring. They conceptualized core as the "claimed central character" of the organization; distinctive as claims to those identity elements that make an organization seem different from others; and, enduring as a "degree of sameness or continuity over time" (Albert & Whetten, 1985: 265). Albert and Whetten (1985) also suggested that identity stands at the interface between the claims made by its internal members (employees) and the claims granted by external audiences (stakeholders); this inside-outside differentiation is evident in different theoretical variants of organizational identity (e.g., Gioia et al., 2013). More generally, however, organizational identity functions to define and prioritize what the organization stands for, in terms of a constellation of values, beliefs, or norms (Albert & Whetten, 1985), and acts on these as a social actor (Whetten & Mackey, 2002).

In their review of the identity literature, Raffaelli, Glynn and Tushman (2013) found that two key dimensions seemed to organize the research: one focuses on organizational identity as a symbolic meaning-maker or a strategic orientation, and the other, on the focal audience for the

organizational identity, i.e., internal (i.e. a set of attributes shared by organizational members) or external (i.e., expectations of audiences outside the firm, such as analysts, consumers or the public). They used these two dimensions – 1) identity’s primary function as symbolic or strategic, and 2) focal audience to which the identity is directed. The descriptions of the two axes are shown in Figure 1; and these are mapped to create the 2x2 matrix, which is presented in Figure 2. We can use this matrix to better understand the relationship between sustainability and identity in organizations.

--- insert Figures 1 and 2 about here ---

When corporate sustainability is fully integrated into the organizational identity, it is represented by the central circle (labeled “organizational identity” in Figure 2) in the matrix in Figure 2. As appealing as this case may be, it seems to be really rare, at least from a researcher viewpoint. In their review of the 80 articles on organizational identity published in the 6 major management journals (ASQ, AMR, AMJ, OrgScience, J of Management, and JMI) between 1985 and 2012, Raffaelli, Glynn and Tushman (2013) did not locate any work that could be classified as integrated across the four quadrants. Given this, I turn to examine two more common instances of organizational identity that have greater potential for connecting with sustainability: identity hybridicity and identity ambidexterity. Both of these point to a model whereby organizations have multiple identities.

Identity hybridicity occurs when an organizational embeds two identity that don’t go together (Albert & Whetten, 1985). In thinking about sustainability, this may be an approach of high interest (Haigh & Hoffman, 2012). Using our theoretical matrix (Figure 2), hybridicity would bridge over the two vertical quadrants on the left, which connect the strategic (economic) nature of identity that captures “what we do” and the symbolic/meaning (sustainability) nature of identity that captures “who we are.” Both identity elements are present in an organization, but

typically partitioned, structured in different parts of the organization (e.g., the core business and the corporate foundation) and often enacted by different people (e.g., administrators and professionals). When these two work in concert, they can be potent and effective ways of enacting a sustainability identity; however, when their boundaries are breached, conflict can rupture and disable the organization (e.g., Glynn, 2000; Battilana & Dorado, 2010). Santos and Eisenhardt (2005: 501) note that organizations need to continually manage vertical and horizontal identity boundaries that determine “how members perceive what is appropriate for the organization...[and] guides decisions regarding the value-chain activities to incorporate or product/market domains to enter.” Although hybridicity may compartmentalize the business and society elements, it also clearly describes *what* the identity elements are; an alternative model – identity ambidexterity – defines the capabilities involved and *how* organizations can manage their orientation to business and society.

Identity ambidexterity draws on the work of Tushman and O'Reilly (2008) to focus on how the organization balances the different capabilities required to meet its objectives. Identity ambidexterity refers to “an organization’s ability to exploit past and present identities while simultaneously integrating elements of a new organizational identity” (Raffaelli et al., 2013). Thus, while hybridicity offers a structural solution to managing different identity elements, ambidexterity offers a dynamic capabilities approach, with the possibility of change over time. The Clorox Company (described at the start of the paper and in the Appendix) seems to do this, through a series of mergers and/or acquisitions, using both hybrid structures and dynamism over time.

Rest of Paper is still under construction. Thanks for your patience.

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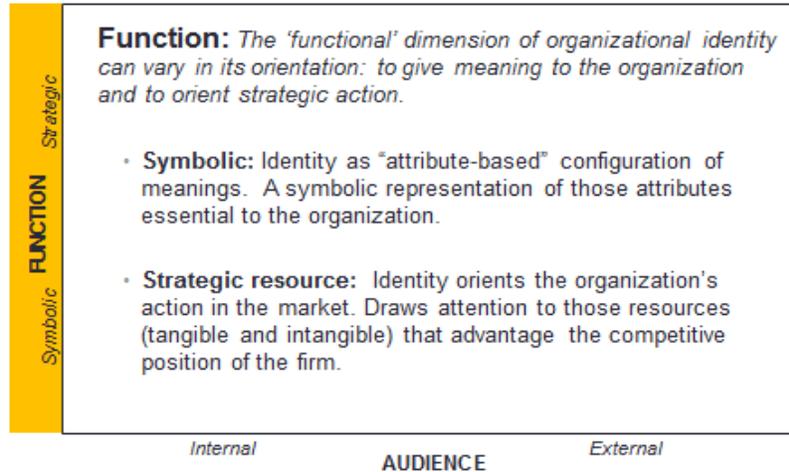
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FIGURE 1: DESCRIPTION OF 2 AXES IN ORGANIZATIONAL IDENTITY MATRIX

Classifying the Theoretical Variants of OID



Classifying the Theoretical Variants of OID

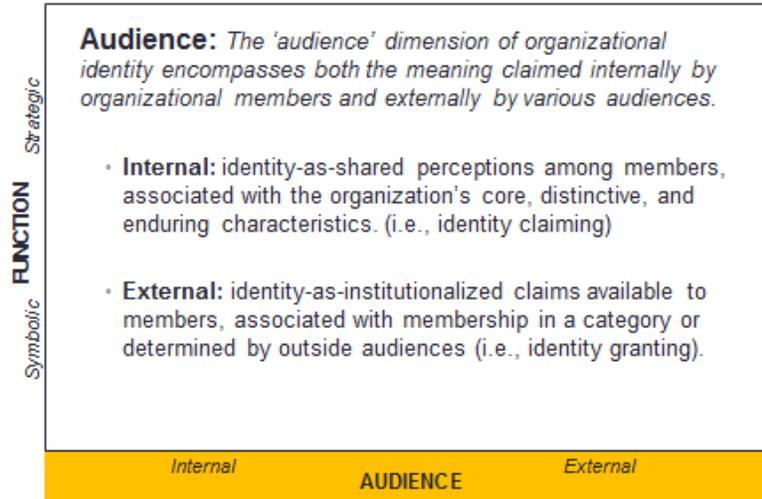
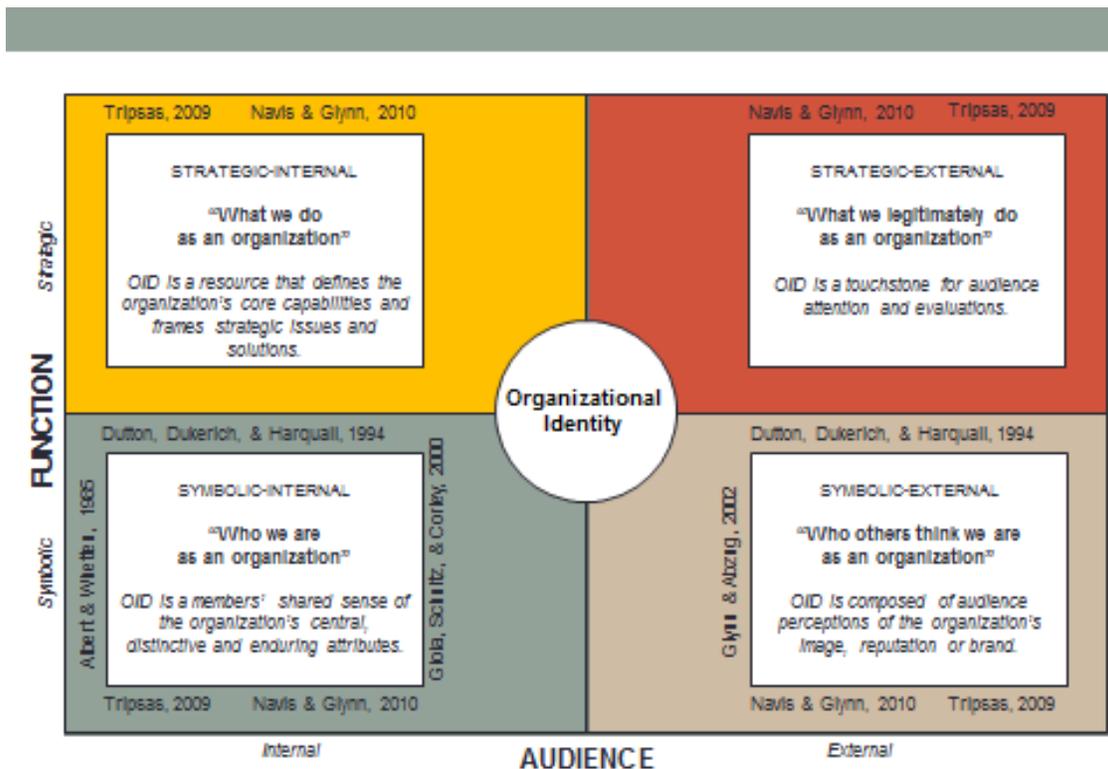


FIGURE 2: ORGANIZATIONAL IDENTITY MATRIX



APPENDIX

The Clorox Company and Corporate Sustainability

The Clorox Company is a leading manufacturer and marketer of consumer and professional products with approximately 8,400 employees and fiscal year 2012 revenues of \$5.5 billion. Clorox markets some of the most trusted and recognized brand names. The Clorox Company (NYSE: CLX) has released its 2012 annual report, which combines the company's financial, environmental, social and governance performance.



GE J June 1, 2006 49:3 433-458; doi:10.5465/AMJ.2006.21794663

Source: http://www.csrhub.com/CSR_and_sustainability_information/The-Clorox-Company/

The decision to print a shorter executive summary and move the full report online reflects the company's goal to be more sustainable and provide stakeholders with easy access to the company's commitments and performance in five key areas of the business:

Performance: Achieving financial success with transparency and strong governance

Products: Making responsible products, responsibly

People: Promoting diversity, opportunity and respectful treatment

Planet: Shrinking our environmental footprint while growing our business

Purpose: Safeguarding families with Be Healthy, Be Smart and Be Safe initiatives

Clorox uses the Global Reporting Initiative (GRI) G3.1 Guidelines, which provide a recommended framework and indicators for reporting. Clorox is reporting at a GRI-checked application level of "B+," which reflects the number of disclosures the company has included in its report, as well as third-party verification of its greenhouse gas emissions. Earlier this year, Clorox also joined the International Integrated Reporting Council pilot to help shape evolving global standards for integrated reporting.