



## Identity In and Around Organisations

By Majken Schultz & Steve Maguire

**At the heart of any successful organisation lies a powerful conception of identity: the coherent way in which it presents itself to its stakeholders and employees, containing its purpose, goals and key characteristics. However, the traditional idea of identity as a stable, solid and reliable concept may not be the best way of approaching and managing your organisation. Rather, Majken Schultz and Steve Maguire argue that organisations would benefit from adopting a process-based view of identity, which integrates history, ongoing change and market instability into its definition.**

**R**eflections on the questions of “who am I?” and “who are we?” are as old as mankind and address something fundamental – how we understand ourselves, and how we imagine ourselves in relations with others. Increasingly, identity issues are also preoccupying organisations, leading them to pose existential

questions about “why do we exist?” and “who are we and what do we stand for?” Other questions of identity, such as “what makes our key stakeholders feel a belonging to the organisation, whether they are employees or consumers?” and “what makes our organization unique and different from others?” are also relevant to organisations, as their answers underpin the practices that can make organisations stand out and become competitive in the marketplace. For example, a company like Apple has been able to attract and mobilise consumers all over the world based on an identity of being different. Time will show whether the attraction will endure, as Apple’s identity is transformed from ‘cool challenger’ to ‘global giant’ exploiting its dominant market position.

Both the scholarship and practice of how organisations should ask – and seek to answer – questions of identity have changed in recent years, as theoretical and empirical understandings of the

organisational processes underpinning identity have developed. In this article we outline a contemporary view of identity – one in which identity is no longer conceived as a stable, enduring entity but, rather, as an unfolding process always in the making. Our perspective is built upon an emerging *process-based view* of organisations, which, in challenging conventional assumptions, has important implications for management as we illustrate here.

### A Process-based View of Organisations

A process-based view challenges our perception of organisations as fairly stable structures that can be managed as if they were ‘things’. The conventional view of organisations as entities underpins classic models of change, where a “burning platform” forces leaders to initiate change, embark on a period of transformation, then re-stabilise the organisation in a new enduring configuration. This unfreeze-change-freeze paradigm has influenced much thinking about organisational change and its management. In contrast, a process-based view encourages more complex and contextualized thinking about organisations as it reflects an understanding of

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the world as in flux and continually “becoming”.<sup>1</sup> Such an approach focuses on *organising* instead of organisations per se, and sees processes, rather than substances, as the basic forms that make up the universe. Accordingly, flux, emergence and transformation as well as creativity, disruption, and indeterminism are key themes within a process-based view. To engage with the world by seeing process as fundamental does not imply to deny the existence of states, events, entities or other “things”; it does, however, draw attention to the ways in which any “thing” can be unpacked to reveal the nature and sequence of activities and transactions that, in occurring, constitute the object.

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A process-based perspective thus invites us to acknowledge and absorb, rather than to reduce, the complexity inherent in the world as well as in our experiencing of the world. In providing an alternative to traditional “entitative” conceptions of reality,<sup>2</sup> it recognizes that “what is” has no existence apart from its *relating* to other things in time and space – what also is, what was, and what might be. In other words, objects are understood to be constituted by and in relation to other objects, and in an on-going manner, so temporality is a constitutive feature of the world and of human experience. Processes unfold in time, which means that human phenomena cannot be adequately understood if time is abstracted away, but much of our work in organisation studies to date has not directly considered temporality or questioned how time is constructed and lived in organisations.

## Organisational Identity as Process

In order to elaborate what it implies to conceive organisational identity as process, we summarize the main distinctions between the conventional entity-based view and the process-based view we are advocating in Table 1. Consistent with the philosophy we are putting forward, we do not conceive these views as mutually exclusive but, rather, suggest that a process-based view challenges and expands its entity-based counterpart.

**Key question for managers.** Early conceptualisations posited organisational identity as those aspects of an organisation that members perceive as central, enduring and distinctive in answering the question “who are we?” in order to define themselves and their organisation.<sup>3</sup> This is echoed in the now classic understanding of organisational identity as a system of claims expressing what the organisation is and stands for, and found in such places as the organisation’s name, tagline, statements of mission and values, and

shared symbols. With this view, a change in identity is initiated through a top-down, planned and structured effort; occurs as the organisation passes through a relatively brief transient period of highly visible transformation; and is completed when the organisation’s identity is re-stabilised in a new configuration that, it is assumed, will endure for a considerable time. A process-based view, in contrast, posits that an organisation’s identity is contingent, relational and dynamic, continuously formed and reformed through on-going interactions, associations and conversations: “organizational identity is not an aggregation of perceptions of an organization resting in peoples’ heads, it is a dynamic set of processes by which an organization’s self is continuously socially constructed from the interchange between internal and external definitions of the organization offered by all organizational stakeholders”.<sup>4</sup> Thus, a process-based perspective considers organisational identity to be an emergent outcome of on-going processes of organisational members interacting with each other as well as with other stakeholders. The key question for managers seeking to shape their organisation’s identity therefore becomes “what and how we are becoming?” rather than “who are we?” Further, a process-based perspective underscores how identity construction is situated in time and space: “the various categorizations that constitute identity and their meanings are not fixed but change over time, in different contexts, and as a result of ongoing language use”.<sup>5</sup>

Perceptions among stakeholders can be important drivers for identity reconstruction, as these perceptions can raise new – and sometimes challenging – questions about what the organisation is becoming. For example, many financial services companies experienced negative reconstructions of

View of Organisations	Entity-based View	Process-based View
Key question for managers	Who are we?	What and how are we becoming?
Core notion of identity	Identity as a set of essential characteristics that changes slowly if at all	Identity is a contingent, evolving set of characteristics, continuously being reconstructed
Role of others and relations with them	Identity is based on comparisons with other organisations of the same form	Identity emerges from on-going dialogues with other organisations of multiple forms whose own identities are also at stake
Role of time	Irrelevant and can be abstracted away, because identity endures over time	Fundamental because identity at any point in time is contingent, suspended between past and future
Role of management	Articulation of well-structured set of identity claims	Facilitating continuous identity dialogue with key internal and external stakeholders

**Table 1: Comparing Entity-based and Process-based Views of Organisational Identity**

their identities following the global financial crisis, as key stakeholders evaluated these companies' behaviour. US-based insurance company AIG, in response to becoming associated with "Arrogance, Ignorance, Greed" (e.g. see the numerous T-shirts for sale via the internet), began a series of self-reflections among managers and employees. A positive example stems from the difficult 2002 – 2005 period for Denmark-based LEGO-Group, when the company learnt that adult LEGO users still believed passionately in the idea of 'building toys' at a time when most so-called experts had predicted that children would no longer have the patience for such toys. As he explored LEGO's past and possible future identities, the new CEO engaged in conversations with these passionate LEGO fans and became convinced there was a future for "systematic creativity", which became the central idea of LEGO's reconstructed identity.<sup>6</sup> So far, it appears that the adult fans and CEO were right.

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**Core notion of identity.** A process-based view challenges established notions of identity as a predetermined "essence", "entity" or "thing" while encouraging alternative approaches to grasping identity in and around organisations. Conceptualising identity as a process suggests other metaphors to guide managers – as identity as "flow" or "narrative" or "work". These metaphors emphasise that identity is continually under construction and not totally under the control of organisational members or even top managers. Organisational identity, then, emerges from on-going processes through which actors – both in and around organisations – claim, accept, deny, negotiate, affirm, maintain, reproduce, challenge, disrupt, destabilize, repair or otherwise influence their sense of themselves as well as others. With a process-based perspective, identity is thus an on-going accomplishment. Because processes of constructing identity are open to contestation, they can produce a fragmented, fluid self that is characterized by multiple, contradictory narratives rather than a single, convergent one.

Such a fragmented and fluid identity is often found in situations of mergers and acquisitions, as shown by Maguire and Philips<sup>7</sup> in their study of the merger that created Citigroup. They illustrated how the contested nature of the post-merger organisation's identity influenced the trust that different employee groups had in their organisation. Conflicting narratives of the union – Was it a merger of equals as claimed? Was it a takeover in disguise? – gave rise to identity ambiguity which undermined employees' identification with the new organisation. This in turn led to a lack of trust in the post-merger organisation which endured even

after top management offered up a new set of identity claims in its articulation of Citigroup's vision, mission and values. Had the company's managers adopted a process-based view they would have been much less likely to take identity for granted and treat it as just another asset to be changed or replaced, because they would realise that employees are active and important contributors to an on-going process of identity construction.

**Role of others and relations with them.** An entity-based view on identity focuses attention on those aspects of a focal organisation's identity that render the organisation different from other comparator organisations. For example, appreciating *the* identity of Apple would involve assessing where and how it differs from Samsung and Google, by comparing and contrasting these organisations along dimensions that, together, create a 'space', which can be mapped and in which organisations are understood to seek out and adopt strategic positions. In process-based thinking, in contrast, such a space is indeterminate and, as such, does not pre-exist as a stable arena in which organisations can simply plan their desired positions and manoeuvre accordingly. Rather, dimensions relevant to identity can appear, disappear and change in importance as organisations interact with stakeholders as well as comparator organisations. An organisation's sense of self therefore derives from a relational understanding of the world that highlights the interconnectedness of self-perceptions *and* the perceptions of others, as suggested by the American pragmatist Georg Herbert Mead.<sup>8</sup> Thus, a process-based organisational identity posits that "others" are constituted in interrelated ways that serve as sources of origin, development and transformation of the focal organisation's identity.

A process-based view of an organisation's identity points to the importance of appreciating how stakeholders and peers are constructed in particular ways and not others, despite alternative constructions being possible, when members of organisations define themselves as similar to or different from comparators along dimensions that they themselves have deemed of interest. Instead of seeking to define and elucidate *the* distinctiveness of Apple as compared with Samsung or Google, a process-based view leads managers and scholars to ask how Samsung and Google are constructed as competitors in Apple's narrative of itself and in stakeholders' narratives of Apple; and what is the significance of this constellation of stories. In so doing it draws attentions to the ways in which the relations that Samsung and Google have with various stakeholder groups can also influence narratives of Apple's identity. Such a perspective expands the set of possible concepts and considerations with which Apple might engage as it tries to influence its own identity, which does not necessarily converge singularly on just one narrative.

**Role of time.** The discussion of time in much research on organisational identity to date has focused on whether identity is enduring or not, i.e. on debating the seminal claim by

Albert and Whetten<sup>9</sup> that identity is defined by those features and characteristics of organisations that endure over time. Recently, however, new conceptualisations of identity as emergent from “identity dynamics”<sup>10</sup> and “adaptive instability”<sup>11</sup> among organisations and stakeholders have given rise to a “temporal perspective” on organisational identity, as suggested by Schultz and Hernes.<sup>12</sup> De-emphasizing identity as a configuration of features, i.e. a state, at a particular point in time, this perspective encourages organisational scholars and managers to develop an understanding of identity that honours the flow of time by exploring how past, present and future configurations of features are connected as the organisation transitions through them. This emphasis on the flow of events necessarily contextualises theorising about identity, grounding it in particular historic contexts and empirical settings and eschewing abstractions in time and space.

A process-based view can thus shed light on the origins and salience of organisational identity, which might stem from notable events or eras in a nation’s political, cultural or industrial history. Organisations develop their sense of selves by using vocabulary that is available to them to construct some aspects of themselves and their interactions with others as significant and meaningful. But vocabularies and concepts, as well as understandings of what matters or should matter for an organisation, evolve over time and have a history. For example, in their work on micro-breweries Kroezen and Heugens<sup>13</sup> showed how contemporary microbrewers evoked and used symbols associated with the origins of beer brewing in their local communities as they built organisational identities for themselves; and how these connections between a community’s past heritage of brewing and the microbrewers’ present operations made the beers more authentic and attractive in the eyes of consumers. Ancient markers of meaning for beer were reinterpreted and given new relevance for consumers.

The relevance of a “temporal perspective” for exploring organisational identity was demonstrated by Schultz and Hernes<sup>14</sup> in their comparative analysis of how the past was connected to the future in different ways during several identity reconstructions in LEGO Group. The mobilisation of a story of LEGO’s origins was a very important part of the turn-around for LEGO Group, as it set the direction for what kind of company LEGO eventually stated it wanted to become by refocusing itself on building toys, play and systematic creativity. In contrast with earlier attempts to learn from the immediate past, the new CEO, who was the first non-family member to lead the company, returned to the company’s earliest origins, long before the famous LEGO brick was even invented, to access and reinterpret fundamental ideas of the founder about “only the best is good enough” in relation to how children should play – in the past *and* in the future. This was complemented by the evoking of symbols and telling of stories about the founder, which were used by management to engage employees in the process of identity reconstruction. Also, in expanding the

reaching stakeholders, such as name, logo, trademarks and house-style. More recently notions of identity management have been expanded to include the articulation of a system of identity claims, e.g. vision, mission and values, and establishment of systems to ensure that these claims are enacted by organisational members. A process-based view does not ignore the importance of articulating such identity claims, but they are conceived as just one contribution to an on-going process of identity (re)construction rather than as its fixed and final goal. In contrast to the entity-based view, management is no longer assumed to be in full control of deciding and determining the organisation’s identity. Rather, the role of management is understood to be one of directing and facilitating continuous dialogues about what and how the organisation is becoming with both internal and external stakeholders. Such dialogue may take multiple forms, as companies develop programs for employee engagement and create new arenas and mechanisms for direct interaction with other stakeholder groups who are increasingly being invited to participate as co-creators.

Management is understood to be one of directing and facilitating continuous dialogues about what and how the organisation is becoming with internal and external stakeholders.


time scale relevant to identity reconstruction, it provided the new CEO with legitimacy, as he became represented as both a continuation of the founder’s beliefs about child’s play and a contemporary translation of these beliefs for a world where bricks and bytes were being integrated to compete in the global marketplace.

**Role of management.** In many companies the role of management has been understood as oversight to ensure that the organisation’s identity as well as the desired visual representation of this identity are expressed clearly and consistently in all communications

In enabling and participating in multi-stakeholder dialogue, management can probe, amplify or dampen insights and perceptions of different stakeholders in order to draw on them as valuable contributions to the organisation’s identity. For instance, when the new CEO of LEGO Group identified and engaged in meaningful dialogue with adult fans of LEGO toys he realised that they were an overlooked, but potentially very important, source of ideas for innovation and for renewal of the company’s identity and brand. Their contributions were key to innovations that helped to regain the “coolness” of the brand and

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paved the way for organising new forms of dialogue between consumers and employees – ways that are still expanding on-line and off-line. In this way, top management can orient (but not fully determine) the direction for identity evolution in the future by serving as a bridge to particular periods in the past and by giving these periods specific meanings; and can fuel identity evolution by initiating new forums for dialogue with stakeholders.

A process-based view suggests exciting new ways for thinking about – and managing – identity in and around organisations. In positing that questions of identity are never settled because an organisation's identity is continuously reconstructed through conversations among key internal and external stakeholders who bring different resources and experiences to the discussion, a process-based view both challenges and complements the entity-based view of organisations that is currently dominant. In so doing, it provides management practitioners with a theoretical basis for creating innovative solutions to the dual challenge of stakeholder engagement and identity management. 

In writing of this article we build on “*Constructing Identity in and Around Organizations: Introducing the Second Volume of “Perspectives on Process Organization Studies”*” by Schultz, M., Maguire, S, Langley, A. and Tsoukas, H. It is the introduction to Schultz, M., Maguire, S, Langley, A. and Tsoukas, H. (eds) (2012) *Constructing Identity in and around Organizations* Oxford: Oxford University Press. Some passages of this article are directly cited from the introduction. We thank our co-authors and co-editors and the publisher for their support and permission. For the full series of Process Organization Studies see: <http://ukcatalogue.oup.com/category/academic/series/business/pros.do>

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