

## RESPONDING TO ORGANIZATIONAL IDENTITY THREATS: EXPLORING THE ROLE OF ORGANIZATIONAL CULTURE

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**In this paper, we present a longitudinal study of organizational responses to environmental changes that induce members to question aspects of their organization's identity. Our findings highlight the role of organizational culture as a source of cues supporting "sensemaking" action carried out by leaders as they reevaluate their conceptualization of their organization, and as a platform for "sensegiving" actions aimed at affecting internal perceptions. Building on evidence from our research, we develop a theoretical framework for understanding how the interplay of construed images and organizational culture shapes changes in institutional claims and shared understandings about the identity of an organization.**

To maintain our identity we have to renew it.

—*What?* (Bang & Olufsen house magazine),  
November 1993

Research on organizational identities indicates that events that call into question members' beliefs about central and distinctive attributes of an organization can challenge collective self-perceptions and self-categorizations (Dutton & Dukerich, 1991; Elsbach & Kramer, 1996; Golden-Biddle & Rao, 1997). Organizational scholars have generally referred to these potentially disrupting events as "identity threats" (Elsbach & Kramer, 1996; Ginzel, Kramer, & Sutton, 1993).

Past research on identity threats has highlighted the interplay between organizational identities and construed or desired organizational images, portraying organizational responses aimed at restoring alignment between who members think they are as an organization (Albert & Whetten, 1985) and how they believe they are perceived—or would like to be perceived—by others (Dutton & Dukerich, 1991; Gioia & Thomas, 1996; Gioia, Schultz, & Corley, 2000). Such emerging representation of identity dynamics, however, seems to emphasize external responsiveness,

either through manipulation of external perceptions (Ginzel et al., 1993) or adaptation to external changes (Gioia et al., 2000), over internal coherence.

Although researchers have explicitly acknowledged the role of organizational practices, norms, symbols, and traditions in providing substance to collective self-perceptions (e.g., Albert & Whetten, 1985; Dutton, Dukerich, & Harquail, 1994), how these manifestations of organizational culture affect identity dynamics seems to be largely unexplored. Unlike conceptualizations of identity-image dynamics, ideas about identity-culture interrelations have been based on anecdotal or illustrative evidence only (e.g., Fiol, 1991; Fiol, Hatch, & Golden-Biddle, 1998; Rindova & Schultz, 1998). In this paper, building on findings from a longitudinal field study of three organizational responses to identity-threatening environmental changes in one organization over 25 years, we examine how organizational culture shapes responses to identity threats and, along with external images, drives identity dynamics. Our findings provide an empirically based account of culture-identity dynamics and point to the role of culture in informing and supporting sensemaking and sensegiving processes triggered by external changes that induce members to reevaluate aspects of their organizational identity.<sup>1</sup> Our findings provide evidence of a dynamic relationship between organizational culture, identity, and image that, so far, has been suggested only at a theo-

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<sup>1</sup> Following earlier research (Weick, 1995), by "sensemaking" we refer to the act of constructing interpretations of ambiguous environmental stimuli; by "sensegiving" we refer to the deliberate attempt to shape the interpretations of others (Gioia & Chittipeddi, 1991).

retical level, but never systematically grounded in empirical data (Hatch & Schultz, 1997, 2000, 2002).

The broad scope of our study helped us link constructs such as identity claims (Ashforth & Mael, 1996), construed external images (Dutton & Dukerich, 1991), organizational culture (Martin, 2002; Schein, 1992), desired external images (Gioia & Thomas, 1996), and desired identity (Whetten, Mischel, & Lewis, 1992) and examine how their interactions may change members' understandings about central and distinctive attributes of an organization. In this respect, the conceptual model that emerged from our study connects various identity-related constructs and processes described in previous research, and it provides a broad framework for understanding how the interaction between external stimuli and internal sensemaking and sense-giving processes drives organizational dynamics.

In the first section of this article, we discuss the theoretical background of our study, arguing for the inclusion of both identity claims and understandings in a broad definition of organizational identity. Next, we present our research setting—Bang & Olufsen, a Danish producer of audiovisual equipment—and illustrate our methodology. In the fol-

lowing sections, we introduce a conceptual framework emerging from our research, and we provide supporting evidence from our study. Implications for theory are discussed in the final section.

## THEORETICAL BACKGROUND

Despite generally referencing Albert and Whetten's (1985) original definition of organizational identity, students in the field have developed different views of the phenomenon, and thus different interpretations of dynamism and change in organizational identities (Corley, Harquail, Pratt, Glynn, Fiol, & Hatch, 2006; Gioia, 1998; Ravasi & van Rekom, 2003; Whetten, 2006; Whetten & Godfrey, 1998). Table 1 summarizes the two principal lines of thought about organizational identity.

### A Social Actor Perspective on Organizational Identity

Some scholars, building on work in the institutional tradition (e.g., Friedland & Alford, 1991; Selznick, 1957), have emphasized the functional properties of self-definitions in satisfying the basic

**TABLE 1**  
**Perspectives on Organizational Identity: Social Actor versus Social Constructionist**

Characteristic	Social Actor Perspective	Social Constructionist Perspective
Theoretical foundations	Institutional theory	Social constructivism
Definition of identity	Organizational identity resides in institutional claims, available to members, about central, enduring and distinctive properties of their organization (e.g., Whetten, 2003).	Organizational identity resides in collectively shared beliefs and understandings about central and relatively permanent features of an organization (e.g., Gioia et al., 2000).
Emphasis on cognitive processes	Sensegiving: Identity claims are organizational self-definitions proposed by organizational leaders, providing members with a consistent and legitimate narrative to construct a collective sense of self.	Sensemaking: Shared understandings are the results of sensemaking processes carried out by members as they interrogate themselves on central and distinctive features of their organization.
Emphasis on endurance or on change	Identity claims are by their own nature enduring and resistant to change; labels tend to change rarely and never easily.	Shared understandings are periodically renegotiated among members.
Fundamental work	Czarniawska (1997) Whetten & Mackey (2002) Whetten (2003)	Dutton & Dukerich (1991) Fiol (1991, 2002) Gioia & Thomas (1996) Gioia, Schultz, & Corley (2000) Corley & Gioia (2004)

requirements of individuals and organizations as social actors: continuity, coherence, and distinctiveness (Albert, 1998; Whetten & Mackey, 2002; Whetten, 2003). In other words, these scholars conceive of identity as “those things that enable social actors to satisfy their inherent needs to be the same yesterday, today and tomorrow and to be unique actors or entities” (Whetten & Mackey, 2002: 396). According to this view, organizational identity resides in a set of *institutional claims*—that is, explicitly stated views of what an organization is and represents—that are expected to influence its members’ perceptions of central, enduring, and distinctive features of the organization by providing them with legitimate and consistent narratives that allow them to construct a collective sense of self (Czarniawska, 1997; Whetten & Mackey, 2002).

In our view, proponents of this conception tend to emphasize the *sensegiving* function of organizational identities, linking identity construction to the need to provide a coherent guide for how the members of an organization should behave and how other organizations should relate to them (Albert & Whetten, 1985; Whetten, 2003). Through formal identity claims, then, organizational leaders and/or spokespersons attempt to influence how internal and external audiences define and interpret the organization, by locating it within a set of legitimate social categories.

Advocates of this perspective generally conceive of organizational identity as a set of emotionally laden, stable, and enduring self-descriptions or characterizations. As Ashforth and Mael observed: “A collective identity provides a sense of self and meaning, and places one in a wider social context. . . . given the importance of an organization’s soul to its members, a certain degree of inertia is not only inevitable, but desirable” (1996: 52–53). Proponents of a social actor perspective, therefore, observe how deeply held beliefs, embodied in formal claims, tend to change only rarely and never easily (Whetten & Mackey, 2002). External occurrences that challenge an organization’s claims are likely to trigger responses aimed at countering identity-threatening events and preserving personal and external representations of what the organization is or stands for (Albert & Whetten, 1985; Ginzler et al., 1993).

### **A Social Constructionist Perspective on Organizational Identity**

Empirical evidence of changing interpretations of the identity of organizations, however, has led other scholars to observe how members’ beliefs about central and distinctive characteristics of their

organization may indeed evolve in the face of internal and external stimuli (Corley & Gioia, 2004; Dutton & Dukerich, 1991; Fiol, 2002; Gioia & Thomas, 1996). These scholars have shifted attention from formal claims to, as Gioia and colleagues put it, “*collective understandings* of the features presumed to be central and relatively permanent, and that distinguish the organization from other configurations” (2000: 64; emphasis added). In their view, organizational identities reside in shared interpretive schemes that members collectively construct in order to provide meaning to their experience (Gioia, 1998). These shared schemes may or may not correspond to their organization’s official narrative (Ashforth & Mael, 1996).

According to Fiol, the adoption of a social constructionist approach emphasizes the *sensemaking* process that underlies the social construction of organizational identities, as “meanings and meaning structures . . . are negotiated among organizational members” (reported in Whetten and Godfrey [1998: 36]). Scholars embracing this perspective have observed how substantial organizational changes tend to require alterations in the way members interpret what is central and distinctive about their organization. In other words, substantial changes require members to “make new sense”—to develop new interpretations—of what their organization is about (Fiol, 1991; Gioia & Chittipeddi, 1991).

Research in this tradition examines how members develop collective understandings of their organization and how these affect organizational changes (e.g., Corley & Gioia, 2004; Fiol, 1991) and strategic decisions (e.g., Gioia & Thomas, 1996). In fact, proponents of a social constructionist perspective expect shared beliefs to be subjected to periodic revision, as organizational members modify their interpretations in light of environmental changes. Accordingly, these scholars generally downplay endurance as a constitutive property of organizational identities and observe how strategic responses to environmental changes may be driven by organizational leaders envisioning and promoting new conceptualizations of an organization (Corley & Gioia, 2004; Fiol, 2002; Gioia & Thomas, 1996). These scholars do not deny the relative endurance of formal claims, or their importance in preserving a sense of self and continuity, yet they observe that the meanings associated with these claims may evolve as organizational members try to adapt to changing environments (Gioia et al., 2000).

By changing the focus of attention from formal claims to meanings and understandings, social constructionist research highlights the dynamism in organizational identities and encourages scholars

to investigate organizational responses to severe external changes that induce members to reconsider the sustainability of presumed core and distinctive features (Corley & Gioia, 2004; Gioia et al., 2000).

### Organizational Identity as Claims and Understandings

We believe that the respective emphases of the two perspectives—institutional claims and collective understandings—represent different aspects of the construction of organizational identities. Together, the social actor and social constructionist views suggest how organizational identities arise from sensemaking and sensegiving processes through which members periodically reconstruct shared understandings and revise formal claims of what their organization is and stands for. One needs, therefore, to account for both perspectives to fully understand organizational responses to identity-threatening environmental changes.

Although both groups of scholars often use the same term, “organizational identity,” without any additional qualification, they seem to focus on complementary aspects of the same phenomenon. On the one hand, proponents of an institutional view tend to focus on the discursive resources, or “identity claims,” available for organizational members to use to construct a sense of collective self, implying that the former will influence the latter. On the other hand, adopters of a social constructionist view concentrate on shared emergent beliefs about central and distinctive features of an organization—what we could call “identity understandings.” They acknowledge the possible influence of an official organizational narrative on emergent understandings, but they underline the central role of members’ interpretations of formal claims. Whereas the first perspective emphasizes institutional constraints channeling and shaping members’ interpretations (Czarniawska, 1997), the second emphasizes human agency: the freedom that organizational members enjoy in renegotiating shared interpretations about what their organization is about and what its official identity claims really mean to them (see Gioia et al., 2000).

We believe that the juxtaposition of these perspectives will produce a more accurate representation of organizational identities as dynamically arising from the interplay between identity claims and understandings—or, in other words, between who members say they are as an organization (*identity claims*) and who they believe they are (*identity understandings*). In this respect, we argue that

identity claims and understandings represent two interrelated dimensions (or levels) of organizational identity that generate an embedded dynamic, as the former are expected to reflect organizational leaders’ interpretations and to influence other members’ understandings. Whether claims and understandings will come to coincide and how they may do so is, we contend, an empirical question.

### Adapting Identity to Environmental Changes

In their seminal article, Albert and Whetten (1985) advanced the idea that external pressures increase the likelihood that organizational members engage in explicit reflection on identity issues. Later, in a work representing several views and authors (Barney et al., 1998), Huff extended this line of argument, shifting attention from the nature of an event to its interpretation by organizational members as a source of stress demanding substantial alterations in core and distinctive organizational features. In fact, recent studies have indicated that substantial environmental changes may challenge the sustainability of organizational identity (Bouchikhi & Kimberly, 2003; Brunninge, 2004).

Past research has indicated how members’ responses to environmental changes and adjustments in collective understandings are affected by construed (Carter & Dukerich, 1998; Dutton & Dukerich, 1991) or desired organizational images (Fombrun & Rindova, 2000; Gioia & Thomas, 1996). Building on this research, Gioia, Schultz, and Corley (2000) offered a conceptual elaboration of identity-image interdependence, arguing that comparisons between internal and (construed) external perceptions occasionally trigger attempts to alter identity or image. Gioia and colleagues, however, observed how various conditions are likely to constrain the image-driven shift of organizational identities. As these authors concluded, “Organizations cannot construct just any arbitrarily chosen identity. Changes in identity are constrained within non-specified, but nonetheless moderating, environmental bounds” (Gioia et al., 2000: 73).

Later research has reinforced the idea that identity changes are not shaped solely by shifting organizational images. A study of a failed attempt to redefine general perceptions of a British institute of higher education to achieve “university status” showed that members are likely to reject new conceptualizations that they perceive as incoherent with organizational history, tradition, and their sense of self, along with the changes they are expected to promote (Humphreys & Brown, 2002). Conversely, in Dutton and Duk-



erich's (1991) study at the New York Port Authority, managers pushed by a deteriorating organizational image reconsidered their rigid approach to the issue of homelessness and came to perceive the adoption of a more humane and socially responsible line of action as closer to the agency's skills and traditional commitment to the region's welfare. Together, these studies foreshadow a relationship between changing identity claims and understandings, and deeper assumptions and beliefs embodied in organizational traditions, structures, and practices—in other words, a relationship between organizational identity and culture.

### Organizational Identity and Culture

In the last few decades, management scholars have proposed various definitions for the concept of organizational culture (see Martin, 1993; Schultz, 1995; Smircich, 1983). In this article, we broadly define organizational culture as a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations (Fiol, 1991; Louis, 1983; Martin, 2002). These largely tacit assumptions and beliefs are expressed and manifested in a web of formal and informal practices and of visual, verbal, and material artifacts, which represent the most visible, tangible, and audible elements of the culture of an organization (Schein, 1992; Trice & Beyer, 1984).

In the past, the relationships between organizational identity and culture have been examined mainly at a conceptual level. Advocates of a social actor perspective have observed how organizational culture may serve as an important source of self-other distinction and act as a "signifier" of organizational identity (Whetten, 2003: 30). In other words, for these scholars, unique values, beliefs, rituals, and artifacts may help organizational members substantiate their identity claims and express their perceived uniqueness (Albert, 1998; Albert & Whetten, 1985). As Albert remarked, "From this perspective, the relationship between identity and culture is clear: A particular culture [. . .] may, or may not, be part of the answer to the identity question: Who am I? What kind of firm is this?" (1998: 3).

Theoretical works in a social constructionist tradition, conversely, have emphasized the common nature of these constructs and their reciprocal influence in affecting sensemaking in organizations (Fiol, 1991; Fiol et al., 1998; Hatch & Schultz, 1997). Proponents of this perspective view both organizational culture and identity as collectively shared interpretive schemes. However, while organizational culture tends to be mostly tacit and autonomous and rooted

in shared practices, organizational identity is inherently relational (in that it requires external terms of comparison) and consciously self-reflexive (Fiol et al., 1998; Hatch & Schultz, 2000, 2002; Pratt, 2003).

According to Fiol (1991), organizational identities help members make sense of what they do—as defined by tacit cultural norms and manifested in visible and tangible artifacts—in relation to their understanding of what their organization is. Organizational identities, then, provide the context within which members interpret and assign profound meaning to surface-level behavior. Taking seriously the idea that organizational culture acts as a context for sensemaking efforts, later contributions have underlined how these efforts also include attempts at internal self-definitions (Hatch & Schultz, 2002): "Identity involves how we define and experience ourselves, and this is at least partly influenced by our activities and beliefs, which are grounded in and interpreted using cultural assumptions and values" (Hatch & Schultz, 2000: 25).

These contributions have emphasized the interrelatedness of organizational identity and culture that manifests as organizational members draw on organizational culture, as well as on other meaning-making systems (professional culture, national culture, etc.), to define "who we are as an organization" (Fiol et al., 1998; Hatch & Schultz, 2002). With this emphasis, these scholars have converged with proponents of a social actor perspective in advancing the idea that organizational culture supplies members with cues for making sense of what their organization is about—and for "giving sense" of it as well.

Despite some empirical evidence of the influence of shared history, traditions, and symbols on member's reevaluations of self-definitions (e.g., Albert & Whetten, 1985; Brunninge, 2004; Fombrun & Rindova, 2000; Gioia & Thomas, 1996), the issue has never been subjected to systematic investigation. Our research was initially intended to increase our understanding of organizational responses to identity-threatening environmental changes. Evidence gathered in the course of our study directed our attention to the underexplored role of organizational culture in driving identity dynamics and led us to reframe our study as an empirical investigation of how identity, image, and culture interact in driving responses to identity threats.

## METHODS

### Research Setting

Our research was based on a longitudinal study of Bang & Olufsen, a Danish producer of audio-video systems. At the time of our study, in the mid

90s, Bang & Olufsen (“B&O” from now on) employed around 2,600 people worldwide. The company’s annual turnover had risen significantly from 2,180 million Danish kroner in 1992 to more than 3,700 million (513 million euros) at the end of 2000. Its geographical scope had gradually expanded beyond Europe and reached 42 countries by the end of the 90s.

B&O was founded as a radio manufacturer in 1925 in the village of Struer in the north of Denmark. Very early in the life of the company, significant technological innovations and the painstaking care of its founders (Peter Bang and Svend Olufsen) for the quality of components and manufacturing earned the company an excellent reputation, as the first corporate motto, “B&O—The Danish Hallmark of Quality,” proudly boasted. In the following decades, attention to design and style intensified and led to the fortunate involvement in product design of renowned Danish architects and industrial designers. Between 1972 and 1998, however, three times recurrent competitive threats and environmental changes induced organizational leaders to explicitly address issues of organizational identity and to reevaluate their beliefs about core and distinctive features of the organization. In all three cases, the process culminated in a revision of formal identity claims. This history gave us a rare opportunity to study identity-related processes across three explicit responses to perceived identity threats within the same organization.

## Data Collection

The sources of empirical evidence we relied on to analyze responses to identity threats at B&O can be divided into five general categories:

**Semistructured interviews.** We conducted a total of 50 semistructured interviews with 40 organizational members. Our sampling logic moved from purposeful to theoretical (Locke, 2001): we initially interviewed people who could provide rich and insightful information on the identity-related projects of interest. Later, we theoretically selected our informants on the basis of specific research interests. To deepen our understanding of the environmental and strategic issues the company had faced, we interviewed all members of the top management team running the company during the 90s and some retired executives who could illuminate us on an early attempt to formally define the identity of the company (this definition is described later as “the Seven Corporate Identity Components”). In order to investigate in more detail how the revision of identity claims and understandings was actually carried out, we also interviewed all

members of project teams that in 1993 and 1998 formulated or reformulated identity claims, and most team members that participated in the earlier identity-related program mentioned above. Finally, to reduce the risk of capturing only a narrow set of potentially biased interpretations, we also interviewed national and international middle managers involved in “identity seminars” at the firm (see below), as well as company employees at different levels. Overall, our informants included 8 top managers, 24 middle managers, 4 staff members and technicians, and 4 retired executives; 22 of these individuals came from the firm’s headquarters, and 18 came from the international network. Interviews ranged from a half-hour to two hours, and most of them were tape-recorded. Whenever this was not possible, we took detailed field notes.

**Identity seminars.** Both in 1993 and 1998, new identity claims were introduced and debated during company seminars. We had access to transcripts of all the seminars held between December 1993 and January 1994, which included all headquarters employees. In 1998, one of us participated in ten seminars involving the CEO and 450 managers and dealers. Participation in the identity seminars allowed informal conversations (not counted as interviews) with 45 middle managers. These conversations offered an important forum for testing ideas and emergent interpretations with organizational members, and we included issues emerging from them in our field notes. Finally, one of us had the opportunity to interact with 20 top managers of the company during three full-day seminars between 1997 and 1999.

**House magazines and other internal communication tools.** The first house magazine published by B&O, *B&O Magazine*, was founded in late 1991 and purposefully used by the top managers to sustain change efforts in the early 90s (the “Break Point” project described later). The internal publication *What?* later replaced *B&O Magazine*. Our database included issues of these magazines published between November 1991 and December 1995, comprising a total of 476 pages. In 1996, *What?* was replaced by *Beolink*, initially published in 12 languages and distributed to all the firm’s dealers as well as at headquarters. We also gained access to other documents, such as identity manuals, posters, and the like, used to illustrate and diffuse new identity statements internally.

**Annual reports and other external communication tools.** We carefully analyzed annual reports from 1989 through 2000, the corporate Web site in various stages of development, and other documents intended for external communication. Between 1992 and 1994, the company’s annual re-

ports included interviews with managers or other employees and detailed descriptions of corporate strategies, the new vision, and the logic underlying changes.

**Corporate histories and other archival material.** Archival search helped us track the evolution of B&O's corporate and business strategy, its strategic goals, and links to the evolving identity claims. We had also access to the reports of the internal task forces that in 1997 conducted exploratory work on fundamental values and future strategic directions. Finally, two corporate histories of the firm were of critical importance to our understanding of the evolution of organizational identity at B&O. The first (Poulsen, 1997) reported a detailed analysis of the recent history of the company. The second (Bang & Palshøy, 2000), written by two important leaders of B&O in the 60s and 70s, contained insightful retrospective reflections on early identity management programs.

### Data Analysis

Our study started as two separate research projects that converged into a common investigation. Both authors shared an interest in how environmental changes affect organizational identities. In 1992, when the reexamination of organizational identity at B&O was already underway, the first author gained access to members of the task force that had been in charge of redefining the identity claims of the company. Data collection began soon after the completion of the projects leading to the redefinition of identity statements. The researcher was never involved in any internal or external communication activity, and there is no evidence that his work affected the process in any way.

In 1997, the second author was introduced to the company as a speaker to the top management group, and soon afterwards she negotiated permission to conduct a two-year intensive study of how the company responded to new environmental threats. During the identity seminars carried out in 1999, she acted as a nonparticipant observer. She did not have a formal role or responsibility in the process. She was asked to share with top managers observations on the interpersonal dynamics occurring during seminars, but there is no evidence that her feedback had an impact on internal initiatives aimed at diffusing and illustrating the new claims.

In the summer of 1999, we two authors discovered we had both examined the same company adopting similar approaches but focusing on different periods of company history. In the following months, we started a mutual exchange of data in order to integrate, compare, and elaborate our re-

spective databases. Further data collection on an earlier process leading to the development of the first formal identity statement at B&O, dating back to 1972, extended our longitudinal analysis over a time span of more than 25 years and across three different responses to perceived identity threats. Each of the three responses was considered a separate case, although each case provided contextual information for analyzing later events.

Following the merger of the databases, we established a common protocol of analysis. Interview transcripts and other pieces of text produced by organizational members (transcripts from the seminars, articles from the house magazines, retrospective narrations from corporate biographies, etc.) served as primary data for our analysis. We also used internal documents, annual reports, and other archival material to increase our understanding of the processes. Our purpose was to build on existing concepts in organizational identity research to develop a more comprehensive framework for understanding how organizations react to identity-threatening external events. In this respect, our analysis was aimed at elaborating theory, rather than at generating a completely new theoretical framework (Lee, Mitchell, & Sablinski, 1999).

Data analysis followed prescriptions for grounded-theory building (Glaser & Strauss, 1967; Locke, 2001) and relied initially on a coding phase. Databases were searched for identity-related incidents—that is, concepts, actions, and statements that were explicitly related to the investigation, elaboration, definition, and communication of organizational definitions. During this search, which we conducted independently, we identified various terms and concepts that our informants related to the identity of the organization. The literature on organizational identity and on related constructs (image, culture, etc.) offered us a terminology and a conceptual reference that helped us relate each incident (e.g., a market survey of consumers' perceptions of the firm) to a more general category (e.g., analyzing external perceptions). Tables (Miles & Huberman, 1994) and category cards (records of categories including related data incidents [Locke, 2001]) facilitated comparison of each other's interpretations of categories. Discrepancies were usually solved through mutual agreement. In this phase, triangulation of sources (interviews, seminars, house magazines, etc.) helped us refine and strengthen our emerging categories (Glaser & Strauss, 1967).

In this initial stage, categorization brought us to identify a number of identity-related concepts and actions that seemed to underpin organizational responses to environmental changes. Subsequent

readings of our data were dedicated to merging concepts and actions into more general conceptual categories—a procedure Locke (2001) labeled “comparing”—in order to gradually move from our informants’ account of the process to a more general explanation. Building on insights from our earlier round of analysis, we first divided actions into the externally oriented (primarily aimed at exploring and influencing external perceptions) and the internally oriented (primarily aimed at reflecting on organizational features and influencing internal perceptions). Further attempts to group identity-related actions brought us to categorize some identity-related actions as sensemaking or sensegiving actions, given their roles in the change processes (Gioia & Chittipeddi, 1991). Sensemaking actions included those that underpinned the reevaluation of core members’ interpretations of core and distinctive attributes of the company (e.g., interorganizational comparison, exploration of refracted images, etc.). Sensegiving actions referred to managerial actions that supported the presentation and illustration of new identity claims to internal and external audiences (e.g., promoting coherence, rooting in history, etc.). Eventually, most identity-related actions were categorized according to both their orientation (internal vs. external) and role (sensemaking vs. sensegiving) and grouped into four main processes that appeared to drive identity dynamics.

In the next stage of the analysis, we concerned ourselves with how the various conceptual elements we had identified could be linked into a coherent framework explaining organizational responses to identity threats. Initially, within-case analysis helped us link the actions and concepts into a tentative framework explaining how the revision of formal identity claims occurred at B&O over the three periods. At this stage, memos from previous rounds (notes capturing early insights from the first reading of the data [Glaser & Strauss, 1967]) supported our efforts to uncover the relationships between our concepts. Later, comparisons of cases helped us increase the robustness of our model by refining the boundaries of our categories and by dropping conceptual categories or subcategories that appeared to be less relevant to a general account of the process. After some iteration among the different sets of data and between data and theory, we converged on a tentative framework. Positive feedback on our tentative interpretations from different informants reinforced our confidence in the reliability of our constructs and model (Lee, 1999).

We believe that the peculiar structure of our study actually reinforced the validity of our explan-

atory framework. First, although we started our research with the same general interest, our respective conceptual foundations were only partly overlapping, thus reducing the possibility of a biased interpretation of the collected data. Furthermore, prescriptions for grounded theory building advise subjecting data to the separate analysis of different researchers. In this respect, a substantial convergence on a similar framework for understanding the observed phenomenon increased our confidence in the internal validity of our analysis (Miles & Huberman, 1994). Furthermore, our tentative frameworks were submitted to colleagues involved in research on organizational identities, and their comments often proposed alternative explanations to be examined and helped us refine our provisional interpretations (Locke, 2001).

Finally, in order to corroborate our interpretations and increase the robustness and generalizability of our framework, we compared our findings with available studies of reexaminations of identity claims and understandings (e.g., Brunninge, 2004; Gioia & Thomas, 1996; Fombrun & Rindova, 2000). Evidence from related studies, in fact, indicated that identity dynamics similar to what we observed seemed to occur, albeit less visibly, in other organizations engaged in similar processes, which increased our confidence that what we had observed reflected more general dynamics occurring in organizations facing identity threats.

## FINDINGS

A comparative analysis of the way managers at B&O responded to identity-threatening environmental changes at different times revealed similar patterns of behavior. In this section, we describe the theoretical framework emerging from our data and define and illustrate each element. Figure 1 summarizes our theoretical framework.

Table 2 provides an overview of how the various processes described in Figure 1 unfolded.

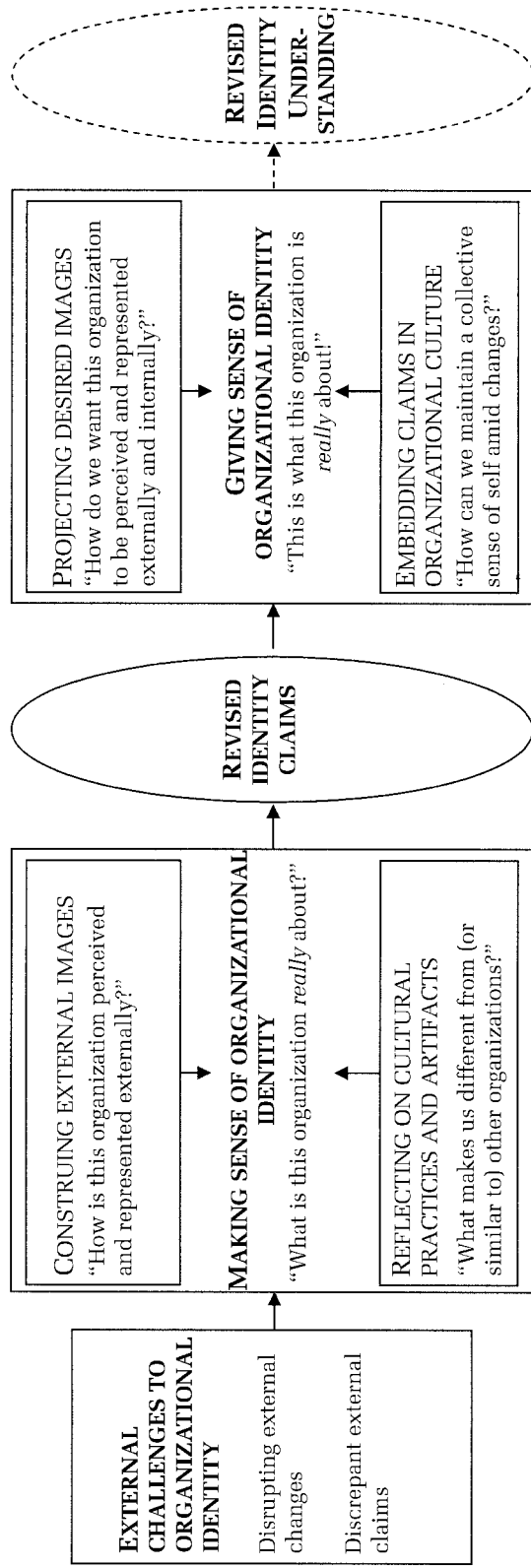
Following earlier work deriving a process model from a rich, longitudinal study (e.g., Sutton & Hargadon, 1996), we developed a detailed overview of how the core elements of the emerging model were grounded in evidence from each source of data. Table 3 presents this overview.

### External Challenges to Organizational Identity

At three different times between 1972 and 1998, environmental changes induced the managers of B&O to interrogate themselves as to the features that were *really* central and distinctive to the organization.



**FIGURE 1**  
**Organizational Response to Identity Threats: A Theoretical Model<sup>a</sup>**



<sup>a</sup> The dotted line indicates relationships and constructs for which we could collect only limited evidence.

**TABLE 2**  
**Stages of Response to Identity Threats at Bang & Olufsen, 1972–98**

Stages	Identity Threats and Organizational Responses		
	<b>Seven Corporate Identity Components, 1972:</b> <i>Increasing competition from large-scale Japanese competitors</i> <i>Pressures from dealers to adopt Japanese formats</i>	<b>Break Point, 1993:</b> <i>General recession and loss of market appeal</i> <i>Drifting organizational images (industry analysts, retailers, customers)</i>	<b>B&amp;O United, 1998:</b> <i>Competitors enhance the design content of their products</i> <i>Open threat of imitation by competitors like Thomson and Sony</i>
Construing external images	External recognition reinforces confidence in the corporate design philosophy.	Consumer surveys are carried out to identify distinctive attributes of the company and the product.	Evaluation of perceptions by international brand experts. Examination of consumer stories.
Reflecting on cultural practices and artifacts	Reflection on how products have been designed. Japanese products are used as a negative term of comparison. Identity is defined in terms of design principles and practices.	Reflection on the distinctive traits of the company and the products. Explicit comparison with competitors' claims. Identity is defined in terms of core technologies and product features.	Reflection on the cultural heritage of the company (Bauhaus style, etc.). Positioning against drift toward exclusivity. Identity is defined in terms of members' behavior and product features.
Revision of identity claims	One team formulates The Seven Corporate Identity Components: authenticity, autovisuality, credibility, domesticity, essentiality, individuality, and inventiveness.	One team formulates a synthetic definition: "The best of both worlds—Bang & Olufsen, the unique combination of technological excellence and emotional appeal."	One task force proposes a set of values, later approved by top management: excellence, synthesis, and poetry.
Projecting desired images	Corporate slogan: "Bang & Olufsen: We think differently." The Seven CIC are intended as guidelines for advertising campaigns.	Awareness of organizational identity is spread throughout the dealers' network (Match Point Program) and diffused externally through other initiatives (e.g., "vision forum").	Dialogue is initiated in local seminars with the dealers, and it is later carried out through reshaping external communication, taglines, and visual expression.
Embedding claims in organizational culture	Identity is illustrated in terms of design principles and established practices. Identity is diffused in the organization through a manual, posters, internal seminars, etc.	Identity is presented in terms of core competencies. An exhibition, <i>The Curious Eye</i> , traces the roots of the identity back in the corporate history.	Values are presented and discussed in "value seminars," facilitating further internal dialogue by cascading.

In 1972, increasing competition from Japanese producers motivated CEO Ebbe Mansted's decision to stimulate B&O managers' reflections on core and distinctive features of the company. Japanese producers had entered the European markets with a low-price, high-volume strategy. As one of our informants observed, there was pressure from audio-visual dealers for B&O to be "more like the Japa-

nese"—that is, to alter product design to conform to Japanese standards (modular square shapes, traditional knobs, hi-fi performance, etc.).

The rise of Japanese competitors raised questions about the sustainability of the expensive niche strategy B&O had pursued, which was expressed in the corporate motto, "Bang & Olufsen: for those who discuss design and quality before price."

**TABLE 3**  
**Sources and Levels of Empirical Evidence<sup>a</sup>**

Stages	Semistructured Interviews	Identity Seminars	House Magazines and Other Internal Communication Tools	Annual Reports and Other External Communication Tools	Corporate Histories and Other Archival Material
Construing external images	<p><i>Strong evidence</i></p> <p>“Dealers were asking us to be more like the Japanese.” (1972)</p> <p>“Customers are the judge. If customers reject our values, they are useless.” (1998)</p> <p>“Brand experts related us to status symbols, smartness, and trendsetting.” (1998)</p>	<p><i>Moderate evidence</i></p> <p>“B&amp;O became a very expensive brand. . . . We have made potential buyers think our products are much too expensive and ‘not for them.’” (1993)</p> <p>“People in our target group regard B&amp;O as an unusual synergy of aesthetics and technology.” (1993)</p>	<p><i>Moderate evidence</i></p> <p>“We make products that are a reflection of our customers. . . . The organization and the culture should therefore reflect their ways of thinking and their perceptions.” (1998)</p>	<p><i>Sporadic evidence</i></p> <p>“Blind tests in the shops indicated that on average 30–40 percent of the retailers around Europe still emphasized merely the aesthetic aspects of the products.” (1993)</p>	<p><i>Sporadic evidence</i></p> <p>“In 1972 B&amp;O had captured what the Museum of Modern Art had defined as <i>good design</i>.” (1972)</p> <p>“Whilst concentrating on outer prestige, the product’s idea content and qualities were forgotten.” (1993)</p>
Reflecting on cultural practices and artifacts	<p><i>Strong evidence</i></p> <p>“The Seven CIC grew out of the design philosophy that emerged during the sixties.” (1993)</p> <p>“We were not happy with our initial definition—The ‘Artist in Audio-Video’: it focused on aesthetics and underemphasized the technology behind the products.” (1993)</p> <p>“We had the ability to challenge established boundaries of how you make radios.” (1998)</p>	<p><i>Strong evidence</i></p> <p>“Getting an overall view provides us with a better understanding of the fundamental ideas that have proven to be strong.” (1993)</p> <p>“We have a long tradition for product development and design.” (1998)</p> <p>“Design is a language. We can use designers because we have something to tell, as opposed to Philips’ adventure with Alessi.” (1998)</p>	<p><i>Strong evidence</i></p> <p>“The identity is what we are. What we come from. Our heritage.” (1993)</p> <p>“Products are created within a Scandinavian context characterized by values such as pride, integrity, reliability, and confidence in dialogue as a form of communication, as opposed to monologue as a form of address.” (1998)</p> <p>“An international product has no identity. B&amp;O is and always will be a Danish and Scandinavian company.” (1998)</p>	<p><i>No evidence</i></p>	<p><i>Strong evidence</i></p> <p>“The Seven CIC aimed at interpreting existing, but unexpressed attitudes.” (1972)</p> <p>“For the rest of the century, these significant innovations, i.e., movement and highly sophisticated mode of operation, remained a hallmark of B&amp;O’s products. More than anything else they differentiated the company from other players in the market.” (1972)</p>

TABLE 3  
Continued

Stages	Semistructured Interviews	Identity Seminars	House Magazines and Other Internal Communication Tools	Annual Reports and Other External Communication Tools	Corporate Histories and Other Archival Material
Projecting desired images	<p><i>Strong evidence</i> “Today you would call [the Seven CIC] an attempt to make one coherent brand.” (1972)</p> <p>“We are communicating the New Vision to all the retailers, asking them if they agree: if they do not, they can as well sell something else.” (1993)</p>	<p><i>Strong evidence</i> “In B&amp;O we never doubt for one moment that our identity, seen as a whole, is important to people’s views on and acceptance of us and our actions.” (1993)</p> <p>“It is important to tighten up the relations with exclusive dealers. . . . The dealers should always be evangelists of our values.” (1998)</p>	<p><i>Strong evidence</i> “If our brochures, advertisements, etc., are directed toward different groups, if we speak in different tongues, in the end, we lose our identity.” (1993)</p> <p>“It is important that all our communication activities express the same identity.” (1993)</p>	<p><i>Moderate evidence</i> “Our vision is expressed in a new business model: We call it Bang &amp; Olufsen United, because we focus and cohere around the brand. All business areas build on the same core competencies.” (1998)</p>	<p><i>Sporadic evidence</i> “Each single component was used in advertisements, brochures, at exhibitions and in shop design, such that the Seven CIC formed an overall and coherent picture of the company’s objective, goal, and special character.” (1972)</p>
Embedding claims in the organizational culture	<p><i>Strong evidence</i> “In order to diffuse the Seven CIC, we printed what later came to be known as the ‘Little Red Book.’” (1972)</p> <p>“The new vision is a confirmation of the past and a guide for the future.” (1993)</p> <p>“Synthesis is our everyday life. Poetry reminds us that we are building a cathedral, and are just carving stones.” (1998)</p>	<p><i>Strong evidence</i> “B&amp;O has a strong and desirable identity which has been created over a number of years.” (1993)</p> <p>“Verner Neertoft’s graphic work, brochures and exhibitions, and the Gutenbergus advertising campaigns became both identity-creating and identity-carrying elements.” (1993)</p> <p>“We are aware of the product design’s importance for our identity.” (1993)</p> <p>“We have a history, we are more than a name.” (1998)</p>	<p><i>Strong evidence</i> “Our ability to maintain the positive aspects of ‘the old culture’ as to idea, form, and quality is of great value.” (1993)</p> <p>“Fundamental values cannot be invented, constructed, dictated, bought, borrowed, copied, suppressed. . . . Values can be found, discovered, revealed, recognized, exposed, acknowledged.” (1998)</p> <p>“Excellence is doing things the right way, down to the smallest detail.” (1998)</p>	<p><i>Strong evidence</i> “It is equally important, amid all these changes, that the company maintains its basic identity and is aware of its heritage.” (1993)</p> <p>“B&amp;O (. . .) identity is closely connected with its products.” (1993)</p> <p>“We believe in the power of excellence. Excellence meaning the quality of materials and finish, and the quality of performance—two of our core competencies!” (1998)</p>	<p><i>Strong evidence</i> “[The Seven CIC] were drummed into our heads. We heard about it and we were tested on it.” (1972)</p> <p>“The definitive new graphic style . . . together with the product design, communicated the company’s new identity.” (1972)</p>

<sup>a</sup> “*Strong evidence*” is used to indicate a dominant theme in this data source; “*moderate evidence*,” a recurring but not prominent theme in this data source; “*sporadic evidence*,” a theme that appeared occasionally in this data source. Numbers in parentheses indicate the year of the identity-related program the data refer to; thus, 1972 refers to the Seven CICs; 1993, to Break Point; and 1998, to Bang & Olufsen United.



As our informants reported, however, B&O managers doubted that imitating Japanese competitors would be good for the company, or even possible. Furthermore, they felt that conforming to external expectations would have meant the loss of B&O's unique design philosophy, a loss no management team member was even willing to consider. Nevertheless, in order to address external changes and expectations, they felt the need to reevaluate and formalize what really made the company (and hence its products) different from the Japanese companies and products. As a participant reported later:

The task was not to lay a new foundation, but to formulate values that were already part of Bang & Olufsen's identity and then select the strongest elements for the company's international future. (Bang & Palshøj, 2000: 86)

Eventually, the team's reflections coalesced into the Seven Corporate Identity Components, or the Seven CIC—authenticity, “autovisuality” (self-explanatory design features), credibility, domesticity, essentiality, individuality, and inventiveness—a set of features that, in the eyes of the top managers, distinguished the company and its products from other producers of audiovisual equipment. The Seven CIC were shared with the rest of the organization through various internal communication devices, including a manual that came to be known as “the little red book.”

Throughout the 1970s, product development and communication followed the Seven CIC. Over time, however, members' understandings, as expressed in product and market strategies, seemed to drift. With the tacit approval of new CEO Vagn Andersen, product developers designed increasingly sophisticated and expensive equipment. Powerful subsidiaries repositioned products as luxury objects and status symbols. As an internal observer retrospectively reflected:

For a time, the company tried to create a survival niche by turning B&O into a Rolls-Royce type company which focused only on exclusivity. Whilst concentrating on outer prestige, the product's idea content and qualities were forgotten. (Bang & Palshøj, 2000: 102)

In 1990, however, economic recession and the end of the yuppie culture, which had spurred sales of B&O products during the 80s, abruptly halted the tacit drift towards luxury and led the company into severe financial trouble. The sudden decline in sales, combined with research revealing that a large number of retailers portrayed B&O as a producer of beautiful boxes with average technical quality,

brought managers to conclude that changes in the product line and communication policies required a convergence around a new understanding of what Bang & Olufsen was about. A few months later, a new CEO, Anders Knutsen, initiated a program called Break Point '93, which was aimed at refocusing the organization on the “distinctiveness of its product and its spirit.” After several informal meetings, the group in charge of revising the identity statement produced a phrase that would later be known as “The New Vision”—“The best of both worlds: Bang & Olufsen, the unique combination of technological excellence and emotional appeal.”

Between 1994 and 1996, sales and profits soared. At the end of 1996, however, the high growth rates of the previous years began to slow down. In the following months, some competitors declared their intention of invading the profitable niche for “design products,” threatening the unique position of the company. An occasional restyling of its products by well-known designer Philippe Starcke led low-cost producer Thomson to enthusiastically declare that it would soon compete in the same league as B&O. Eventually, managers felt the need to formulate new plans to counter imitative attempts and support growth on a global scale. An essential part of this strategy was a much stronger reliance on exclusive stores or “shops-in-shops” in upscale department stores. Bang & Olufsen products had previously been distributed through a wide range of multibrand dealers, where they would be displayed and presented along with many other brands. Managers were, however, unsure about the possibility of fully expressing the uniqueness of their products in such a retail environment and felt that their dealers had to possess a profound understanding of the philosophy behind the products. Consequently, they triggered another wave of reviewing and clarifying the identity of the company as part of a new strategy. In their own words, they focused on “re-stating and debating the fundamental values” of the company, as these values were meant “to provide the foundation for strategic change.” This further change effort was labeled “Bang & Olufsen United.” From these reflections, top managers developed a new set of identity claims expected to support B&O's future strategy; they labeled these the three “Fundamental Values: Excellence, Synthesis, and Poetry.”

A recent conceptualization of identity change in organizations (Barney et al., 1998) rests on the idea that internal or external events that members perceive as sources of stress and pressure may lead the members to consciously reexamine their organization's identity. At B&O, the circumstances that organizational leaders perceived as threatening

shared two fundamental features (as indicated in the first box in Figure 1): first, environmental changes seemed to challenge the prospective viability of current conceptualizations of the organization and of the strategies that rested on them; and second, external changes were associated with shifting external claims and expectations about the organization, eventually leading managers at B&O to ask themselves, “Is this who we really are? Is this who we really want to be?”

### Making Sense of Organizational Identity

Recent research shows how loss of clarity about the identity of an organization may lead to what Corley and Gioia (2004) referred to as “identity ambiguity.” In this condition, multiple possible interpretations of core and distinctive organizational features stimulate organizational leaders to take action to resolve the confusion surrounding identity claims and beliefs and make new sense of “who we are as an organization.” Indeed, research on social cognition in organizations has shown how ambiguity regarding issues or events requires members to engage in constructing or reconstructing shared interpretations, allowing coordinated collective action (Gioia, 1986; Weick, 1979, 1995). Building on this notion, a stream of research on strategic and organizational change has emphasized how the initial step of a change process usually involves collective efforts to build or to revise shared understandings of the internal and external environment in order to coordinate collective efforts toward new organizational goals (Gioia & Chittipeddi, 1991; Gioia, Thomas, Clark, & Chittipeddi, 1994).

Building on this literature, we conceptualized B&O managers’ initial response to what they perceived as identity threats as a *sensemaking phase* aimed at building new interpretations or, at the very least, revising old conceptions of central and distinctive features of the organization. As they reexamined their organization’s identity, they looked both inside and outside the organization (as indicated in the second box in Figure 1), searching for cues that helped them make sense of its identity.

**Construing external images.** Researchers have observed how construed external images—members’ perceptions of how their organization is perceived externally—serve as a gauge against which members evaluate organizational action (Dutton & Dukerich, 1991). At B&O, construed external images provided members engaged in self-examination with cues that helped them interpret changes and evaluate action in the light of perceived identity threats.

In 1972, for instance, the decision to resist external pressures found support in widespread external recognition, manifested in design awards and the praise of critics. Indeed, a tangible sign came in early 1972, when the Museum of Modern Art in New York acquired seven B&O products for its permanent collection. As two members of the team that produced the Seven CIC recalled later, official recognition from MOMA gave the firm’s managers a confidence in the soundness of their approach that they had lacked in the previous decade (Bang & Palshøy, 2000).

In 1993, the influence of construed organizational images on the process was even more explicit, as the reevaluation of the identity of the organization was based on information gathered by two teams working in parallel, one of which had the mandate to investigate external perceptions of the company. A field survey with four groups of actual and potential customers reported consistent perceptions of the organizational image. Customers ranked what one informant later called “the immediate perception of technological excellence” as the primary characteristic of the company: quality of sound reproduction, reliability, and so forth. Next, customers pointed to “the emotional side of the product,” as reflected in the elegant design and the unusual mechanical movements of products. Feedback from the customer survey was later incorporated in the statement that provided a new self-definition for the organization.

Finally, in 1998, interviews with leading international brand experts alerted the team in charge of reexamining the fundamental values of the organization that the notion of “exclusivity” was still central to external perceptions of B&O. Despite internal efforts to revise understandings and aspirations, externally B&O was still widely perceived as a producer and purveyor of luxury goods, and associated, as one of our informants summarized, with “Balmain, Chateau Margoux, Dior, Mercedes . . . status symbols, trend setting and smartness.” According to team members, these perceptions reflected a mistaken understanding of the company’s past and did not capture its desired future image.

In summary, evidence from our study confirmed the influence of construed external images on identity dynamics. At Bang & Olufsen, however, members were not merely passive recipients of external feedback: as they engaged in self-examination, they deliberately used consumer surveys, blind tests in shops, expert panels, and other tools to construe external perceptions of the organization. Looking at the organizational images reflected in the mirror of stakeholders’ perceptions stimulated further elabo-

ration of environmental changes and comparative reflections about identity features.

***Reflecting on cultural practices and artifacts.***

Reinterpretation of organizational identity at B&O, however, was not underpinned solely by a comparison between internal understandings and external images. On the contrary, members seemed to assign a considerable importance to what some organizational members referred to as the “cultural heritage” of the organization, manifested in distinctive practices and objects that they perceived as a legacy of a shared past. Building on previous works on organizational culture (Martin, 1993, 2002; Schein, 1992), we labeled this process *reflection on cultural practices and artifacts*, emphasizing how organizational members interpreted embedded behavioral patterns and unique physical, linguistic, and material artifacts as manifestations of underlying assumptions and distinctive organizational traits.

In early 1972, the team entrusted with the task of defining the “corporate identity” interpreted the task as a “reflection on what we were doing” and found in product design—the most visible element of differentiation between B&O and its competitors—a natural starting point for their investigation. A review of recently developed products helped members surface the principles that had guided design choices. As chief designer Jacob Jensen retrospectively observed:

B&O was about simplicity and understandable products. They had no buttons, but were flat and horizontal opposed to the Japanese verticalism. The product had to enrich the experience by having a surprising feature. Products should be self-explanatory and communicate by themselves.

As one of our informants observed, the group gradually discovered that they had really been working according to some common tacit beliefs. Throughout the years, search for simplicity and essentiality was perceived as having inspired milestones like the audio system Beomaster 1900, which had user interfaces designed to facilitate access to music reproduction, and the one-thumb integrated remote control Beolink 1000, which could connect all the video and audio sources in a house (Bang & Palshøj, 2000).

In 1993, the group in charge of finding a new way to define the essence of the company found again in the products a starting point for making sense of what was unique about the organization. Although not denying the accuracy of earlier statements such as the Seven Corporate Identity Components, the group purposefully tried “to go deeper” into the “essence” or “spirit” of the company. As a member of the team, a communication manager, recalled:

We knew we were different from Pioneer, from Sony. We knew we were something else. We started wondering what was so special about us, about the way we do things, about our products, which made us different from them.

Group members went through a painstaking search for a precise definition of what made B&O distinctive. According to the communication manager just cited,

Every single word was subject to an obsessive search and long discussions. We started with “B&O, the artist in audio-video”; our attention was focused on the artistic-emotional aspects, and we were leaving the technological dimension to a definition of our field of activity (audio-video). But this was not enough: it was necessary to give more emphasis to the technological aspects.

Eventually group members condensed their understandings about the features that made the company unique into an identity statement, the New Vision, that, as top managers explained later, synthesized the distinctive competencies that were the foundation for a new strategy: sound-image integration, mechanical micromovements, the choice of materials, human-system interface, and design. The concept of “emotional appeal,” for instance, was linked to distinctive features of the products, such as the silent sliding doors of CD player B&O 2500, which relied on capabilities (design and mechanical micromovements) that, according to group members, no other producer possessed and no competing product featured.

Finally, when in late 1997 CEO Anders Knutsen set up a task force to reflect on the fundamental values of the company, he asked them to “identify the fundamental values of Bang & Olufsen” with “no methodological restrictions.” Despite the formal mandate, the team soon redefined its purpose as “rediscovering” rather than “constructing” fundamental values. They explicitly positioned the company’s heritage in opposition to what was described as the “drift into an international look-alike luxury brand” of the mid 80s. Team members observed how during the 80s the company had “lost touch with its heritage.” The drift towards “exclusivity” was seen as a move away from the company’s heritage, which was embedded, according to the group, in the Bauhaus tradition and reflected in a motto of that movement, “Better products for a better world.”<sup>2</sup> They found examples of

<sup>2</sup> The Bauhaus movement in architecture and design developed in the early 1920s around the work of architects and designers Walter Gropius, Marcel Breuer, and Mies van der Rohe.

the Bauhaus tradition in early products, like the Beolit 39 radio, which had a Bakelite cabinet, and in the sober elegance of the company's first trademark, readopted in 1994 as part of the Break Point program.

Eventually, the team identified a fundamental challenge in revitalizing the company's heritage, rooted in the Bauhaus-inspired balance of design, aesthetics, and technology. Reference to the Bauhaus tradition, for instance, brought them to associate "excellence" with "simplicity and modesty" and the company's ability to "make choices on the basis of patience and persistence, honesty and decency." One manager took the company's frequent use of anodized aluminum as a practical illustration of the concept: "Aluminum is excellence. Gold is exclusive." Similarly, the concept of "poetry" emerged from team members' attempts to make sense of what really differentiated B&O from relevant competitors such as Sony and Philips and was inspired by observing the unusual features of the company's products. Poetry, as a member of the team described it, is "the unfolding of the product as a flower."

Although conceptually distinct, the two processes described earlier—construing external images and reflecting on cultural practices and artifacts—were tightly intertwined (hence their inclusion in the same box in Figure 1). Both processes drove the careful selection and wording of new identity statements (official documents reporting organizational self-definitions) as members engaged in active debate, retaining or discarding labels, until they converged on what they judged to be a satisfying codification and definition of their perceptions of the essential character of the organization: the Seven CIC in 1972, the New Vision in 1993, and the Fundamental Values in 1999 (see Table 1). Further rounds of reflection, construal, and comparison helped members clarify the meaning and the implications of the labels they had tentatively agreed upon at an earlier stage. The outcome of this sensemaking process was a *revision of the official identity claims* summarizing what top managers perceived as central and distinctive features of the organization (see the first oval in Figure 1).

Empirically, we considered the revision of identity claims as the manifestation of adjustments in the shared understandings of organizational leaders. The revised statements expressed a desired future identity (Whetten et al., 1992), a set of features around which leaders hoped to align the rest of the organization in order to address changes in the external environment successfully. The deliberate choice and codification of a set of features that

were claimed to define the organizational identity marked a transition from sensemaking action to sensegiving action, and to organizational leaders' engagement in providing a consistent account of the revised claims aimed at affecting collective understandings throughout the organization.

### Giving a Sense of Organizational Identity

Given their role as legitimate representatives of an organization and their privileged access to internal communication channels, organizational leaders are in a particularly favorable position to influence official accounts and explanations (Cheney & Christensen, 2001; Whetten, 2003). Furthermore, providing organizational members with a unitary and consistent narrative that helps them attach meaning to events, issues, and actions is a critical administrative activity (Pfeffer, 1981: 9). Recent research indicates that when organizational identities are called into question or surrounded by ambiguity, organizational leaders are increasingly subjected to a "sensegiving imperative" (Corley & Gioia, 2004). As a consequence, rising uncertainties about what is really central to and distinctive about the organization require organizational leaders to fill a "void of meaning" and to reconstruct a credible and consistent narrative for internal and external audiences, helping members rebuild their sense of who they are as an organization.

At B&O, the reformulation of identity claims was then followed by a *sensegiving phase* (summarized in the third box in Figure 1), as top managers engaged in a number of initiatives to circulate the new identity statements to an internal audience. The managers provided an official account of the statements' meaning and practical implications or, in other words, gave a sense of the new claims to the rest of the organization. On the one hand, managers made a concerted effort to project a unitary and coherent organizational image, while on the other hand they strived to imbue the visible outcomes of the sensemaking phases—the Seven CIC, the New Vision, and the Fundamental Values, respectively—with meaning, by embedding the revised identity claims in the culture of the organization.

**Projecting desired images.** At this stage, image-related actions were formally aimed at influencing external stakeholders' perceptions of the organization and primarily targeted subjects such as retailers, clients and, to some extent, the press, whose construed perceptions were not aligned with internal beliefs and aspirations. What we observed has been described in the past as the deliberate attempt to leave favorable impressions on external audiences in order to realign internal beliefs and aspi-



rations with external perceptions (e.g., Ginzler et al., 1993; Rindova & Fombrun, 1999). At B&O, however, external projections also served a second purpose. Past research indicates that organizational leaders deliberately project desired images in order to stimulate internal redefinition of organizational identity (Fiol, 2002; Gioia & Thomas, 1996), and they produce ideal organizational images to promote a coherent sense of self inside their organization (Cheney & Christensen, 2001).

At B&O, presentations and illustrations of the new corporate slogans embodying the revised identity statements appeared in annual reports as well as on the corporate Web site. However, the fact that these statements were never used in advertising campaigns reinforces the impression that the real receivers of projected images were internal and peripheral members of the organization: employees and dealers.

In 1972, for instance, the top management expected the newly codified identity claims (the Seven CIC) to be reflected in the products and to guide both marketers and designers. Conscious and consistent efforts to communicate the essence of the product were considered as important as technical quality in differentiating B&O in the marketplace. One of our informants retrospectively observed that “today you would call it an attempt to make one coherent brand.” The perceived uniqueness of the company was illustrated in detail in a little manual and a poster, later to become a corporate icon. A senior marketing manager was given the responsibility of presenting and discussing the Seven CIC throughout the company, including foreign subsidiaries and dealers.

Even in 1993, top managers emphasized that it was important that actions at every level (design, manufacturing, advertising, retailing, etc.) support a unitary and internally coherent organizational image. As CEO Anders Knutsen publicly declared in the November 1993 issue of *What?*:

It is just as important that all our communication activities express the same identity. Because a company can have only one identity. . . . We know that a lot of people have strong feelings about B&O, and that they have great expectations of our products. We must always meet these expectations and never accept a compromise as to “the best of both worlds”—neither in our research and development, nor in our communication activities.

Whereas the investigation of perceptions among actual customers had revealed a consistency between their expectations and the central features of the organizational identity, blind tests in shops indicated that on average between 30 and 40 percent

of European retailers still merely emphasized the aesthetic aspects of the products. This emphasis reinforced the idea, diffused among potential customers and reflected in the press (e.g., *Forbes*, 1991), that, as one of our informants said, “inside, they are all the same” and “what you really pay for is just a beautiful box.”

B&O’s communication efforts, therefore, were primarily addressed to the international network of retailers that shaped how customers perceived its products. In 1994 more than 600 dealers visited B&O headquarters to participate in training courses aimed at aligning their perceptions with the intentions of the new top managers. Seminars illustrated attributes of the desired image—the “brand essence” expressed in the New Vision—in terms of product features, design choices, and technological competencies. The content of the seminars was also widely publicized in the internal magazine.

Similarly, in 1998 top managers expected the new identity claims to be meaningful to all stakeholders. It was decided, however, that the revised identity statement would be communicated to and debated only among exclusive B&O dealers and would not be openly used in an advertising campaign. Additional seminars were held locally in order to ensure that new mono-brand shops that the company was founding and supporting would faithfully transfer the desired impressions to customers.

***Embedding claims in organizational culture.*** Projected images seemed to serve the purpose of “energizing” members (Gioia & Chittipeddi, 1991) and stimulating a reconceptualization of the organization, but top managers turned once again to the culture of the organization to imbue revised identity claims with meaning, relying on a web of familiar stories, objects, and practices to facilitate interpretation of the new claims and illustrate their implications for action.

The Seven CIC, for instance, were described in terms of design and communication practices. Autovisuality, for instance, meant designing products so that they were self-explanatory to the user. Similarly, authenticity was illustrated by a decision to test the quality of sound and image reproduction on trained panels of viewers and listeners rather than on sophisticated technological measurement tools. During presentations, recently developed products were cited as concrete manifestations of the Seven CIC.

In fact, revised claims were never presented as radically new, but rather as a rediscovery of values and attitudes that were already part of the collective heritage of the organization. In 1994, every employee in the headquarters and several from the

international network participated in a series of seminars aimed at clarifying the organizational identity and its importance for B&O's competitive success. The seminars were linked to an exhibition, *The Curious Eye*, which showed the evolution of B&O identity through different periods, as reflected in communication, advertising, and so forth. The firm's 1992–93 annual report stated that it was important that “amid all these changes, the company maintains its basic identity and is aware of its heritage.” In this respect, the exhibition complemented the corporate seminar, as it showed how the company's identity had been constructed and expressed through self-defining company slogans and external communications. The presentation of the exhibition in the May 1994 issue of the house magazine *What?* read:

When we know these periods, when we understand how they came into existence and see them expressed in the means of communication, we are better able to understand why and how Bang & Olufsen's identity has developed over the years. And understanding Bang & Olufsen's identity is a precondition for being able to further develop it.

Later, in 1998, the work of the task force provided a platform for so-called value seminars, where the Fundamental Values were first shared within the company as deliberate statements of who B&O was and what it stood for. Top managers intended to stimulate debate about values throughout the entire organization both nationally and internationally. However, the values themselves were not intended to be questioned, as a human resources manager on the top management team remarked during a seminar:

Values must be found within the company, not defined. . . . Our values cannot be discussed: they are there where we have found them.

Although labels were defined at the top, the CEO intended debate to facilitate the emergence of a shared interpretation that would imbue the values with meaning. Top managers used an in-house video created in 1998 to provide concrete examples of how values manifested in everyday behavior. For instance, the video presented a popular B&O story as an illustration of how “synthesis” was a fundamental feature of the company's product development process:

Chief designer David Lewis walks in with a cardboard tube that looks like a pencil and says: This is the new B&O loudspeaker. . . . He passes that on to the people in Business Development where people tear it apart and scream: no way! . . . Loads of discussion between them and David, and then they

produce a synthesis: a prototype of the speaker. They then pass it on to Operations, who shout and scream: We can't make that! After another new round of yelling a new synthesis emerges: the product. . . . The following round of discussions involves Sales and Marketing: They in turn claim that nobody will buy it. Endless fights result in a new synthesis: The marketing concept. Now marketing has the problem. The dealers bend over backwards claiming that it won't sell. The result is a new synthesis: How to present the product in the stores. . . . Half a day later it has been sold. That's the way we work.

In summary, as new identity claims were illustrated and discussed, a reconstruction of the organizational history and tradition through display of physical and linguistic artifacts (products, advertising, corporate mottos, logos, stories, etc.) substantiated and supported official interpretations. New definitions and conceptualizations, therefore, appeared to be solidly embedded in a claimed cultural heritage and to reflect established patterns of behavior.

Although we have no direct evidence of the effect on the whole organization of the identity-related actions the top managers undertook to revise collective understandings (hence the dotted line in Figure 1), we gathered indirect indications of the success of their efforts. In none of the three cases did we observe resistance to changing conceptualizations of the organization, and our informants reported no such resistance. Furthermore, most of our informants traced explicit links between the revision of identity claims and their impact on activities such as product design or advertising campaigns. B&O managers, for instance, seemed to agree that in the long run the Seven CIC had a significant impact on both employees and dealers across the world. As a manager recalled:

There was a general acceptance of the fact that the Seven CIC expressed a vision and provided an operational management tool which gave individual efforts a meaning and a purpose. (Bang & Palshøj, 2000: 87)

Our informants made also explicit connections between the new interpretations proposed by the revised identity claims and new products, such as the portable stereo system Beosound Century, and changes in the style of the company's catalogues in the 90s.

## DISCUSSION

Past research on how organizations handle identity-threatening issues has emphasized the central role of construed or desired images in

stimulating and gauging members' responses (Dutton & Dukerich, 1991; Elsbach & Kramer, 1996). Gioia, Schultz, and their colleagues (e.g., Gioia et al., 2000; Hatch & Schultz, 2002) have suggested that, in doing so, organizational images "destabilize" members' self-perceptions. Construed images provide members with a feedback from external stakeholders about the credibility of their organization's identity claims (Whetten & Mackey, 2002). Although minor inconsistencies between external perceptions and internal beliefs are likely to trigger self-justification and the use of impression management to restore a favorable external image (Elsbach & Kramer, 1996; Ginzel et al., 1993), a serious discrepancy may undermine members' confidence and induce them to reevaluate their understandings of core and distinctive features of the organization (Gioia et al., 2000; Whetten & Mackey, 2002).

At B&O, however, both construed external images and cultural practices and artifacts offered cues for members who were reevaluating their organization's identity. Although construed external images seemed to act as a destabilizing force, the visible and tangible manifestation of the organizational culture seemed to have an opposite effect, inspiring and circumscribing members' responses and preserving their coherence with underlying assumptions and beliefs underpinning the collective sense of self. Cultural practices and artifacts served as a context for sense-making and as a platform for sensegiving by providing organizational members with a range of cues for reinterpreting and reevaluating the defining attributes of the organization through a retrospective rationalization of the past.

### **Organizational Culture as a Context for Sensemaking**

Extant conceptions of organizational culture tend to converge on the idea that culture is composed of a web of cultural expressions—including rituals, stories, artifacts, language, and more—that reflect an underlying pattern of shared interpretive beliefs, assumptions, and values (Louis, 1983; Martin, 2002; Schein, 1992; Trice & Beyer, 1984). At Bang & Olufsen, as members engaged in reflections and discussions about central and distinctive features of their organization, they seemed to find in these visible and tangible elements of their organization's culture a reservoir of cues supporting and mediating interorganizational comparisons, insofar as these cultural forms were perceived as a legacy of a shared past and interpreted as material manifestations of distinctiveness.

**Material practices and interorganizational comparison.** Building on psychological theories of identity, Albert and Whetten (1985) observed how organizational identities emerge from comparisons between the self and other entities. Perceived similarity or difference supports members' self-categorizations. Indeed, at B&O, as organizational members discussed the identity of the organization, they widely referred to the way products were designed or components selected, catalogues prepared, or prototypes tested. Material practices and artifacts, such as the sliding doors of the CD player Beosystem 2500, the sober elegance of anodized aluminum finishes, and the understatement of graphic designer Werner Neertoft's advertisements from the late 60s facilitated interorganizational comparison, helping members make sense of the similarity/dissimilarity between B&O and other, comparable organizations.

Research on organizational culture suggests that practices, artifacts, rituals, and other cultural forms visibly manifest idiosyncratic patterns of thought unique to one organization and the product of a collective learning history (Martin, 1993; Schein, 1992; Trice & Beyer, 1984). By their own nature, then, cultural forms, such as stories (Martin, Feldman, Hatch, & Simkin, 1983), sagas (Clark, 1972), corporate architecture (Berg & Kreiner, 1990), and dress (Pratt & Rafaeli, 1997) and other physical artifacts (Pratt & Rafaeli, 2001) tend to reflect—and be interpreted by members as evidence of—an organization's distinctiveness. As Dutton, Dukerich, and Harquail observed:

Organizations have a broad repertoire of cultural forms such as rituals, symbols, ceremonies, and stories that encode and reproduce shared organizational patterns of behavior and interpretation. . . . Rituals, ceremonies, and stories objectify and communicate the collective organizational identity to organizational members. (1997: 243)

Tangible, material differences in product design or the content of advertising, therefore, may plausibly be interpreted as reflecting deeper, less visible differences in goals, values, and competencies.

At B&O, members' reflections focused largely, although not exclusively, on product design and development practices and on their visible outcomes as product features. As some of our informants observed, however, products had always been central to the culture of the organization. Furthermore, when comparing B&O with its competitors, the originality of the company's products made them one of the most evident elements of differentiation. In this respect, identity-related reflections seemed to converge around those aspects

of the organizational culture—its design and development practices—that members considered distinctive traits of their organization.

**Organizational culture and retrospective rationalization.** Sensemaking can be understood as the imposition of an order a posteriori onto an ambiguous reality (Gioia, 1986; Weick, 1995). In this respect, visible and tangible elements of the culture of an organization may provide cues for retrospective rationalization. At B&O, as managers reexamined organizational identity, elements of the cultural heritage of the organization were interpreted as reflections of past achievements and manifestations of values, attitudes, and competencies that were retrospectively considered as central to the survival of the company.

Whether these interpretations were actually “true” is beside the point: organizational history is periodically reinterpreted by members in light of a current situation (Biggart, 1977). As individuals try to make sense of a complex history and to identify a causal sequence of events leading to a known outcome, accuracy is often less important than plausibility and pragmatism (Weick, 1995). In this respect, cultural practices and organizational artifacts may provide members reevaluating their organization’s identity with a less ambiguous starting point than, for instance, values, goals, and mission. As Ashforth and Mael observed:

Matters of the soul are inherently abstract, nebulous, arational, and potentially divisive; members often feel safer and more confident discussing the manifestations of identity, such as reporting relationships, budgets, operating routines, and recruiting practices. (1996: 29)

As members face a highly ambiguous cognitive task such as answering the question, “What is this organization really about?,” familiar manifestations of a shared culture provide them with a starting point for making sense of their organizational identity.

### **Organizational Culture as a Platform for Sensegiving**

Although it is not unreasonable to assume that institutional claims will influence members’ understanding of what their organization is and stands for (Czarniawska, 1997; Whetten, 2003), past research indicates that changing identity claims may not always alter collective understandings accordingly (Humphreys & Brown, 2002). Institutional claims tend to express the view of organizational leaders, individuals who are expected to represent and to speak on behalf of their organiza-

tion (Cheney, 1983; Whetten, 2003) and to mediate between the organization and the external environment (Hatch & Schultz, 1997). Collective understandings, however, may be less malleable and fluid than leaders’ aspirations. Whereas changing claims can be plausibly interpreted as an expression of revised interpretations and aspirations on the organizational leaders’ side, new claims are only loosely coupled to changes in collective understandings in the rest of the organization. New conceptualizations must be “socially validated” to be internalized by organizational members (Ashforth & Mael, 1996: 39). Therefore, accounting for how revised claims may influence collective understandings and overcome the spontaneous resistance displayed by organizational members is central to understanding change and adaptation in organizational identities.

Past research suggests that projecting new idealized conceptualizations embodied in “desired future images” (Gioia & Thomas, 1996) or “core ideologies” (Fiol, 2002) may induce members to gradually revise their understandings. At B&O, projected images were supplemented by narratives forging explicit connections between new claims and various manifestations of a common organizational culture—a claimed “cultural heritage.” Physical or linguistic artifacts were used as concrete illustrations of values, attitudes, and behaviors that should support strategic response to environmental changes. Embedding new claims within the culture of the organization helped managers imbue claims with meaning and illustrate their practical implications and to preserve a sense of self and continuity in the face of changing self-definitions.

**Organizational culture and symbolic action.** Research on organizational change has highlighted the role of symbols and symbolization in promoting new understandings of an organization (Berg, 1985; Gioia et al., 1994). In order to facilitate members’ sensemaking, as organizational leaders strive to “give sense” to organizational changes, they should present the changes in ways that relate them to previous experience (Gioia, 1986). Managing organizational change, therefore, involves considerable “symbolic action” carried out in order to help the rest of the organization develop a new interpretation of the organization, while at the same time preserving a connection with existing knowledge structures (Gioia et al., 1994; Pfeffer, 1981).

Symbols, understood as representative objects, acts, or events that stand for wider or more abstract concepts or meanings (Morgan, Frost, & Pondy, 1983), are central to organizational sensemaking, as they facilitate the interpretation of ambiguous experiences or events by conveying relationships



with existing knowledge structures (Donnellon, Gray, & Bougon, 1986; Gioia, 1986). As Gioia remarked, however:

Attempts to foster change . . . must take explicit recognition of the socially constructed nature of symbols, inasmuch as the overt symbols used to communicate the character of desired change should not have different meanings for different individuals and groups. It is important to develop symbols for change that have consensual bases to them: ones that are likely to engender common (and desired) meaning. (1986: 68)

In organizations, visible, tangible, and audible manifestations of culture, such as language, stories, visual images, material artifacts, and established practices, are among the most powerful symbols members rely upon for constructing meaning and organizing action (Gioia, 1986; Louis, 1983). As organizational leaders engage in sensegiving action, therefore, they can use manifestations of culture as influential discursive resources for crafting a meaningful account of new claims and resolving possible divergence of interpretations about core and distinctive features.

**Organizational culture and the preservation of a sense of self and continuity.** Institutional identity claims perform an important function in providing organizational members with a sense of self and continuity (Whetten & Mackey, 2002). Changes in identity claims, therefore, are likely to generate distress (Whetten, 2003) and encounter resistance (Fiol, 2002; Humphreys & Brown, 2002). Past research suggests that the proposal of idealized images of an organization may help members gradually overcome their resistance and redefine their beliefs (Gioia & Thomas, 1996; Reger, Gustafson, DeMarie, & Mullane, 1994). Our findings complement this line of research, as they suggest that a revision of collective understandings may be facilitated by embedding new claims in a narrative providing a postreconstruction of organizational history. As Whetten remarked:

The need for continuity is so compelling that even profound organizational changes are typically portrayed as reaffirmations of higher level identity claims. . . . Another strategy used by organizational change agents to affirm an essential shared sense of organizational continuity is to portray a proposed change as a reinterpretation of an enduring identity claim. (2003: 13)

The narrative function of institutionalized claims, then, leads to the frequent inclusion of references to the history and tradition of an organization (Ashforth & Mael, 1996). An albeit simplified reconstruction of an alleged past, glossing over dis-

ruption and temporal inconsistency, helps members preserve a sense of self in the face of proposed changes (Gioia et al., 2000). In this respect, enriching the illustration of identity claims with specific details from a company's history and culture is likely to increase the credibility of the official narrative and support its claim of uniqueness (Martin et al., 1983). As old cultural practices and forms are imbued with new meaning, new claims can be convincingly presented as a rediscovery of shared values, the awareness of which had gradually faded over time. Furthermore, embedding new claims in the cultural heritage of the organization emphasizes the connection with "who we have been" rather than "who we want to become" (Gioia et al., 2000), providing credible support to a claim of continuity in the face of a management-driven attempt to reframe collective understandings in the light of new environmental conditions.

At B&O, the periodic renewal of a collective sense of self involved the projection of "desired images" or "future selves" that were deeply embedded in the organization's past.<sup>3</sup> Selected images of an organizational past—the Bauhaus heritage, the legacy of the founders, milestone products, and excerpts from old advertising campaigns—were used to give new sense to the organizational present and substantiate future aspirations. Revised identity claims did not seem aimed at substantially altering collective self-perceptions. On the contrary, their firm grounding in established practices and cultural forms made them appear to be attempts to return members' attention to features that had already been part of the way they had conceptualized the organization in the past.

Although our findings provide rare longitudinal evidence of actual changes in identity claims, then, they suggest that shared understandings may be less fluid than currently understood. A social actor perspective on organizational identity is centered on the notion that institutional claims provide continuity and consistency to members' collective self-perceptions. Conversely, a social constructionist perspective emphasizes the fluidity of shared understandings, even in the face of unchanging formal claims. Evidence from our study, however, suggests the paradoxical insight that although both perspectives may be correct in their own right, their advocates may have respectively underestimated the generative potential of institutional claims and the resilience of shared understandings under environmental pressures.

<sup>3</sup> We are indebted to one anonymous reviewer for pointing at this paradoxical insight.

## Organizational Identity Dynamics

Collectively, our findings suggest that in order to comprehend the processes that unfold in situations of perceived identity threat, researchers need to invoke a simultaneous recognition of the internally and externally directed dynamics of identity. Evidence from our study indicates that redefinitions of “who we are as an organization” tend to be influenced by how members believe the organization is perceived externally (construed external image) and by their beliefs and assumptions about idiosyncratic patterns of behavior (organizational culture).

Our emerging interpretations extend current conceptualizations of organizational responses to identity threats. Table 4 compares the current view of organizational responses to identity threats, and insights from our study. Building on our evidence, we propose a broad conception of identity threats that includes discrepant images as well as identity-threatening environmental changes, insofar as members perceive them as a challenge to the identity of the organization and are induced by them to reevaluate internal claims and understandings about organizational self-definitions. Previous conceptualizations have emphasized how “spoiled organizational images” threaten individual members’ social identity and self-esteem (Elsbach & Kramer, 1996), but our conception includes challenges to the integrity and the continuity of members’ collective sense of self as an organization (Whetten & Mackey, 2002). Unlike past research, which has focused on impression management techniques

and cognitive tactics intended to realign external perceptions and internal beliefs and aspirations, our study points to the influence of organizational culture on sensemaking and sensegiving processes driving reexamination and revision of collective understandings. More broadly, our findings support a view of organizational responses to identity-threatening events as shaped by the interplay between organizational images and culture.

Hatch and Schultz (2000, 2002) advanced the idea that interplay between construed external images and organizational culture drives the evolution of organizational identities. Hatch and Schultz built their arguments on Mead’s theory of identity as a social process, according to which individual identities arise in the interaction between two constructs: the “me,” understood as the organized set of attitudes of others assumed by individuals, and the “I,” the individual answer to external attitudes (Mead, 1934). Hatch and Schultz (2002) argued that construed external images and organizational culture may be considered the organizational equivalent of Mead’s “me” and “I” and proposed a framework for understanding identity formation as emerging from the interaction of image and culture. According to the two authors, the tacit assumptions and beliefs of organizational members constitute the organizational context for the more aware reflections of “who we are as an organization” and can be seen as the conceptual parallel to the “organizational I” (Hatch & Schultz, 2000, 2002).

Conceptually, Hatch and Schultz’s arguments are

**TABLE 4**  
**New Insights on Organizational Responses to Identity Threats**

Theoretical Aspect	Past Literature	Insights from Our Study
Nature of identity threats	External events challenging members’ definition of central and distinctive attributes of their organization (Elsbach & Kramer, 1996; Ginzler et al., 1993).	Organizational identities may also be challenged by environmental changes that question the viability of what members’ perceive as central, distinctive, and enduring features.
Drivers of organizational response	Organizational responses are guided by the attempt to realign construed and aspired external images (Dutton & Dukerich, 1991; Ginzler et al., 1993). Construed external images act as a destabilizing force and as a trigger for identity-related action (Gioia et al., 2000).	Organizational responses are constrained by the need to reconcile responsiveness to external changes with preservation of sense of self. The cultural heritage of the organization acts a context for sensemaking and a platform for sensegiving, helping members maintain a sense of continuity amid formal or substantial changes.
Nature of organizational response	Organizational responses rely primarily on impression management (Sutton & Callahan, 1987; Ginzler et al., 1993) and self-affirmation techniques (Elsbach & Kramer, 1996) aimed at influencing external perceptions and representations of the organization.	Environmental changes induce reevaluation of shared definitions of self in light of identity-threatening events (sensemaking). Revised claims reflect understandings and aspirations of organizational leaders; new conceptualizations support adjustments in collective understandings linking to claimed cultural heritage (sensegiving).

compelling. However, although their framework may provide a theoretical explanation for our findings, our study is the first to provide evidence of a dynamic relationship between culture, identity, and image that, so far, has been suggested at a theoretical level but never really supported empirically.

### Methodological Limitations

Our study suffered from the usual limitations associated with case study research, which trades generality for richness, accuracy, and insight into observed processes (Langley, 1999; Yin, 1984). Our framework, however, emerged from comparing three separate instances of organizational responses to identity threats. Observing similar patterns of behavior across different cases reinforced our confidence in the generalizability of our emerging interpretations beyond the limited boundaries of our study.

We cannot exclude the possibility that specific traits of our research setting—a medium-sized business organization with a highly differentiated niche strategy—might have affected how the observed process unfolded. It is not unreasonable to argue that the relatively long history, unique products and positioning, and peculiar values of B&O might have provided members with a heightened sense of self, rooted in a rich organizational culture. We believe, however, that at B&O a strong culture and diffused pride and awareness of cultural heritage may have simply increased the visibility of processes that occur less visibly elsewhere. Comparison with earlier work on organizational identities seems to indicate that similar identity-related processes occur in large global corporations (Bruning, 2004; Fombrun & Rindova, 2000) as well as in public nonprofit organizations (Dutton & Dukerich, 1991; Gioia & Thomas, 1996).

It is also possible that the emphasis on distinctiveness—as opposed to similarity—that we observed all along might have been affected by the nature of the organization that we studied: a business firm. Most organizations are subjected to conflicting pressures for conformity and differentiation (Deephouse, 1999), but the need for business firms to differentiate themselves from competitors may increase the relative importance of claims of distinction, such as those observed in B&O (Whetten, 2003). Claims of uniqueness may be even more important to consistently support a highly differentiated niche strategy such as B&O's. Future research might investigate more systematically whether variables such as age, type of activity, and organizational form or strategy influence the relative ex-

tents to which image and culture affect identity dynamics.

Finally, it may be argued that when environmental changes call for a substantial transformation in goals, values, structures, and practices, it may not be advisable, or even feasible, to have changes emanate from a reinterpretation of the past. To our knowledge, however, the literature holds little evidence of successful radical changes of organizational identity. The New York Port Authority, observed by Dutton and Dukerich (1991), seemed to rediscover traits that were perceived as already part of the identity of the organization. In Gioia and Thomas's (1996) study, whether the new dean's attempt to turn a large university into a "top ten" school actually produced any effect is not clear. A similar attempt described by Humphreys and Brown (2002) failed owing to the resistance of most organizational members. This is not to say that radical identity changes are impossible. We believe, however, that more empirical research on radical identity changes is needed to shed more light on the conditions that affect organizational leaders' willingness and capacity to carry out profound modifications in organizational identity claims and understandings.

### Conclusions

Our study explored organizational responses to environmental changes and shifting external representations that induced members to reflect on their organization's recent and prospective courses of action and ask themselves, "What is this organization *really* about?" Although past research has documented the impact of desired images on organizational responses to environmental changes, our findings highlight the influence of organizational culture—and in particular, the influence of its manifestations—on the redefinition of members' collective self-perceptions.

Our findings point to organizational culture as a central construct in understanding the evolution of organizational identities in the face of environmental changes, suggesting that collective history, organizational symbols, and consolidated practices provide cues that help members make new sense of what their organization is really about and give that new sense to others. Further, our findings highlight the role of culture in preserving a sense of distinctiveness and continuity as organizational identity is subjected to explicit reevaluation. Our research, then, suggests that the roles external images and organizational culture play in affecting organizational responses to identity threats may be more complementary than the current literature on organizational identity would suggest.

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