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A Critical Lens on the Concept of Organisational Identity: How Does It Affect Our Understanding of Organizing Process?

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Abstract: The concept of organisational identity has recently attracted attention and has been extensively researched in the organisational studies literature. The concept of organisational identity has been developed and enriched through studies conducted in the light of various philosophical paradigms. As a result, it has assumed an important position in supporting the corporate strategies of organisations. In other words, it has the potential to influence not only the external stakeholders of the organisation, but also its internal stakeholders by conveying certain messages to them about the organisation, especially in a normative way. For this reason, institutions focus on identity to control how they are positioned and perceived within the macro-organisational field in which they compete and interact. A strong and clear organisational identity attracts the attention of and has a positive impact on all stakeholders. Employees, customers and strategic partners will demand to work with an organisation that has a strong identity, and in this way they can strengthen and develop their individual or corporate identity. This study explores the concept of organisational identity from a critical perspective and provides a conceptual framework for how it influences our perception of organisational processes.

Key words: Organisational Identity, Individual Identity, Corporate Image, Organisational Culture, Organising

Introduction

In 1985, Albert and Whetten defined organisational identity as a collective and shared understanding of the `central, distinctive and enduring characteristics of the organisation. Since

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then, this definition has been evaluated and criticised by several authors (Dutton and Dukerich, 1991). Although there are criticisms of the centrality, distinctiveness and durability dimensions of the concept of organisational identity, these three dimensions are still important for understanding the concept of identity (Gioia, 1998). However, consideration of the critique of Albert and Whetten's dimensions of collective identity and the interrelationship between identity and other concepts in organisational theory may also be crucial in evaluating the concept of organisational identity. When such approaches to collective identity and the mutual relationships, similarities and differences with other essential concepts are considered, it can become clearer to understand and evaluate the contributions of the concept of organisational identity to the process of organising.

In order to provide a comprehensive and informative argument, the first part of this article critically evaluates Albert and Whetten's (1985) definition of organisational identity and the various approaches to the concept of collective identity. It then examines the relationships and differences with the concepts of corporate identity, organisational image and culture. The second part of the study attempts to discuss the additions of the concept of organisational identity to the process of organising.

The Concept of Organisational Identity

Albert and Whetten (1985) defined organisational identity in three dimensions. The first dimension is to see identity as the core character, i.e. the members' ideas about what is central to their organisation. The second dimension is about the distinctiveness that differentiates the organisation from others, at least from the members' perspective. The third dimension refers to long-term consistency. In other words, it represents the fundamental characteristics of the organisation that link the present organisation to the past and probably to the future (Gioia, 1998).

However, Albert and Whetten's definition of identity has been questioned by some other researchers. Gioia and his colleagues (1998) criticised the idea of defining an organisation's identity as permanent and distinctive. They claimed that defining organisational identity can be problematic. For example, organisational identities change over time with the dynamics of the world and the environment in which organisations operate. In other words, in today's world, organisations have to embrace change to a greater or lesser extent because of the rapidly

changing environment. With this perspective in mind, even Albert and Whetten argue that organisations have the ability to shift between utilitarian and normative positions over time (Albert and Whetten, 1985).

The second problem in Albert and Whetten's definition is the claim of distinctiveness. According to the new institutional theory, organisations interact and change the organisational field in which they operate. They can imitate the successful others in an uncertain environment, powerful actors such as governments or society can force organisations to act or react in similar ways. Thus, they become isomorphic (Krajonoviç, 2018; Huang, Xiaojun Xie and Huifen Zhou). In this sense, these types of approaches and business strategies challenge the idea of a distinctive identity of the organisation (Rao, Noim & Durand; Smith, 2011).

Indeed, the analysis of the concept of organisational identity depends very much on the perspectives that researchers and theorists adopt and the way they conduct their research (Bouchikhi et al, 1998). When researchers from the field of organisational studies analyse the concept of identity in organisations, different assumptions arise from three paradigms: functionalist, interpretivist and postmodernist views.

The functionalist paradigm views organisational identity as something that exists, is tangible and can be studied on the basis of its ontological assumptions. This view dominates the research agenda on organisational identity (He & Brown, 2013). Moreover, functionalists assume that identity is a social fact and a constant that can be changed over time, but this requires a great deal of commitment from members of organisations (Bouchikhi et al., 1998). From this perspective, identity can therefore be managed to better represent the organisation to both insiders and outsiders. It should be added that this way of approaching organisational identity is more in line with the managers' view than the employees' view (Gioia, 1998). Therefore, functionalists define organisational identity as a set of members' institutionalised beliefs about who they are. Moreover, these beliefs are reflected in the main characteristics of organisations, such as the core businesses, daily activities, structures and decision-making patterns of the system, to name a few. From a strategic change management perspective, functionalists see identity as preserved characteristics when adaptation to a new environment is required (Bouchikhi et al, 1998).

The interpretivist view assumes that identity is constructed through social interactions and symbols. Therefore, the interpretivist side focuses more on the insiders' view and tries to understand how members define and shape the identity of organisations. Therefore, the

interpretivist researcher first tries to capture the words and symbols that members use and then analyse and explain them in a theoretical way (Gioia, 1998).

Interpretivists, on the other hand, reject the functionalist view because they assume that identity is socially constructed. They argue that organisational identity is neither objective nor easily changeable, but rather implicit in the meanings and meaning structures generated by the members of the organisation. Furthermore, the interpretivist viewpoint argues that centrality depends on the meanings that organisational members agree upon and that identity endures as long as the social context allows for the meanings presented. Moreover, distinctiveness goes hand in hand with similarity; in other words, identity in organisations derives from both similarity and distinctiveness at the same time. (Bouchikhi et al, 1998). Identity is thus about a shared understanding of what is central, distinctive and enduring in organisations. In this sense, social constructivists look at organisational identity from two different perspectives. The “aggregate” perspective views organisational identity as collective identities embedded in the minds of organisational members. The 'Gestalt' approach, on the other hand, sees collective identities in the interactions and relationships of organisational members and argues that people are cognitively connected in this way (Pratt, 2003). To date, many constructivist studies have attempted to understand the phenomenon of identity in organisations through many themes such as dress codes, remembering/forgetting, nostalgia and media studies (He & Brown, 2013).

As for the postmodernist point of view, the concept of identity is somewhat problematic for postmodernists who view identity as a momentary and fragmented reflection of the self (Dunn, 1988). According to Baudrillard (1998), for example, identity is a myth or illusion. Proponents of postmodern assumptions question the existence of a rational and correct identity. From this point of view, identity is mainly generated through the use of language, so that organisational identity consists only of linguistic or imaginary manifestations (He and Brown, 2013; Gioia, Schultz and Corley, 2000). In this sense, Albert and Whetten`s definition of identity as central and permanent is challenged by the postmodernist approach. The reason for rejecting identity as central lies in the view that uncertainty, fluidity and indeterminacy are inherent in the nature of organisations (Hassard and Parker, 1994). Therefore, it is questionable to consider organisations as a set of core characteristics. More so, the postmodern view supports the idea that organisations are made up of multiple, even contradictory, identities (Gioia, 1998). The postmodern approach also rejects Albert and Whetten`s idea of organisational identity as permanent. Instead, organisational identity is seen as temporary and transitory; therefore, there are no core characteristics and distinctiveness is the defining moment (Bouchikhi et al, 1998).

The Relationship Between Concepts of Identity, Culture and Image in an Organisational Context

This section examines the differences and mutual interrelationships with the other essential concepts. It is useful to first address the differences and similarities between individual and organisational identity. Then the differences and interrelationships between organisational identity and corporate identity, organisational culture and image will be examined.

Dennis Gioia (1994) pointed out that the key idea behind the concept of identity is that it is the combination of core characteristics that make a person a person. Identity is thus the core of personal being that comprises consistent characteristics over time and distinguishes the individual from others.

It has been argued that individual identity to some extent provides the basis for the concept of organisational identity (Tajfel, 1982). Therefore, in addition to some similarities, there are also differences. The first similarity is that organisations, like individuals, decide who they are by existing in a particular environment and defining their tasks and main activities (Gioia, 1994). Similar to individuals, organisations also define their identity by interacting with other actors and distinguishing themselves from other particular types of organisations (Albert, 1977 cited in Gioia, 1998). In other words, other actors that exist in the same system, such as competitors, governments, customers, etc., can have an impact on the organisation's identity over time. Furthermore, organisations can be considered to have multiple identities that are appropriate in different contexts. Furthermore, it is argued that these different identity statements may be compatible, unrelated or contradictory (Albert and Whetten, 1995). Indeed, inconsistency need not be a major issue; in some circumstances it may even have better consequences than a single correct identity. In other situations, however, these multiple identities can lead to different tensions, especially in times of change, and this can place further strain on top management (Lerpold et al, 2007).

On the other hand, according to Gioia (1998), there are some differences between organisational and individual identities. First, multiple identity features are the main differentiator and while individuals exhibit different identities according to gender, race, role issues, organisations shape their identities according to their core priorities such as their main activities, beliefs, strengths and businesses. Gioia's (1998) second argument is that organisations' identities change

faster than individuals`. According to Toffler (1970), this is mainly because organisations can more easily adapt their identities to new aspects and demands. The third difference arises from the need to adapt. That is, in today's world, due to the rapid changes in the organisational environment, organisations need to adapt to these changes in order to survive. Therefore, the identity of organisations may need to be rethought, with the balance shifting towards adaptive instability. In contrast, an individual's identity is socially constructed and the equilibrium shifts towards centring stability (Gioia, Schultz and Corley, 2000).

The important point here is that although adaptation is necessary for some organisational theories and vital for organisations, there should be a balance between stability and fluidity. In other words: As organisations seek to adapt their activities to new developments, they should at the same time protect their core and essential values that contribute to their reputation and image (Hannan and Freeman, 1993).

On the differences and cyclical relationships between organisational and corporate (institutional) identity as outlined by Rindova and Schultz (1998), considering these two concepts together can lead to a better understanding of the different levels of identity. By and large, organisational theorists focus on the core values and beliefs of organisational members, while practitioners, especially marketers and designers, prefer to focus on symbols and artefacts to better represent corporate identity (Rindova and Schultz, 1998; Seidl, 2005). At this point, it is important to add that both organisational theorists and practitioners should consider the interrelationships between beliefs and symbols, otherwise some dynamics that play a key role in identity management and interpretation can be overlooked. Indeed, the appropriation of symbols and beliefs is critical to member engagement and collective identity consistency (Rindova and Schultz, 1998).

The second difference relates to words and images. In other words, organisational identity is created through words, while corporate identity is generally defined as visual identity. In other words, corporate identity can be derived from the code of conduct, mission statements and internal journals (Lerpold et al, 2007; Rindova and Schultz, 1998). On the other hand, according to Olins (1989), corporate identity consists of brand names, logos and colours. In this context, it is important to emphasise the interrelation between words and images, both of which may be beneficial to the company. For example, ensuring affectivity in communication with outsiders or reducing conflict over members' experiences and managers' views of identity (Rindova and Schultz, 1998). In addition, corporate identity can be seen as an indicator of identity beliefs, i.e.

collective beliefs about the particular characteristics of the organisation (Abratt, 1989; Lerpold et al, 2007).

The final difference is one of identification and differentiation. While organisational identity, in its broadest sense, creates a sense of identification through members' perceptions of their organisation, corporate identity seeks to attract the perceptions of outsiders (Seidl, 2005). As external images influence self-perception, these attempts at differentiation may have a positive impact on members' identification. At the same time, organisational history and perceived identity can also contribute to differentiation strategies, so it can be assumed that organisational and corporate identity are circularly related (Rindova and Schultz, 1998; Seidl, 2005).

Having assessed the interrelationship between corporate and organisational identity, it is also important to consider the relationship (see Figure 1) between related essential dimensions of the organisational phenomenon. These are organisational culture and image in terms of evaluating the concept of organisational identity (Hatch and Schultz, 2002). While culture provides the rule system that defines the social system, identity provides a contextual understanding of these roles (Fiol et al, 1998). According to Rindova and Schultz (1998), organisational identity is embedded in organisational culture. Furthermore, collective identity is a link between the vision of top management and the identity beliefs of the organisations' members. Therefore, both sets of mutual interaction are interpreted within and contextualised by organisational culture (Hatch and Schultz, 1998). On the other hand, members express the identity of an organisation by using cultural elements (stories, beliefs, values, rituals, slogans, heroes, etc.) that represent the identity to outsiders (Bouchikhi et al, 1998). When it comes to the relationship with image, these two concepts are also linked. While organisational identity is reflected through the images of others, expressions of identity impress others (Hatch and Schultz, 2002). Consequently, it can be said that through the concept of identity, the two concepts of image and culture are also linked. At this point, Seidl (2005) has pointed out that the view of outsiders also shapes the image of an organisation. Furthermore, there is often interaction between organisational members and outsiders, so organisational culture and identity can also be influenced by the image of the organisation, comments, complaints and compliments from competitors, customers or other stakeholders (Hatch and Schultz, 2004).



Figure 1. The organizational Identity Dynamics Model (Hatch & Schultz, 2002)

The Contributions of Organizational Identity Concept to Process of Organizing

As for adding the concept of organisational identity to the organisational process, organisational identity forms the implicit basis for organisational science and practise (Albert et al, 1998). In other words, the concept of organisational identity has the potential to shed light on a variety of issues in organisational life. For example, it may have implications for organisational culture, image and change practises. Members and their commitment, identity beliefs, aspirations, claims and understanding may also be affected by the identity phenomenon (Schultz, Hatch and Larsen, 2000).

According to Gioia (1998), identity can help to understand the actions of an organisation. In other words, related issues influence the daily efforts of organisational members (Seidl, 2005). Even more, Lerpold and her colleagues (2007) argue that identity provides an institutional justification for organisational issues. In this respect, identity can shape, constrain and orient organisational actions and responses (Gioia, 1998). Furthermore, Dutton and Dukerich (1991) have shown that identity also has an influence on the decision of success, failure, effectiveness and value of organisational activities. Furthermore, Lerpold and his colleagues (2007) have argued that decision makers` perceptions of organisational identity are likely to influence strategic decisions about organisational issues. Furthermore, organisational identity promotes a sense of identification among members of an organisation. Therefore, it can be assumed that

the congruence of organisational identity with members' self-perceptions and aspirations has a positive impact on members' satisfaction and commitment to their organisation (Dutton et al, 1994).

Moreover, as claimed by some researchers, organisational leaders can also influence members' definition and interpretation of identity by changing the official definition and perspective of organisational identity (Lerpold et al, 2007; Rindova and Schultz, 1998; Seidl, 2005). These assertions allow us to consider the benefits of understanding the concept of organisational identity in the practise of organisational change. Especially for organisations operating in dynamic environments and competitive sectors, adapting to new changes and ways of doing things is crucial. Therefore, leaders responsible for driving change in their institutions may encounter resistance as attempts at change conflict with organisational members' notions of identity (Humpreys and Brown, 2002). In this sense, the concept of identity offers organisations the opportunity to make choices and distinguish what they are willing and able to do (Bouchikhi et al., 1998). On the other hand, the desire to achieve a new, appealing image, often promoted by organisational leaders, may also motivate members during the change process.

Conclusion

In conclusion, following Albert and Whetten's definition of organisational identity, there has been considerable debate about the concept of identity and its impact on organisational dynamics and processes. In order to gain a more comprehensive understanding of the development of organisational identity, this article considered different approaches to the concept and explored its similarities, interactions and differences with other key concepts. Then the contribution of organisational identity to our understanding of the organisational process was explored. Taking all these efforts into account, it is easy to conclude that it is crucial to understand the concept of identity in organisations. In this way, identity and related issues are more likely to be managed effectively to gain competitive advantage and develop constructive relationships with internal and external stakeholders in today's dynamic organisational environments.

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