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ORGANIZATIONAL IDENTITY AND FIRM GROWTH

Properties of Growth,
Contextual Identities and
Micro-Level Processes



Organizational Identity and Firm Growth

Christoph Dörrenbächer • Matthias Tomenendal
Sarah Stanske

Editors

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ISBN 978-1-137-57723-8 ISBN 978-1-137-57724-5 (eBook)
DOI 10.1057/978-1-137-57724-5

Library of Congress Control Number: 2016940664

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Printed on acid-free paper

This Palgrave Macmillan imprint is published by Springer Nature
The registered company is Macmillan Publishers Ltd. London

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1

Organizational Identity and Firm Growth: An Introduction

Christoph Dörrenbächer, Matthias Tomenendal,
and Sarah Stanske

Based on identity theory the concept of organizational identity (OI) has gained increasing popularity in management and organization studies. Despite an ongoing debate on basic conceptual premises (Whetten 2006), applications of the concept extend to a variety of academic fields and discourses, with strategic management (Stimpert et al. 1998), marketing (Ellis and Ybema 2010), and organizational change (Gioia et al. 2013) being prominent. Given top management interest in identity regulation, the concept also has a strong practical relevance (Alvesson and Willmott 2002).

From an organization sociology perspective the identity of an organization—what is central, distinctive, and enduring about an organization

JEL codes: A33, Y20, L20

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C. Dörrenbächer et al. (eds.), *Organizational Identity and Firm Growth*, DOI 10.1057/978-1-137-57724-5_1

(Albert and Whetten 1985)—is held responsible for defining its boundaries (Santos and Eisenhardt 2005). While some companies might grow within these boundaries, or even be stimulated to grow through a particular identity, a small but increasing body of evidence reveals that growth processes also challenge the identity of an organization (Empson 2004). Therefore growth, spurred by managerial ambition and motives such as cost reduction, risk diversification, or profit maximization, needs to be understood as one of the most fundamental drivers of corporate development. This volume focuses on the relationship of firm growth and OI. Surprisingly little has been published on the link between these two concepts, although each concept has gained a high degree of academic attention on its own. While it is certainly true that in a narrow sense one “cannot uniquely determine ‘the firm’s’ identity and at the same time study its growth” (Davidsson and Wiklund 2006: 43), it is nevertheless feasible to explore in more depth the two axiomatic questions that arise from this relationship. These are:

1. to what extent and in what direction does firm growth trigger changes in OI?
2. to what extent is OI a prerequisite, a catalyst or an impediment for firm growth?

In the remainder of this introduction we quickly go through the literature on OI and the literature on firm growth and then map the intersection of these literatures and provide the rationale for this edited volume. The introduction closes by outlining the individual chapters of this book.

Organizational Identity

As indicated above, the concept of OI, introduced by Albert and Whetten (1985), describes the central, enduring, and distinctive attributes that make up an organization and answer the question, “Who are we as an organization?” (Albert and Whetten 1985). Early on, authors in this

camp maintained that there might be more than a single answer to this question. Albert and Whetten, in their seminal article (1985), noted the existence of hybrid identities, distinguishing between ideographic and holographic forms. Ideographic identities emerge if different perceptions about central, enduring, and distinctive attributes exist in different parts of the organization. Holographic forms are characterized as hybrid identities that are present throughout the whole organization (Albert and Whetten 1985).

Today, dual or multiple identities are seen as a common occurrence (Pratt and Foreman 2000; Greenwood et al. 2011; Kraatz and Block 2008) and it is obvious that they add to the complexity with which OI related research is already confronted with, as OI is a concept that simultaneously applies to individual, organizational, and—according to more recent conceptualizations—business network levels.

For analytical purposes the identity of an organization can be deconstructed into three building blocks: first, the organization's formal claims about what it is; second, members' identity beliefs about the organization's central, distinctive, and enduring traits; and third, the identity aspirations (Lerpold 2007) or the "desired image" (Gioia and Thomas 1996) for the future identity. It is quite obvious both building blocks and resulting overall identity of an organization are open and subject to change, an idea which is particularly important when studying the relationship between firm growth and OI.

However, studying this relationship is complicated by a sincere lack of systematic research regarding the formation and the development of OI (e.g. Gioia et al. 2013). Moreover, the underlying theoretical discourse on OI construction remains contested. While researchers in the population ecology tradition (Gioia et al. 2013: 127) see OI as defined by external contingencies, such as industry (Gioia and Patvardhan 2012), proponents of a "social actor perspective" (ibid.: 54) see OI as a set of claims by actors who aim to achieve an "optimal distinctiveness" (Brewer 1991: 477) on behalf of the organization. A third perspective is the "social construction view" (Gioia et al. 2013: 127), which focuses on the ongoing process of the organizational members' expression and communication of OI attributes, employing labels and meanings.

Despite these conflicting assumptions of OI construction, the idea of a dynamic construction of identity involving internal aspirations and outside perceptions of the organization (which are internalized) is supported by several authors (such as Dutton and Dukerich 1991; Hatch and Schultz 2002). Along these lines Gioia and Thomas (1996: 394) stress the malleable nature of OI and propose a “dimension of fluidity” in the OI concept. A dynamic view on OI is also imminent in more recent conceptualizations of OI based on systems theory. Here, OI is seen as a result of a continuous autopoietic flow of claims and narratives that members articulate about their organization (Seidl 2003, 2005). In other words, the OI is seen as an ongoing organizational self-description with change being an integral part.

Firm Growth

Probably the most obvious and elementary change in business organizations is growth. Following Penrose (1959) firm growth is a dynamic and continuous process in which the management of a firm is “trying to make the best use of resources available” (1959: 5). Similar to Albert and Whetten’s seminal paper on OI, Penrose’s pioneering work on firm growth has unleashed an intense academic debate. Key questions in this debate that also take place in the academic disciplines of economics, business, and management are: Why do firms grow? What are the basic properties of growth? How can firm growth be managed and what are consequences of firm growth for stakeholders? (Davidsson and Wiklund 2013: 1) The lively academic interest in firm growth is hardly surprising given the overall relevance attributed to it. Firm growth is associated with firm survival and success, job creation, technological innovation, and last but not least profit, income, and wealth generation (Gupta et al. 2013). However, the academic debate also reveals that firm growth is far from being a unique concept. While some authors understand firm growth as a growth in employment, others look at sales, turnover, or profitability, with no compelling or uncontested link between these different ways of understanding and measuring growth.

Over time, the academic debate on firm growth has touched upon several themes. While the link between the size of a firm and its growth was of a particular interest to researchers early on, a number of recent studies are investigating high growth or rapidly expanding firms, in particular regarding what distinguishes them from those firms with marginal growth rates (Delmar et al. 2003). Different modes of growth, such as internal (organic), external (mergers and acquisitions), or hybrid forms, have also been studied (McKelvie and Wiklund 2010), with the study of mergers and acquisitions having turned into a complex debate of its own with numerous subthemes. More or less the same is true for the academic debates on diversification (growth in unrelated business segments) and internationalization (growth in international markets), which exhibit a certain closeness to the issues of OI as the question “who are we as an organization?” is often linked to a particular range of products and services or particular geographical markets served (Lowe et al. 2012). Similarly, it has been shown that mergers and acquisitions challenge the OIs of incumbent firms (Empson 2004).

Finally, a link between firm growth and OI is also inherent in the large body of literature that investigates the sources (or drivers) of firm growth, which can be considered as firm growth literature in a more narrow sense. Explanations for why firms grow either investigate the impact of structural parameters or look at the micro foundations of firm growth (Storey 1994). Structural accounts as to why firms grow look at characteristics such as age, size, industry, ownership structure, organizational structure, or the availability of dynamic capabilities. Other studies in the structural tradition consider the characteristics of the firm environment, including the business network (customers, suppliers, research institutes, transfer institutions) and/or the institutional environment (materializing as tax policies, labor market regulations, competition policies, economic policy measures, and so on).

While studies in the structural tradition show little overlap with the literature on OI, a second group of studies explains firm growth by looking at the micro foundations of growth and overlaps to an extent. This literature explores, for instance, entrepreneurial growth aspirations (Lounsbury and Glynn 2001), pioneering orientations (Mueller et al. 2012), or global mindsets (e.g. Gupta and Govindarajan 2002) as OI

attributes. However, the absolute number of such contributions is small compared to studies that look into structural parameters of firm growth. Only the issue of global mindset has been dealt with more substantially.

Organizational Identity and Firm Growth

Our short walk through the literatures of OI and of firm growth reveals that while there are intersections between the two streams of literatures, these intersections have not yet been systematically explored. Links between the constructs of OI and firm growth are limited. Often it is only one single contribution that builds a bridge between subtleties of the two literature streams.

An exemption is the literature that focuses on mergers and acquisitions as a growth mode. A growing number of authors have pinpointed the challenges posed by mergers and acquisitions to organizational identification (Rousseau 1998; Hogg and Terry 2000; Edwards and Edwards 2013), with some authors suggesting that a common threshold of mutual understanding is necessary (Clark et al. 2010; Empson 2004).

For instance, Empson (2004) investigated the process of identity change following an acquisition, highlighting the emergence of multi-layered OI and the regulating role of professional identities, which cut across the specific identities involved in an acquisition. Pratt and Foreman (2000), on the contrary, maintain that it is at the discretion of the acquiring firms' managers to remove some of the identity layers resulting from previous acquisitions, most notably the identities of branches with a low strategic priority.

While studies on mergers and acquisitions as a growth mode provide some insight to the first axiomatic question that emanates from the relationship between firm growth and OI we specified above—how firm growth might trigger changes in OIs—current answers are far from being exhaustive. Other modes of firm growth (e.g. organic growth or alliance based growth) have gained little attention. The same is true for a systematic treatment of this topic at the different levels OI plays out (individual, organizational, and network levels). An even larger gap in research appears when looking at our second axiomatic question—to what extent

is OI a prerequisite, a catalyst, or an impediment for firm growth? With the notable exception of the global mindset literature fewer than a handful of studies address this issue.

Overall, it becomes obvious that there is ample room for further studies that address the relationship between OI and firm growth. We are aware of the fact that the chapters of this volume are at best a first step in filling the substantial gap in research that exists here. Many more studies are needed.

Contributions

The contributions to this edited volume are a spin off from empirical investigations in two projects¹ and from theoretical explorations undertaken in the context of these projects.

Our volume starts with a contextualization of the topic through an extensive review of the literature on OI. In her Chapter 2, “Organizational Identity and its Applications: A Direction for further Research”, Sarah Stanske analyzes the five most dominant discourses around OI, namely (1) organizational identification; (2) OI and change; (3) OI and management; (4) OI and image/reputation; (5) OI and culture. A special emphasis was put on the element of firm growth in each discourse. The paper reveals that OI is an important but contested academic field. While there is a substantial gap in the link between OI and firm growth it is not the only gap detected, showing that the concept of OI may be mature but that it is far from obsolete.

This literature review is then followed by a first empirical exploration on the link between OI and firm growth. Chapter 3, “Organizational Identity in Management Consulting Firms: Professional Partnerships and Managed Professional Businesses Compared”, by Sarah Stanske, Matthias Tomenendal and Christoph Dörrenbächer examines how organizational identity is constructed in two types of consulting organizations:

¹ Berliner Innovations- und Wachstumscockpit für junge Unternehmen des Energietechnik-Cluster, funded by the European Social Fund (ESF) and the Senate of Berlin; Cluster-Innovations-Monitor für kleine und mittelgroße Berliner Handwerksbetriebe, funded by the Institute for Applied Research (IFAF) Berlin.

professional partnerships, such as McKinsey or The Boston Consulting Group; and managed professional businesses, such as Accenture or KPMG. Based on a qualitative, multiple case study approach the chapter highlights the consequences of different organizational growth strategies on the respective forms of organizational identity. Key findings suggest that slower, organic organizational growth, typically found in professional partnerships, allows for the protection of core values and an elite identity, while an aggressive growth strategy involving mergers and acquisitions, which was observed among managed professional businesses, turned out to be harmful for the elite identities of these firms.

Aggressive growth is also the theme of Chapter 4, “Tracing Gazelles— an Exploration into Identities of Rapidly Growing Companies”. Here the authors Matthias Tomenendal and Christian Raffer focus on, so-called, gazelles, young, rapidly growing companies that attract attention due to their significant employment creation. Based on eight case studies the authors identify elements of a growth fostering OI, that—following structuration theory—entails factors of signification, legitimization, and domination.

In a second chapter the same author team moves beyond the firm level and investigates the role of shared identity projects in fostering regional innovation and growth. While there are many studies on general drivers of innovation at micro, meso and macro levels, the particular role of a regional identity in fostering collaborative innovation on the meso level is not well explored. Based on an exploratory case study of local and regional networks in Berlin, Matthias Tomenendal and Christian Raffer develop a model that details the role and attributes of shared identity projects for the development of a network identity to support collaborative innovation and growth.

The two remaining chapters focus on a particular type of growth, international firm growth and internationalization. Chapter 6, by Christoph Dörrenbächer and Christin Lappe, “Organizational Identity and International Firm Growth: Some Theoretical Considerations” explores how the two axiomatic questions detailed above relate to international growth. By linking the OI concept to international business literature the authors show that the identity of an organization allows important insights into the preparedness of a firm to internationalize. In addition,

they demonstrate that OI as a concept could align rational choice and behavioral paradigms to explain corporate internationalization.

In Chapter 7, “Organizational Identity, Global Mindset and the Internationalization of Small and Medium-Sized Enterprises”, Christin Lappe and Christoph Dörrenbächer focus more narrowly on the role global mindset, seen as an indispensable attribute of a firm’s identity in a globalized world, has on the internationalization of small and medium-sized enterprises (SME). Based on an empirical study of eleven SMEs with headquarters in Germany, the paper finds that an individual global mindset—the global mindset of a manager taking internationalization decisions—is a prerequisite for SME internationalization, while a corporate global mindset—the global mindset of a whole organization—is a result of internationalization as promoted in change projects. This book closes with some reflections by Fiona Moore on the contributions to the volume and the directions the study of OI might take in the future.

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2

Organizational Identity and Its Applications: A Direction for Further Research

Sarah Stanske

Introduction

OI becomes increasingly important in today's fast-changing environment and has become a research topic for many experts. Over the past three decades the focus has moved from an exclusive interest in marketing (how do we represent the company to outsiders, how do we communicate this identity?) (Balmer 2008) to an internal perspective (who are we as an organization, what are the enduring, central and distinctive features?) (Albert and Whetten 1985/2004: 90; Whetten 2006: 219). OI has thus not only become crucial for marketing and public relations, but also presents important consequences for other academic disciplines.

JEL codes: L20, M10, M16

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C. Dörrenbächer et al. (eds.), *Organizational Identity and Firm Growth*, DOI 10.1057/978-1-137-57724-5_2

Even though contemporary research has increased over the past decades important research gaps and contradictory opinions remain, which can be also traced back to the fact that OI is still seen as rather “abstract” (Cornelissen 2006: 702). Although attempts have been made to identify research gaps, research parallels, and contradictory points within different streams of OI (see Hatch and Schultz 2004; van Tonder 2011), as yet no systematic review methodology has been used, even though it is seen as a superior tool for analyzing the existing literature (Tranfield et al. 2003). This chapter suggests a more comprehensive way of conducting review studies in the field of OI and indicates interesting directions for future research by incorporating the most dominant articles with current academic insights. There is also a clear focus on the topic of firm growth, which represents an important and omnipresent reality in the contemporary environment (Gould et al. 1999). The chapter highlights how OI has been applied to the concept of growth and which areas would benefit from further investigation. This book is a first attempt to close some of the research gaps, but clearly more research is needed which combines firm growth with other academic areas.

Within the research approach, systematic mapping, as a part of the systematic review practice, delivered valuable suggestions for future research in the field of OI. Links were developed both within and between the five different key discourses identified during the mapping process: (1) organizational identification; (2) OI and change; (3) OI and management; (4) OI and image/reputation; (5) OI and culture. Additionally, a category (6) of firm growth was created as a point of reference to each of the five dominant discourses. Consequently, both the existing application of the various discourses to firm growth and any research gaps could be highlighted, which is the primary objective of this book.

The chapter is structured as follows. First, a short theoretical description outlines the concept of OI and its application to firm growth. Second, the methodology section explains the systematic review process and maps the eighty most important articles on OI in a purely theoretical context and of OI’s application within a business context. The final part analyzes critically whether links between the different discourses and to the reference point of growth can be constructed and which aspects of OI research need further attention.

Literature Overview

A closer look at the literature makes it clear that the notion of OI, derived from sociology and psychology, has emerged relatively recently in connection to increased managerial difficulties in controlling employee socialization and augmented competitive pressure in a changing environment (Hatch and Schultz 2004). The term was first introduced to the field of organizational behavior by Albert and Whetten (1985/2004: 90) as innate attributes of an organization which are central, enduring, and distinctive. Over the last three decades researchers combined OI with other academic disciplines, such as organizational change, human resource management, business ethics, sociology, and management, thus offering a wide range for the concept's applicability (van Tonder 2011).

To answer the self-reflective question "who are we as an organization?" (Whetten 2006: 219), members employ "interorganizational comparisons" (Albert and Whetten 1985/2004: 93), which help to find a clear categorization for their organization. Consequently, the evoked central, distinctive, and enduring elements can be seen as "claims" used by members during communications with their environment (Whetten 2006: 220). Central and enduring elements are considered as the structural definition of OI since they are the "institutionalized reminders of significant organizational choices" (Whetten 2006: 224). Distinctive elements are the functional part of OI (Whetten 2006) and provide guidance for similarities and differences to other organizations (ibid.). Importantly, organizations must, on the one hand, be similar enough to one category to be perceived as a legitimate member of that group, but, on the other hand, possess sufficient difference to achieve a competitive advantage (ibid.). Therefore, Whetten (2006) argues for the importance of "optimal distinctiveness" (Brewer 1991: 477) and "strategic balance" (Deephouse 1999: 147). Both structural and functional elements of the OI are perceived as a "categorical imperative" (Whetten 2006: 223) that determine organizational behavior.

As already indicated by Whetten (2006), OIs are socially constructed and both internal members and external others from the environment are involved (see Hatch and Schultz 2002; Scott and Lane

2000). Glynn (2008) describes clearly that the environment provides a pool for legitimate identity elements and thus supplies the “raw material” (2008: 414) for OIs. Only through a resemblance to other category members (e.g. other banks), comprehensibility and legitimacy is granted (Glynn and Abzug 2002; King and Whetten 2008; Navis and Glynn 2010; Zuckerman 1999). To respond to the various demands of external stakeholders, organizations often develop multiple identities, whereby a distinction between holographic and ideographic forms emerge (Albert and Whetten 1985/2004). Although organizations need to refer to their external environments, OI does act as a “filter” for external claims (Greenwood et al. 2011: 339) as it clearly dictates which practices conform to OI and can be implemented and which do not (Jacobs et al. 2008). Indeed, recent studies (Lowe et al. 2012: 1034) point to both the “buffering” and “morphing” functions of OIs (Lowe et al. 2012: 1034).

Although the article by Albert and Whetten (1985/2004), who introduce the “classical perspective” of OI (van Tonder 2011: 636), is seen as a turning point (Cornelissen 2002), there are still arguments about a mutual definition for OI. Especially the enduring nature of OIs is criticized in contemporary studies. By assuming a relationship between OI and organizational image, academia pinpoints the malleability of identities (Dutton and Dukerich 1991; Gioia and Thomas 1996) and criticizes a static perspective. On the other hand, proponents of the psychoanalytic perspective (e.g. Brown and Starkey 2000) point to a stickier concept because members often engage in a “defence against anxiety” (van Tonder 2006: 13). Gioia et al. (2000: 64) highlight the concept of “adaptive instability”, in which the overall labels remain the same but the underlying meanings change. However, some researchers defend the initial definition provided by Albert and Whetten (1985/2004) by referring to a high degree of stickiness and by stating explicitly that identity must be seen as quite separate from organizational image (Whetten 2006). Indeed, whereas some studies report radical changes in OI (Skålén 2004), others call for a greater degree of confluence (Jacobs et al. 2008; Reger et al. 1994).

Apart from the “classical” (van Tonder 2011: 636) and psychoanalytical perspective, van Tonder (2006, 2011) sees a third dominant literature stream within the discourse of OI in the social identity theory (SIT). First described by Ashforth and Mael (1989), it represents an important contribution to OI as the micro level (i.e. the individual) is considered for the first time as a basis for analysis and is connected with the macro level, the organization. If there are overlapping attributes between the two constructs OI and individual identities are linked through that process of identification (Cole and Bruch 2006; Dutton, et al. 1994; Elsbach and Kramer 1996). In SIT, individuals employ an ongoing self-categorization to indicate their identification to a certain group (Ashforth and Mael 1989). Thereby, social identification is defined as “the perception of oneness with or belongingness to some human aggregate” (Ashforth and Mael 1989: 21), which answers the question “who am I?” (Turner, 1982 in Ashforth and Mael 1989: 21). Since identification with an organization is positively related to job performance (Scott 1997) and negatively to deviant behavior (Norman et al. 2010), contemporary researchers underline the importance of identity regulation as a form of normative, more indirect control (Alvesson 2012; Alvesson and Willmott 2002).

Since OI and strategy are closely intertwined, the concept also becomes important for firm growth (see Empson 2004; Lowe et al. 2012). Organizational change can often take a radical form where image, referents, and the overall OI need to adapt to a new situation (Corley and Gioia 2004). Although Corley and Gioia’s study focused on corporate spin-offs, similar arguments can be made for firm growth. For instance, in connection with mergers and acquisitions new categorizations emerge for the acquired firm because it now belongs to a bigger company which uses a different basis of comparison with other firms. It might be anticipated that mergers among equals do not need such a reconfiguration of categories, but since OI is always firm specific and to a certain degree unique (Whetten 2006), changes might still be necessary to find common ground. Importantly, even acquisitions within the same profession, such as accounting, involve the management of identities (Empson 2004).

Studies already note the importance of OI in cases of mergers and acquisitions (Clark et al. 2010; Empson 2004), joint ventures (Gould et al. 1999; Pratt and Foreman 2000), internationalization (Lowe et al. 2012), and franchising strategies (Zachary et al. 2011). The underlying assumption in many of the studies is not only that OI is malleable and manageable (Empson 2004; Pratt and Foreman 2000), but that changes also increase internal uncertainties (Brown and Starkey 2000; Gould et al. 1999). It is further assumed that a strong overall OI is necessary to ensure a common threshold for mutual sensemaking. For instance, although Empson (2004) notes differences, she observes that assimilations take place through the use of aspirational images after a merger. Clark et al. (2010: 397) also underline the urgency of achieving common ground, whereby they suggest the employment of a “transitional identity” that is ambiguous and allows multiple interpretations. This observation is further supported by Fombrun and Rindova (2001 in Santos and Eisenhardt 2005) who argue that a unique OI within an organization can lead to both a competitive advantage and to growth. However, Vora and Kostova (2007) believe that through internationalization common values will be hard to achieve so that members might identify more with the parent or with the subsidiary. Morgan and Kristensen (2006) go even one step further and argue that a diversity in practices, which are closely interlinked with OI (Jacobs et al. 2008; Nag et al. 2007), is necessary to achieve long-term performance. In a similar vein, Kostova (1999) argues that practice transfers might become more difficult in institutionally different environments, thus pinpointing different degrees of possible similarities during the internationalization process. Indeed, studies find that subsidiaries of multinationals often construct their own OIs by combining local and parental logics (Voisey 2010). Therefore it remains questionable whether a strong coherent OI provides only advantages or whether a more hybrid ideographic form within a multinational becomes necessary.

Another important insight from identity theory might be derived from the processes of categorization (Whetten 2006). As organizations belong to a certain category, external others have specific expectations concerning appropriate behavior (ibid.; Glynn and Abzug 2002).

Consequently one might argue that firms within specific categories are not expected to invest in other categories, thus limiting investment possibilities. Although categories are socially constructed (Glynn and Navis 2013) and new forms can emerge (Navis and Glynn 2010), Zuckerman (1999) demonstrates that certain combinations might be perceived as illegitimate by stock analysts. Importantly, limitations not only originate from external claims but also because of internal beliefs as OI can be seen as a “competitive weakness” (Santos and Eisenhardt 2005: 501; Walsh 1995). Indeed, past studies indicate that opportunities and necessities for change are rejected by management due to prevailing identities (Sull 1999; Tripsas and Gavetti 2000). Even if management notices requirements to change to achieve growth, internal members might be still reluctant, so that internal identity work becomes necessary (Gawer and Phillips 2013).

As growth modes such as joint ventures and mergers and acquisitions become a “business necessity” (Gould et al. 1999: 697) in the contemporary environment, research should focus on the bridging of psychological and economic aspects since such links provide promising insights into why growth might fail (*ibid.*). However, since OI is often characterized as “abstract” (Cornelissen 2006: 702) and as a “metaphor” (Cornelissen 2002: 259), structured research becomes necessary to show links between the various discourses in the field of OI and growth.

Methodology

The systematic review method suggested by Tranfield et al. (2003) was chosen to attain a holistic overview of the existing literature and to identify key contributions centered on the topic of OI. The mapping process shows evidence of studies with a focus on the application of OI within different academic disciplines and sectors. Although, the systematic overview exceeds the traditional narrative approach, since it offers a greater “thoroughness” and decreases the risks of bias (Mulrow 1994; Tranfield et al. 2003: 207), this article is the first one which uses this approach in the field of OI.

String searches for article titles, abstracts or keywords were conducted in six different databases (Ebsco Host, Elsevier, Emerald, JStor, Sage Journals, and Wiley). Additionally, Google Scholar was used as a comparison since some of the most pivotal works might not have been published in academic journals, which could have prevented a holistic overview. Strings were either academic disciplines or sectors with which OI has been combined. This ensured a greater variety of papers and research methods and enabled a depiction of research gaps in greater detail. Previous studies helped to determine which academic disciplines to choose. Van Tonder (2011) was used particularly, since he provides a present-day overview of different research areas that include the notion of OI. Furthermore, Hatch and Schultz's (2004) foreword for their book was consulted. Additionally, the term "growth" was used as a keyword because this is the main topic in this edited volume. For the sectors a pre-selection based on the *Harvard Business Review* (2013) was chosen. Two additional selection criteria were considered:

- articles published in or after 1985, since this was the year in which OI was introduced by Albert and Whetten (Glynn 2008: 415)
- that articles were in English

In total 307 articles were returned for OI within different sectors and 957 for OI combined with an academic discipline—articles from the first search might be found in the second.

Table 2.1 presents the findings of OI within various academic disciplines whereby one article might be found in more than one category since disciplines are partly overlapping. Although this might cause confusion at first sight, a highly differential approach regarding the disciplines was chosen to ensure a deep insight into the existing literature. Hence, the sum of Table 2.1 exceeds the 957 articles.

Table 2.2 depicts all articles in which OI was practically investigated in case studies within a specific business sector. As in the first search, the sum exceeds the 307 articles since overlapping string searches were used (e.g. consulting and service).

In the second stage it became necessary to make a selection of articles to determine the most important papers for OI combined with academic

Table 2.1 OI research in academic disciplines

String search	Number of articles
Organizational identity and business ethics	13
Organizational identity and organizational change	305
Organizational identity and language	37
Organizational identity and boundaries	71
Organizational identity and management	340
Organizational identity and human resource management	32
Organizational identity and marketing	76
Organizational identity and corporate communication	22
Organizational identity strength	34
Organizational identity orientation	57
Organizational identity and strategic planning	8
Organizational identity and sociology	22
Organizational identity and individual identity and identification	53
Organizational identity and culture	193
Organizational identity interventions	30
Organizational identity and growth	47

disciplines and the most important papers for OI applied within sectors to ensure an inclusion of both theoretical and application papers. Hence, this phase contained an evaluation process which was based on the following criteria:

- Assessment of academic impact based on extent of citations—with the help of Google Scholar
- Evaluation of theoretical relevance
- Evaluation of relevance for the sector (for the second search)
- Assessment of overall academic contribution to the field of OI

Based on this analysis, the number of articles could be reduced to 60. However, it was noted that an imbalance existed, as more recent articles seem to be underrepresented. Consequently another analysis was conducted whereby only articles from 2010 to 2015 were considered, which yielded 20 additional papers. Therefore, the total number of papers considered increased from 60 to 80. Out of the 80 papers, 33 could be classified as qualitative papers and 16 as quantitative papers, with four papers using a mixed approach and 27 papers using a conceptual approach.

Table 2.2 OI research in business sectors

String search	Number of articles
Organizational identity and agriculture	3
Organizational identity and accounting	42
Organizational identity and advertisement agency	2
Organizational identity and aerospace	0
Organizational identity and aircraft	0
Organizational identity and airline	2
Organizational identity and apparel	2
Organizational identity and accessories	0
Organizational identity and automotive	4
Organizational identity and automobile	3
Organizational identity and bank	21
Organizational identity and broadcasting	4
Organizational identity and brokerage	0
Organizational identity and biotechnology	2
Organizational identity and call center	3
Organizational identity and cargo	0
Organizational identity and chemical	2
Organizational identity and computer	13
Organizational identity and consulting	12
Organizational identity and consumer products	11
Organizational identity and cosmetics	1
Organizational identity and defense industry	0
Organizational identity and department stores	2
Organizational identity and education	31
Organizational identity and electronics	1
Organizational identity and energy	8
Organizational identity and leisure	3
Organizational identity and financial	11
Organizational identity and food	8
Organizational identity and beverage	2
Organizational identity and tobacco	0
Organizational identity and grocery	1
Organizational identity and health care	22
Organizational identity and internet publishing	0
Organizational identity and investment banking	1
Organizational identity and legal industry	5
Organizational identity and manufacturing	19
Organizational identity and motion picture	0
Organizational identity and video	2
Organizational identity and music	4
Organizational identity and newspaper	3
Organizational identity and online auctions	1
Organizational identity and pension funds	0

Table 2.2 (continued)

String search	Number of articles
Organizational identity and pharmaceuticals	4
Organizational identity and private equity	1
Organizational identity and publishing	9
Organizational identity and real estate	0
Organizational identity and retail	9
Organizational identity and wholesale	3
Organizational identity and securities and commodity exchanges	0
Organizational identity and service industry	23
Organizational identity and soaps and detergents	0
Organizational identity and software industry	8
Organizational identity and sports	13
Organizational identity and technology	25
Organizational identity and telecommunication	3
Organizational identity and transportation	2
Organizational identity and venture capital	1

In the third stage, the remaining articles were categorized into discourses (see Table 2.3). Some discourses already inherent in the string search could be maintained, namely (1) OI and organizational identification; (2) OI and change; (3) OI and management. Additionally, a discourse image/reputation (4) was created as many dominant papers evoked its importance and its dyadic relationship to OI. Moreover, it represents a reasonable antipole to the initial category of culture (5). The category of business growth (6) was maintained although the second discourse, OI and change, covers this aspect. This additional category ensured a direct insight into the research on OI and firm growth, which is one of the primary objectives of this chapter. Therefore, the category of growth does not present a major discourse per se, but acts as a reference point to the current academic standing within each discourse.

The last stage was dominated by the mapping process. Although each article was classified in one category, the paper could still contribute to other discourses. Through the mapping process, links between the different categories were highlighted and research gaps emerged. Table 2.4 summarizes the mapping process by listing the articles and its main implications. Discourses and the growth category as a reference within each dominant discourse are labeled by number.

Table 2.3 Article categorization into relevant discourses

Discourse	All Articles		Articles related to growth		Sectors
	# in total	Articles	# Articles		
Organizational identification	26	Ashforth and Mael 1989; Alvesson and Willmott 2002; Pratt 2000; Rousseau 1998; Brickson 2000; Kreiner, and Ashforth 2004; Humphreys and Brown 2002; Golden-Biddle and Rao 1997; Kärreman and Alvesson 2001; Kärreman and Rylander 2008; Alvesson and Robertson 2006; van Dick et al. 2008; Millward et al. 2007; Norman et al. 2010; Hogg and Terry 2000; Edwards and Edwards 2013; Foreman and Whetten 2002; Covaleski et al. 1998; Richter et al. 2006; Bamber and Iyer 2002; Scott 1997; Alvesson and Kärreman 2007; Knapp et al. 2013; Millward and Haslam 2013; Jones and Hamilton Volpe 2011; Corsten et al. 2011	3	Rousseau 1998; Hogg and Terry 2000; Edwards and Edwards 2013	health care, publishing, advertising, education, consulting, bank, leisure, finance, manufacturing, service, agriculture, accounting, automotive
Organizational change	20	Reger et al. 1994; Corley and Gioia 2004; Brown and Starkey 2000; Ravasi and Schultz 2006; Dutton and Dukerich 1991; Gioia and Thomas 1996; Fox-Wolfgramm et al. 1998; Ruef 2000; Fiol 2002; Chreim 2005; Empson 2004; Carlsen 2006; Skälén 2004; Gould et al. 1999; Palma et al. 2010; Nag et al. 2007; Rooney et al. 2010; Ybema 2010; Lowe et al. 2012; Wrzesniewski and Dutton 2001	5	Ruef 2000; Empson 2004; Carlsen 2006. Gould et al. 1999; Lowe et al. 2012	technology, transportation, education, bank, health, accounting, service, publishing, retail

Management	25	Scott, and Lane 2000; Bhattacharya et al. 1995; Elsbach, and Kramer 1996; Pratt and Foreman 2000; Hatch and Schultz 2002; Santos and Eisenhardt 2005; Whetten 2006; Fiol 2001; Brickson 2005; Vaara et al. 2005; Alvesson and Empson 2008; Albert and Whetten 1985/2004; Kraatz and Block 2008; Bundy et al. 2013; Glynn and Navis 2013; Livengood and Reger 2010; Westermann-Behaylo et al. 2014; Harquail and King 2010; Gioia et al. 2010; Battilana and Dorado 2010; Glynn 2000; Wieseke et al. 2007; Miller and Wesley 2010; Kroezen and Heugens 2012; Clark et al. 2010	10 Pratt and Foreman 2000; Santos and Eisenhardt 2005; Vaara et al. 2005; Alvesson and Empson 2008; Albert and Whetten 1985/2004; Livengood and Reger 2010; Gioia et al. 2010; Battilana and Dorado 2010; Kroezen and Heugens 2012; Clark et al. 2010	leisure, education, beverage, legal, service, banking, consulting, music, venture capital, health care
Organizational image/reputation	6	Dutton et al. 1994; Gioia et al. 2000; Whetten and Mackey 2002; Dukerich et al. 2002; Glynn and Abzug 2002; Zachary et al. 2011	2 Dutton et al. 1994; Zachary et al. 2011	Service for Glynn and Abzug: various, but not in depth
Organizational culture	3	Hatch and Schultz 1997; Fiol 1991; Lounsbury and Glynn 2001	1 Lounsbury and Glynn 2001	venture capital

Table 2.4 Article mapping

Organizational identification	Discourses						Main additional point
	1	2	3	4	5	6	
Ashforth and Mael 1989	x						Social identification is a perception of oneness which is based on self-categorization. This state leads to identity congruent behavior
Alvesson and Willmott 2002	x		x		x		Identity can be used as a normative control device
Pratt 2000	x	x	x				Both sensebreaking and sensegiving on behalf of the organization are necessary to manage dynamic member identification. Otherwise other forms, such as ambivalent states might emerge
Rousseau 1998	x	x				x	Members develop a rather situated identification, if new forms of working conditions are present
Brickson 2000	x		x				Identification with relational aspects supports diversity
Kreiner and Ashforth 2004	x		x	x			There are states of identification, disidentification, ambivalent identification, and neutral identification
Humphreys and Brown 2002	x		x				There are states of identification, dis-identification, neutral identification, and schizo-identification which are constructed though member narration and managerial legitimation
Golden-Biddle and Rao 1997	x		x		x		Identification with multiple OIs might lead to "conflicts of commitment". Identification affects strategic decision making
Kärreman and Alvesson 2001	x		x		x		Joint identification is achieved in controlled discourses
Kärreman and Rylander 2008	x		x	x	x		Branding can be employed as a managerial tool for achieving identification
Alvesson and Robertson 2006	x		x	x	x		Elitism can be used as a normative control

Table 2.4 (continued)

Organizational identification	Discourses						Main additional point
	1	2	3	4	5	6	
Millward et al. 2007	x		x				The physical location plays an important role for the focus of identification
Van Dick et al. 2008	x						Organizational and work group identifications can co-occur. If they occur simultaneously, higher job satisfaction is reached
Norman et al. 2010	x		x				Members with a high psychological capital and strong identification are less likely to engage in deviant behavior and more likely to be active in organizational citizenship behavior
Hogg and Terry 2000	x	x				x	Members use self-categorization when identifying with the organization. Drivers are the enhancement of self-esteem and the reduction of uncertainty
Edwards and Edwards 2013	x	x	x			x	OI strength, prestige, and accordance to OI claims concerning CSR are positively related to identification after a merger
Foreman and Whetten 2002	x			x			Empirical confirmation of multiple identifications in an organization. Members compare ideal and actual OI. Gaps have an impact on members' attitudes
Covaleski et al. 1998	x		x		x		There are managerial attempts to shape members' identities but members might resist by referring to their professional identity
Richter et al. 2006	x		x				Members can possess both organizational and work group identification simultaneously, which prevents intergroup conflicts
Bamber and Iyer 2002	x	x	x	x			Professional identities must be considered. In the accounting sector OI and professional identities fit together. Through organizational identification turnover and conflict between professional and organizational levels are decreased

(continued)

Table 2.4 (continued)

Organizational identification	Discourses						Main additional point
	1	2	3	4	5	6	
Scott 1997	x		x				Social identification in the team is important for job performance. Leaders have an influence on the degree of identification
Alvesson and Kärreman 2007	x		x		x		Human resource management techniques are important for members' identification
Knapp et al. 2013	x	x					Identification with work and private life might overlap. Members engage perpetually in boundary work
Millward and Haslam 2013	x	x	x		x		Identification with the group is generally higher than with the organization. The focus can be changed through a moderation of accessibility and fit. Sectors depicted a different focus after manipulation, which provides support for the importance of organizational culture
Jones and Hamilton Volpe 2011	x			x			Individuals' organizationally affiliated networks must be considered for identification. Size and the interaction between tie strength and prestige have a positive impact on identification
Corsten et al. 2011	x		x				Identification is important in an interorganizational context because trust and increased information sharing emerges which lead to a higher performance
Organizational change	1	2	3	4	5	6	Main additional point
Reger et al. 1994		x	x	x			If the desired state and the current state vary too widely, change will fail. Incremental steps are necessary
Corley and Gioia 2004		x	x	x			Radical organizational changes lead to identity ambiguity which allows multiple identifications. New meanings can be created through sensegiving

Table 2.4 (continued)

Organizational change	Discourses						Main additional point
	1	2	3	4	5	6	
Brown and Starkey 2000	x	x	x	x	x		Members use defense mechanisms to protect aspects of their OI when being confronted with change with dysfunctional effects. Organizational learning becomes necessary
Ravasi and Schultz 2006		x	x	x	x		Empirical proof of Hatch and Schultz's (2002) OI construction model. Culture acts as a source for sensemaking and giving in times of change
Dutton and Dukerich 1991	x	x	x	x			OI is closely linked with images, which makes OI more fluid than previously assumed
Gioia and Thomas 1996		x	x	x			As images must change fast today, OI is malleable. For strategic change the envisioned image becomes important
Fox-Wolfgramm et al. 1998		x	x	x			External claims might be resisted because of an incongruence with OI. Changes can be made stable, if envisioned image or identity is changed
Ruef 2000		x	x			x	Changes in organizational forms emerge as external others demand new identity elements. The more firms possess similar identity elements, the more legitimate the new form. Highly saturated markets are however uninviting to new forms
Fiol 2002	x	x	x				Changes can be restricted, if members strongly identify with the current status. Managerial rhetoric becomes necessary
Chreim 2005		x	x	x			OI is "confluent" and is shaped by managerial narratives and external others as they determine the degree of legitimacy of the OI claims
Empson 2004	x	x	x	x		x	Organizations can influence OI by constructing an aspirational image. Members continuously re- and de-identify with OI
Wrzesniewski and Dutton 2001	x	x	x				Members engage in job crafting and have thus an influence on the prevailing work identity

(continued)

Table 2.4 (continued)

	Discourses						
Organizational change	1	2	3	4	5	6	Main additional point
Carlsen 2006		x	x			x	OI is constructed through discourses. "Dialogic imagination" is used where members engage in futuristic thinking
Skålén 2004		x			x		OI is not stable and can be produced instead of being simply changed
Gould et al. 1999		x	x		x	x	Radical organizational changes lead to anxiety which has negative consequences, such as organizational failure. Growth should therefore always be considered in combination with psychological aspects
Palma et al. 2010		x			x		After a radical change a loss of OI might emerge. Without a distinctive OI, organizational survival is threatened
Nag et al. 2007		x	x				Initiating change through new practices might fail, if OI does not fit to the new knowledge. Although the knowledge was diffused, practices were not used
Rooney et al. 2010	x	x	x				Place identity is important for employees, especially lower ranked ones. During change with an associated alteration of location, resistance and uncertainty emerge
Ybema 2010		x	x	x	x		In order to change OI, a clear separation from the past in organizational discourses emerge, The importance of "postalgia" is highlighted
Lowe et al. 2012		x	x		x	x	OI is important for internationalization as it allows buffering and morphing. Therefore, capabilities can be maintained, recreated, and recombined which are all important tactics when growing internationally
Management	1	2	3	4	5	6	Main additional point
Scott and Lane 2000	x		x	x			OI is constructed by management and stakeholders (both external and internal). Management needs to communicate images and the underlying claims continuously

Table 2.4 (continued)

Management	Discourses						Main additional point
	1	2	3	4	5	6	
Bhattacharya et al. 1995	x		x	x			Marketing managers need to consider the importance of customer identification because it relates positively to donations and frequency of visits
Elsbach and Kramer 1996	x	x	x	x			Members whose OI is threatened will use categorization tactics and highlight elements that were not considered by others
Pratt and Foreman 2000		x	x			x	Managers can control to a certain degree the number of and relationships among OIs
Hatch and Schultz 2002		x	x	x	x		OI construction can be described by a model which is based on "I" and "me" processes (Mead 1934). Both image and culture are important
Santos and Eisenhardt 2005	x	x	x	x		x	OI shapes organizational boundaries
Whetten 2006		x	x	x	x		OI is different from image and culture. Organizations are social actors whose claims are neglected or approved by external others who compare claims to categorically specific behaviors
Fiol 2001	x	x	x		x		OI can achieve a temporary competitive advantage
Brickson 2005			x		x		OI and how the organization relates to its stakeholders is intertwined and termed "identity orientation"
Vaara, et al. 2005	x	x	x		x	x	Through the establishment of a corporate language identities can be shaped
Alvesson and Empson 2008	x	x	x	x	x	x	OI construction is based on specific dimensions within the consulting industry
Albert and Whetten 1985/2004		x	x			x	OIs are the central, distinctive, and enduring attributes of an organization. A tendency of multiple OIs emerges over the organizational lifecycle

(continued)

Table 2.4 (continued)

Management	Discourses						Main additional point
	1	2	3	4	5	6	
Kraatz and Block 2008		x	x	x	x		Members need to legitimize their OI claims by their institutional environment. Organizations can have multiple identities in situations of institutional plurality
Bundy et al. 2013		x	x	x			The salience of stakeholder issues is moderated by OI and strategic frame
Glynn and Navis 2013		x	x	x	x		Organizations are social actors and bound to a category. Yet, categories are not only constraining, but are socially constructed. Concepts such as “optimal distinctiveness” (Brewer 1991: 475) are important
Livengood and Reger 2010	x	x	x	x		x	Competitive reactions are dependent on OI. Some areas are perceived as highly important and maintained because of psychological rather than economic reasons
Westermann-Behaylo et al. 2014		x	x	x			Management can protect itself from external institutional pressures by using OI as an anchor
Harquail and King 2010	x	x	x		x		Physical contacts and own experience in the organization shape OI
Gioia, et al. 2010		x	x	x	x	x	OI construction is comprised of four sequential phases (creation of vision, experience meaning void, experiment with contrasts, achieve OI) and four ongoing phases (negotiating claims, attain optimal distinctiveness, perform liminal actions, gain legitimizing feedback)
Battilana and Dorado 2010	x		x			x	Recruitment techniques support the construction of hybrid identities
Glynn 2000		x	x				OI is linked to the development of strategic capabilities and resources. Conflicts might emerge in hybrid organizations
Wieseke et al. 2007	x		x				Customer orientation of front workers is dependent on members’ identification. Team leaders act as role models

Table 2.4 (continued)

Discourses							
Management	1	2	3	4	5	6	Main additional point
Miller and Wesley 2010	x		x				OIs influence investment decisions. In turn, investment decisions strengthen specific OI elements
Kroezen and Heugens 2012			x	x	x	x	A new OI for a new organization is constructed by using internal sources (e.g. founders' beliefs) and external expectations. Proto-identities act as a basket for the development of OI claims
Clark et al. 2010	x	x	x	x	x	x	Management should foster a transitional identity after radical organizational change which allows multiple interpretations
Image/ reputation	1	2	3	4	5	6	Main additional point
Dutton et al. 1994	x			x	x	x	The perceived OI and the construed external image influence members' identification
Gioia et al. 2000			x	x	x		The relationship to image makes OI fluid. Adaptive instability ensures adaptiveness and a sense of continuity
Whetten and Mackey 2002	x		x	x			Image, reputation, and OI are conceptually different. An organization offers identity claims to external others. These are legitimized or delegitimized and a reputation is constructed.
Dukerich, et al. 2002	x	x		x			Empirical proof that the perceived OI and the construed external image have a positive impact on identification. As the construed external image has a direct impact on member cooperation, not only the cognitive but also the attitudinal level is affected
Glynn and Abzug 2002			x	x	x		Elements of OI become isomorphic to their environment
Zachary et al. 2011	x		x	x		x	Rhetoric allows franchisor to project OI to acquire suitable franchisees

(continued)

Table 2.4 (continued)

Organizational culture	Discourses						Main additional point
	1	2	3	4	5	6	
Hatch and Schultz 1997			x	x	x		OI is dependent on but contextually different from image and culture
Fiol 1991		x	x		x		OI represents aspects of culture translated into a specific context. It acts further as a bridge between behavior and beliefs. Therefore, OI is important for the selection of a competitive advantage
Lounsbury and Glynn 2001		x	x	x	x		Cultural entrepreneurship refers to organizational storytelling through which OI is constructed. Investors evaluate the created OI and invest, if the OI is perceived as appropriate

Discourse 1: Organizational Identification

1. Ashforth and Mael (1989) were the first ones to introduce SIT. They used individual identity theory and identification to form a new research stream. They state that identification is “a perception of oneness” allowed through categorization (1989: 21). Later studies highlight this concept further by proving empirically that identifications are valuable since they decrease turnover (Bamber and Iyer 2002), increase job satisfaction (van Dick et al. 2008), decrease deviant behavior (Norman et al. 2010), and facilitate intergroup working (Richter et al. 2006). Kreiner and Ashforth (2004) pick up the idea and develop a more differential model for social identification within organizations. Moreover, identification is seen as unstable (e.g. Pratt 2000) and multilayered, since members can identify with both the organization and their work group (Richter et al. 2006), leading to more favorable results than single identifications (van Dick et al. 2008). Corsten et al. (2011) go one step further and state that identification can also emerge within a value chain. Such “inter-organizational identification” will have a positive impact on performance as trust and the sharing of

information are enhanced (2011: 549). Recent studies highlight that networks should be introduced into the discourse because older approaches such as Hogg and Terry's (2000) self-categorization do not provide a holistic picture (Jones and Hamilton Volpe 2011). It is argued that an individual's network size affiliated with the organization and the interaction between tie strength and prestige of an organization have a positive impact on identification. Despite an undeniable development, further research is needed since different categorizations of identification modes are used (Humphreys and Brown 2002; Kreiner and Ashforth 2004). Moreover, the notion of neutral identification is still unexplored within different organizational contexts.

2. An interesting link to organizational change is provided by Rousseau (1998) who argues that a deep identification is hard to achieve with new forms of working, where change is omnipresent. Still, identification per se remains an important concept (*ibid.*); a deliberation which is further proven by Alvesson and colleagues' studies where identification provides an important control tool in organizations (e.g. Alvesson and Willmott 2002). The dominant academic standpoint seems to emphasize further that identification is a dynamic rather than a static construct, undergirded by a continuous process of sensemaking where identification is changed (e.g. Pratt 2000). Hogg and Terry (2000) support the assumption of a more dynamic concept of identification by pointing to the possibility of a reconstruction of identification after organizational change. An empirical example is delivered by Knapp et al. (2013) who show that members engage in different boundary techniques to construct their individual selves. Thereby private and professional selves can be further intertwined or separated and, independent of the outcome, it is described as a dynamic process (*ibid.*).
3. A clear link between identification and management is provided by Alvesson and colleagues who refer to identity as a normative control tool (Alvesson and Kärreman 2007; Alvesson and Willmott 2002). It is argued that management can regulate individual identities to a certain degree through social practices so that individual behavior accords to organizational objectives (*ibid.*). More recent studies (e.g. Norman et al. 2010) support the importance of the concept as they observed a decrease in deviant behavior with increased identification especially in

- combination with a high positive psychological capital. Consequently, managers might use the described tactics to influence aspects such as organizational diversity as a greater identification with more relationship-oriented identity elements prevents an outgrouping based on demographic elements (Brickson 2000). Pratt refers to a “management of identification” (2000: 468) and even observes “brainwashing” (ibid.: 456) methods through sensebreaking and sensegiving tactics by the organization. Empirical studies prove that consequential sense-making (ibid.) occurred through narratives in newspaper organizations (Kärreman and Alvesson 2001) and through the construction of elitism in consulting firms (Alvesson and Robertson 2006). Similarly, Scott (1997) observes an influence of team leaders on individual identification and Millward et al. (2007) notice a managerial control over the focus of identification (group or organization) by assigning the place to work. However, despite these empirical results, Humphreys and Brown (2002) note that management can only yield identification to a certain degree since organizational members’ narration must also be considered. Similarly, Covaleski et al. (1998) notice that managerial attempts in the accounting sector might be counteracted by professional identities, which act as a source for resistance. However, this observation should be proven in other sectors as the degree of professionalism and urge for autonomy are comparably high in the accounting field. Golden-Biddle and Rao (1997) point to potential conflicts of multiple identifications in the case of hybrid identities, as actions are based on the assumption of “who we are”. The conscious management of identifications thus remains important as organizations move naturally toward hybridization (Albert and Whetten 1985/2004).
4. Kreiner and Ashforth (2004) argue that multiple outcomes of identification should be considered and that a positive reputation might prevent disidentification. Kärreman and Rylander (2008) assert that branding is not only important for external perceptions, but also for the internal creation of meaning. Similarly, Foreman and Whetten (2002) introduce the concept of institutionalism (e.g. DiMaggio and Powell 1983) and argue that there are expectations of each specific organizational form to gain legitimacy. If there is a gap between expectations and reality, members’ attitudes will be affected. Therefore it might be interesting to introduce a more nuanced perspective of identification

(i.e. disidentification, ambivalent identification, and so on) to the research stream of institutionalism. For instance, it might be interesting to know whether a more neutral identification of some organizational members allows a more open-minded perspective on external demands.

5. Alvesson and Willmott (2002: 628) categorize their identity regulations as “cultural-ideological”, thus presenting a link not only to the management of identification but also to culture. For instance, as an elite culture is constructed, managerial control is enhanced (Alvesson and Robertson 2006). Practices and narratives stem from organizational culture (Hatch and Schultz 2002) and provide a means to regulate identities (Kärreman and Alvesson 2001). As culture represents an important element, Millward and Haslam (2013) analyze differences in organizational culture and their impact on individual identification. Although group identification is more salient than organizational or career identification, it can be moderated by culture and identity fit (ibid.) Consequently, Millward and Haslam (2013) concur with Alvesson and Willmott (2002) when arguing that identifications can be managerially influenced.

As culture represents an important source for OI regulation, it might be interesting to note whether significant differences in tactics and results occur when comparing startups with longer established firms. Are newly formed enterprises more constrained in identity regulations because culture still needs to be established? Moreover, do national cultural characteristics influence the results within the same organization (consider for example Hofstede’s [1980] notion of collectivism and individualism)?

6. By focusing on mergers, Rousseau (1998) states that changes in identities occur, which act as a barrier to deep identification. Chances for identification after a merger increase as organizations focus on a “sense of continuity” (Rousseau 1998: 227). For instance, it becomes clear that the construction of identification is enhanced by retaining old elements (ibid.). Hogg and Terry (2000) warn that negative attitudes toward the new organization might prevent a successful closure. Drawing on SIT, it is argued that prestige helps identification, if members see the possibility of becoming a part of the new group. However, if the merging partner is evaluated as lower in prestige, members will feel threatened and use defense mechanisms (ibid.). However, the

notion of prestige is contested as recent empirical studies support its importance in situations of acquisitions (Edwards and Edwards 2013) on the one hand, but on the other hand neglect it in other situations by arguing that it only has an impact on member identification in interactions with strong relational ties of organizationally affiliated networks (Jones and Hamilton Volpe 2011). Moreover, it remains unclear whether similar results will emerge in other growth methods, such as joint ventures, since identification may be prevented if the partners are equal in prestige. Additionally, it might be interesting to know whether effects of prestige, if they exist, outweigh high cultural or institutional differences. For instance, can members of an acquired African firm easily identify with a German headquarters because of prestige despite cultural and institutional distances?

Discourse 2: Organizational Change

1. Fiol (2002) argues clearly that a strong identification can prevent change because organizational members might miss opportunities. By drawing on previous studies (Bouchikhi and Kimberly 1996; Swann 1996) she states further that identities (both individual and organizational) are resistant to change, which goes hand in hand with the psychoanalytical perspective (Brown and Starkey 2000). The more recent study by Rooney et al. (2010) supports this observation by highlighting that a change in the physical work place leads to uncertainty and disorientation due to a disruption of place identities. Notably, differences in hierarchical statuses were observed whereby lower levels are more affected by negative feelings. Still, identities can change but a de-identification must be achieved beforehand, whereby individuals will lose trust in the organization (Fiol 2002). An incremental re-identification with new elements occurs over time (ibid.). Similarly, Empson (2004) proposes a model in which individuals continuously re- and de-identify with a changing OI, which gives further emphasis to the fact that identification is a continuous process, as highlighted in the first discourse (e.g. Pratt 2000). Although it seems as if identification can be reconstructed easily, Kreiner and Ashforth (2004) provide a more nuanced perspective by pointing to different

statuses of identification. A further integration of a more detailed description remains nascent within the considered papers.

2. Dominant academic thinking emphasizes that OI is not static but possesses a status of “confluence” (Chreim 2005: 567). Thereby, the notion of organizational image becomes important (Gioia and Thomas 1996), which can be influenced by management (Empson 2004). Ybema (2010) argues further that the shaping of a positive future, which comes close to the shaping of the image, plays an important role in internal narratives during change. Through the emphasis on an ideal future, a state of “postalgia” (Ybema 2004: 825) occurs which allows the OI to change since members can detach from the past (Ybema 2010). Skålén (2004: 261) goes as far as to suggest that OIs can be “produced” freely instead of being simply changed. Consequently, previous assumptions of enduringness (Albert and Whetten 1985/2004) are contested. A compromise seemed to be found within the psychoanalytical perspective which notes that OI is sticky because members see it as a “defence against anxiety” (van Tonder 2006: 13) and use it to protect their self-esteem, still allowing for change through self-reflexivity and identity-focused dialogue (Brown and Starkey 2000). Also Reger et al. (1994), representatives of the classical perspective, reveal that incremental steps are sustainable since OI can act as a constraint to change. This is further strengthened by an empirical study by Nag et al. (2007), who underline that a radical change might be limited because OI and members’ knowledge are closely intertwined. Usually, when wanting to implement a change, new knowledge has to be developed, which is slowed down through members’ ambitions to preserve previous practices (ibid.). Nonetheless, research from a psychoanalytical perspective remains scarce and no clear solution from the classical perspective has been found yet.

Finally, apart from internal organizational changes, such as a corporate spin-off (Corley and Gioia 2004), external events provide important triggers for change (Fox-Wolfgramm et al. 1998), thus making the concept of institutionalism (DiMaggio and Powell 1983; Meyer and Rowan 1977) important for OI.

3. Some studies refer to managerial influences on OI change through the use of rhetorical devices (Chreim 2005; Fiol 2002), which comprises

parallels to Alvesson and Willmott's (2002) notion of identity regulation. Yet, management cannot freely design OIs, as they need legitimacy from the external environment (Chreim 2005; Dutton and Dukerich 1991; Ruef 2000). Also, members construct their own narratives, which might emphasize different aspects (Chreim 2005). Wrzesniewski and Dutton (2001) support the fact that members are powerful in the construction of identities and propose that organizational members have the power to change work identities which are affected by "individual, task and organizational features" (2001: 196). However, it remains unclear under which circumstances members' job crafting will lead to positive or negative effects. Brown and Starkey (2000) see it as a managerial task to engender critical reflection to overcome organizational inertia. Fox-Wolfgramm et al. (1998) state that alterations can occur if a change in the envisioned image emerges, which might allow for managerial possibilities for further interventions (Gioia and Thomas 1996).

4. The link between change and image represents a well-researched area in the dominant discourse of OI. Dutton and Dukerich (1991) have noticed a clear link between identity and image and Gioia and Thomas (1996) argue that a change in a desired image triggers a change in OI, making OI far more malleable than previously assumed. Fox-Wolfgramm et al. (1998) support this relationship by stating that a change can only be made stable if the envisioned image or envisioned identity is changed. Other studies put further emphasis on the importance of image for organizational change by observing that construed external images (Dutton et al. 1994)—as in how members believe that external others see their organization (Dutton and Dukerich 1991)—are a crucial trigger for changes in OI (Corley and Gioia 2004; Ravasi and Schultz 2006) and provide legitimacy for change (e.g. Chreim 2005 by drawing on Czarniawska-Joerges 1994: 198).
5. Whereas image is often seen as a trigger for change (Dutton and Dukerich 1991; Gioia and Thomas 1996), culture is related to deeply held values that have emerged over time (Hatch and Schultz 1997). Organizational culture thus provides sense to organizational members and is a reference to the past (ibid.). For instance, Palma et al. (2010) illustrate how the loss of an OI was sought to be closed through a bridge

to the past by structuring the organization into business segments that provided meaning to the members. Therefore, similar to OI and image, it is suggested that OI and culture are interlinked (Ravasi and Schultz 2006). An incorporation of different types of organizational cultures (e.g. Cameron and Quinn 1999) might shed further light on the relationship between changes in OI and organizational culture.

6. A natural link emerges between organizational change and firm growth. Empson (2004) notes that management engages in identity regulations after having acquired an organization through the use of an aspirational image. It is further argued that a “multi-layered identity” emerges (Empson 2004: 777), thus moving away from homogeneity. Moreover, professional identity was emphasized in the model, as it plays an important role for OI and personal identities (ibid.). Empson (2004) argues that professional identities allow broad interpretations that tolerate the coexistence of various OIs in the same field. It would be interesting to study mergers in new sectors where professional identities still need to be formed. Moreover, Gould et al. (1999) suggest that joint ventures might fail because organizational cultures are too different. Often, new OIs must be constructed, which takes time and is often associated with members’ resistance (ibid.). Further studies in various business contexts are needed, especially since in today’s business context alliances and other growth practices have become omnipresent (ibid.).

In contrast Carlsen (2006) and Lowe et al. (2012) detected growth procedures that do not involve organizational partners. Carlsen (2006) observed an organization over a growth period of 18 years, showing that identity and strategy are intertwined and that perpetual practice imagination was in the foreground. For the future it would be interesting to see whether such practices can be found in more sectors, as this provides an internal dynamic for growth, which might contradict the psychoanalytical perspective with its emphasis on the status quo. Lowe et al. (2012) come to similar conclusions concerning the strong link between strategy and OI when observing entry into international markets. It is argued that identities possess “buffering” functions whereby OI ensures that some capabilities are protected and transferred to the new market (2012: 1034). At the same time change is

allowed since identities possess “morphing functions”, which allow a mirroring of others present in the field and a recombination of capabilities from different locations (2012: 1034). It is argued that growth is enabled through three processes (direct transference, splicing, and enhanced imitation of other field constituents), where OI plays a crucial role. Therefore, OI per se might not represent a sustainable competitive advantage (Fiol 2001), but might help organizations to develop a competitive advantage during growth (Lowe et al. 2012). As the study focuses on growth where both home and host environment represent industrialized countries, it would be interesting whether similar morphing and buffering functions emerge in other circumstances. For instance, is morphing enhanced or decreased when entering emerging countries? As dominance effects of specific organizational practices might exist on the one hand (Pudelko and Harzing 2007) and cultural or institutional distance (Kostova 1999) on the other. Does the buffering or morphing function of OI become more or less important in specific processes? Can we also apply the concept to mergers and other growth formats?

Discourse 3: Management

1. Wieseke et al. (2007) and Bhattacharya et al. (1995) construct a clear link by stating that identification has important implications for marketing. Wieseke et al. (2007) suggest that customer orientation should be incorporated in OI as member identification with such values will have a positive impact on marketing. Similarly, Bhattacharya et al. (1995) highlight in their empirical study that those customers who identify with an organization are loyal to the focal unit. Also donation activities are positively related to the concept of identification. Therefore, organizations should not ignore such psychological concepts in their marketing activities (ibid.). Scott and Lane (2000: 44) elaborate that managerial attempts to increase stakeholder identification (both internal and external) can be categorized in: organizational communications; the effort to make stakeholders’ organizational affiliation more public; and in the attempt to integrate stakeholders into

the organizational community. However, managerial interventions can also lead to identifications with subgroups in an organization, leading to internal feelings of superiority and inferiority (Vaara et al. 2005). Battilana and Dorado (2010) warn about the emergence of subgroups where members identify with different logics in a hybrid organization, a circumstance already acknowledged by Glynn (2000). Similar to Alvesson and Willmott (2002), Battilana and Dorado (2010: 1432) propose that socialization processes become necessary, whereby a “tabula rasa” approach—hiring inexperienced people with no preconceptions—is favorable for the avoidance of subgroups. Importantly, both observations concur with Alvesson and Willmott (2002) when suggesting a managerial power over stakeholder identification. Santos and Eisenhardt (2005) emphasize further that identification becomes important with the setting of organizational boundaries since members become attached to specific business areas by seeing it as a part of their OI. Livengood and Reger (2010) support this observation in a more recent study. Similarly, Miller and Wesley (2010) note that social venture capitalists pay considerable attention to social components in their investments in entrepreneurs because of their identification with such attributes. Consequently, it is proven that investment decisions both shape and are shaped by OIs. Moreover, Fiol (2001) uses Rousseau’s concept of different degrees of member identification (1998) and argues that no sustainable competitive advantage can emerge based on identities in today’s fast-changing environment. However, temporary competitive advantages are achievable.

2. Much attention has been paid to the interaction of management and change. Albert and Whetten (1985/2004) had connected the idea of OI to organizational life cycles and argued that OI changes over time, so a tendency toward economically focused utilitarian identities emerges. However, Brickson (2005) questions this assumption in a later study and argues that different identity orientations are sustainable in today’s business environment. Whereas Albert and Whetten (1985/2004) see OI as enduring, Fiol (2001) sees it as far less stable. Hatch and Schultz (2002) support this by arguing for a permanent reflection of the current identity by organizational members. In sub-

sequent papers Gioia et al. (2010: 1) underline the importance of “recurrent processes”, which involve an ongoing negotiation. Also Pratt and Foreman (2000) state that management needs to manage OIs through techniques such as deletion or compartmentalization.

By introducing institutionalism to the discourse, Kraatz and Block (2008) underline that different external claims exist for organizations. Organizational claims are continuously evaluated by constituents of an institutional field but also re-interpreted by organizational actors. Thus, management needs to continuously adjust to external adaptations and manage, possibly multiple, OIs (*ibid.*). However, it is noteworthy that organizations might also reject external changes by using their OI as an anchor (e.g. Westermann-Behaylo et al. 2014) or by not perceiving external claims as salient because they are seen as unrelated to OI and the strategic frame (Bundy et al. 2013). Indeed, Whetten (2006) continues to argue that identity claims are considered more stable than those presented in academic discourses, as a more malleable perspective would blur the lines between OI and other concepts, such as image. Still, by being part of a specific category, such as a bank (Whetten 2006), external others have specific expectations about those organizational behaviors. Although such categories should not be considered solely as an “inflexible straightjacket” (Glynn and Navis 2013: 1133), it should be noted that they are socially constructed by both organizational members and external others and that organizations are still bound to them to some degree (*ibid.*). Consequently, concepts of “optimal distinctiveness” (Brewer 1991: 475) are important for the management of OIs.

3. The management of OIs presents a dominant topic in the prevailing academic discourse. Building on the notion that organizations tend to develop more than one identity in their lifecycle (Albert and Whetten 1985/2004), Pratt and Foreman (2000) suggest their active management. By understanding how OI is constructed (Gioia et al. 2010; Hatch and Schultz 2002; Kroezen and Heugens 2012) and which specific elements within an organization are highlighted for its construction in sectors (Alvesson and Empson 2008), managers might be able to influence it, as already depicted in discourse two (Fiol 2002). Scott and Lane (2000) also emphasize the managerial power of OI

construction when in communicating with stakeholders. Harquail and King (2010) note that members' physical experiences with the suggested OI elements also need to be considered. Hatch and Schultz (2002) argue that it is not only management who engage in impression management, but also all organizational members. Moreover, OI claims must be granted by external others to achieve legitimacy (Kraatz and Block 2008; Kroezen and Heugens 2012). As members engage in ongoing negotiations with their institutional fields, OI seems not to be a static concept but a dynamic one (Gioia et al. 2010; Glynn and Navis 2013; Hatch and Schultz 2002). On the contrary, Whetten (2006) sees OI as more static, although he also refers to different categories. Further consideration of this discrepancy should be embedded in future research.

4. Hatch and Schultz (2002) underline that OI and image are inter-linked in the construction of process. By drawing on Dutton and Dukerich (1991) and Dutton et al. (1994) they argue that members mirror the construed external image to ensure that their claims will be subsequently accepted by external others. Through impression management organizational members can influence others' perceptions about the organization (Hatch and Schultz 2002). The construction of an image is also important for new firms as members need to find a touchstone for their OI (Gioia et al. 2010). Still, identity and image are different concepts (Whetten 2006). This becomes especially clear when considering that members do not blindly agree to construed external images but engage in reflective processes (Hatch and Schultz 2002) and might develop defense mechanisms to protect their valued identity elements (Elsbach and Kramer 1996). As indicated above, it is partly OI that engenders members to perceive external issues as salient (Bundy et al. 2013) and to implement practices (Westermann-Behaylo et al. 2014), whereby images might be considered more or less important (Bundy et al. 2013; Dutton and Dukerich 1991) in achieving external legitimacy (Kraatz and Block 2008). Future empirical studies could focus on Hatch and Schutz's (2002: 1010) suggested identity imbalances, where hyper-adaptation is described as a primary focus of image management. It might be interesting to know whether a tendency toward such imbalances emerges in specific sec-

tors, countries, categories, or specific at times in organizational lifecycles.

5. Similar to image, culture is represented as an important element for OI construction (Hatch and Schultz 2002). Brickson (2005) supports this assumption by stating that different OI orientations toward stakeholders—i.e. being more individualistically, relationally, or collectivistically oriented—depend on deeply held values and assumptions. In Hatch and Schultz's terms (2002: 996) organizational culture comes close to an "internal self-definition" on behalf of the organization. Such a definition is important as an anchor when responding to others' expectations, because organizations that shift their claims too easily are not perceived as trustworthy (Kraatz and Block 2008; Selznick 1957). Fiol (2001) argues that in a fast-changing world culture has become more fluid than in previous centuries. Gioia et al. (2010: 15) see such malleability in culture in newly formed organizations where members engage in "liminal actions".
6. The management of identities is also discussed within the realm of firm growth. Indeed, Albert and Whetten (1985/2004) have already described how growth affects organizational identities. They argue that identities become salient in cases of rapid growth, takeovers, mergers, or acquisitions as members start to ask themselves who they are. Often, the organization acquires multiple identities on their growth path. Such an addition is seen as comparably easier than a loss. Still, Pratt and Foreman (2000: 30) highlight further that managers might decide to remove some identities of "superfluous branches" to increase the probability of growth. On the contrary, integrational techniques become suitable as merger and aggregation strategies in the case of joint ventures (ibid.). Clark et al. (2010) demonstrate a case in which management fosters a transitional identity after a merger, which increased the likelihood of members' identification. It is argued that a new OI is allowed to emerge from two previously distinctive ones, thus presenting an example of integration (Pratt and Foreman 2000). Whether the concept of transitional identities can be applied to cross-sector mergers or to other growth forms remains unclear. Moreover, future studies could develop Pratt and Foreman's (2000) framework and investigate whether techniques dif-

fer across organizational categories, countries of origin, and organizational forms.

Battilana and Dorado (2010) highlight further that selective hiring processes that ensure the construction of a strong and common OI in hybrid organizations, might impede firm growth. A different approach for a combination of the two discourses is offered by Santos and Eisenhardt (2005) who argue that identity codetermines the setting of organizational boundaries and consequently the decisions for investments or divestments. Indeed, Glynn (2000) had highlighted that OI shapes the deployment of resources and capabilities. The importance of OI in strategic decisions is further emphasized by Livengood and Reger (2010: 48) who argue that organizations react more fiercely to competitors' market entries if they identify strongly with this "arena". Negative side effects are remarked on by Santos and Eisenhardt (2005: 501) when referring to Walsh (1995) and that "competitive weakness" which offers important opportunities might be overlooked. Finally, Gioia et al.'s (2010) qualitative study provides interesting insights for organizations that have just emerged. It is argued that an ongoing negotiation emerges between organizational members and external others (*ibid.*), thus emphasizing again the context of categorical thinking (Glynn and Navis 2013; Whetten 2006).

Discourse 4: Image/Reputation

1. Dutton et al. (1994) suggest that images have a clear impact on member identification with the focal unit. The first mentioned image is the perceived OI, which comprises the central, distinctive, and enduring attributes believed in by organizational members. The second image is the construed external image, which refers to members' assumptions about others' beliefs about the organizations. Dutton et al. (1994) suggest a model in which the attractiveness of both images leads to a higher degree of identification. In a later study Dukerich et al. (2002) verified the concept empirically and went one step further by proposing that the construed external image is not only positively related to

- identification but also directly to member cooperation in the focal unit. Whetten and Mackey (2002) in turn describe reputation as external others' feedback on the suggested OI claims and believe that members' identification is spurred by a positive reputation.
2. By being a clear proponent of a more malleable OI, Gioia et al. (2000) assume that identity and image are closely interlinked, as already highlighted by Dutton and Dukerich (1991) and Gioia and Thomas (1996). Through this relationship OI is described as more adaptive than previously assumed. Moreover, Dukerich et al. (2002) believe that through the changing nature of images, identifications are also a more dynamic construct, as already suggested in the first discourse.
 3. Whetten and Mackey (2002: 410) state that there must be management to ensure that identity claims are consistent with the images projected on others. Importantly, even though feedback from others calls for a change, management must decide whether to obey these demands in which the identity is seen as a referent point, rendering it as more stable than suggested by other authors (e.g. Gioia and Thomas 1996). However, although the management of image is seen as an important task for management in Whetten and Mackey's (2002) eyes and OI seems to act as a reference, Glynn and Abzug (2002) demonstrate powerfully that management cannot be detached from others. By drawing on institutional theory it is suggested that prevailing institutional logics shape OIs and that organizations need to obey these pressures to gain legitimacy (*ibid.*).
 4. The consideration of images in the discourse of OI is an important construct, but, similar to organizational culture, is to be perceived as a conceptually different (Whetten and Mackey 2002). Dutton et al. (1994) and Dukerich et al. (2002) distinguish between the construed external image and the perceived OI whereby both have impacts on member identification. Gioia et al. (2000) see the connection to images as important since it allows members to adapt to external environments. Therefore, they suggest that OI becomes more flexible, which is in contrast to Whetten and Mackey (2002) who believe that OI is a reference for members and images are strategically employed by management. Importantly, a distinction between image and reputation needs to be considered. Whetten and Mackey (2002) suggest

that image is managed by the organization, which might come close to Hatch and Schultz's (2002) notion of impression management during OI construction. Reputation on the other hand describes others' feedback (Whetten and Mackey 2002).

5. Dutton et al. (1994) believe that organizational culture has an impact on both perceived OI and the construed external image, as changes in culture lead to changes in image. Consequently, changes in culture will also lead to changes in member identification. Indeed, as already described in discourse three, it is assumed that both image and culture are fundamental concepts for identity construction (Hatch and Schultz 2002).
6. The link between image and firm growth in identity literature remains scarce. Dutton et al. (1994) state that changes in structures, such as mergers and acquisitions, will have an impact on the construed external image and perceived OI and consequently also on member identification. Also Corley and Gioia (2004), when referring to corporate spin-offs, notice that images are important in organizational change processes. Later studies (Zachary et al. 2011) argue further that projected OI claims are used to gain suitable franchise partners. The management of images acts here as an important control tool for the growth strategy because similar values provide a basis for mutual understanding. Therefore, management should not only consider the economic aspects, but also the psychological effects.

Discourse 5: Organizational Culture

1. No direct link between identification and culture could be identified, but drawing from the first discourse, one might argue that identification with an organization can be achieved with the help of cultural interventions, which is perceived as normative control (e.g. Alvesson and Willmott 2002).
2. On the other hand, a rather clear link emerged between culture and change. By drawing on Swidler (1986), Lounsbury and Glynn (2001) argue that culture has a direct impact on OI construction. Thereby culture is not depicted as an anchor to the past, but as a resource to be

- interpreted to shape OI, rendering it as an element which allows for interpretation. Fiol (1991) supports the view that culture is embedded in identity, which in turn has an important impact on cognitive processes for management on organizational competencies. Therefore, one might argue that culture has an indirect impact on managerial decisions concerning resource deployment through identity.
3. Hatch and Schultz (1997) and Fiol (1991, 2001) argue that culture and identity are interlinked. Thus, a management of cultures can lead to the management of identities. For instance, as depicted in the discourse of social identities and management, culture often is used to socialize employees (Alvesson and Willmott 2002), whereby specific cultures, such as elitism, lead to the possibility of influencing people to a certain degree (Alvesson and Robertson 2006). Moreover, Lounsbury and Glynn (2001) prove that through the deliberate use of cultural narratives, identities can be shaped to foster favoritism among investors, which enhances the chances of gaining legitimacy and support. It remains unclear though whether specific types of organizational culture are favorable for such a narrative storytelling.
 4. Hatch and Schultz (1997) argue that culture should be considered for identity research, posing at the same level as organizational image. This clear link can also be found in the discourse of management where constructions of OI frequently involve the notion of culture and image (Hatch and Schultz 2002; Ravasi and Schultz 2006). Moreover, Lounsbury and Glynn (2001) highlight cultural entrepreneurship in the form of storytelling. This approach helps young firms to establish a positive reputation with stakeholders.
 5. Although the importance of organizational culture is accepted, it is crucial to understand that OI is not equal to organizational culture (Hatch and Schultz 1997), an assumption that is also prevalent in management discourse when considering the definition and construction of OI (Hatch and Schultz 2002; Whetten 2006; Whetten and Mackey 2002). Fiol (1991: 193) supports this observation by stating that “identities ... represent aspects of culture translated into a specific context”.
 6. In their conceptual paper Lounsbury and Glynn (2001) address firm growth as entrepreneurs seek capital to realize growth, in which cul-

ture plays a crucial role and can be deliberately deployed to shape a certain identity for external others (Swidler 1986). However, as presented in the study by Gould et al. (1999), organizations involved in joint ventures possess different organizational cultures. Also, Empson (2004) provides an example of merged organizations where differences need to be considered. Therefore, it remains questionable whether and how such cultural narratives are applicable in such situations.

Conclusion

I started from the assumption that various literature streams exist in the field of OI (van Tonder 2006, 2011) which often present an “abstract” definition of OI (Cornelissen 2006: 702) leading to a metaphoric conception (Cornelissen 2002) and even to an “identity crisis” (Whetten 2006: 220). Additionally, papers such as the one by Gould et al. (1999) point to the importance of business cooperation that enables growth in the contemporary environment. Indeed, authors amplify the necessity to consider psychological concepts for firm growth to ensure success (e.g. Clark et al. 2010; Empson 2004; Lowe et al. 2012). Although the concept of OI has been studied widely in past decades, it remains a rather vague concept with scope for interpretation (e.g. van Tonder 2011). Consequently, a structured review method was employed not only to shed light on the dominant assumptions concerning OI but also to depict how the concept of OI has been applied to firm growth from various perspectives.

Through the analysis it is revealed, firstly, that organizational identification remains an important aspect as links could be found for all discourses. Despite increasing research gaps remain, as concepts such as neutral identification (Kreiner and Ashforth 2004) and the role of professional identities need further investigation. Concepts of identity regulation should be further studied in start-ups and different cultural settings. We know further that identification is crucial for firm growth modes such as mergers, but other forms, such as joint ventures, remain under studied. Also the role of prestige and the multiple forms of identification (Kreiner and Ashforth 2004) in various growth approaches are nascent.

Secondly, it becomes obvious that change and OI remains a contested discourse, in which the malleability of OI is debated. It seems clear however that changes in the organization will question the prevailing OI leading either to defense mechanisms (Brown and Starkey 2000) or to changes in OI (Dutton and Dukerich 1991). Also the role of culture should be developed since none of the examined papers considered whether different types of cultures have an effect on the malleability of identities. A natural bridge to growth emerges here and it is argued that managerial interventions can construct a more assimilated OI after a merger (Empson 2004). However, more research is needed for other forms of growth and mergers among organizations that do not possess the same professional identity. As the malleability of OI is contested, it remains unclear whether specific OI attributes are needed from the very beginning to engender growth or whether OI can be re-shaped at a later time.

Thirdly, the discourse of management is well researched and covers all links and many sectors. It becomes clear that OI and various management disciplines are closely intertwined and that a conscious management of OI becomes necessary. Social identity and classical perspectives are especially dominant within this discourse. More empirical studies should include Pratt and Foreman's (2000) concept of identity management, whereby different organizational forms and countries of origin should be considered. The concept of transitional identities (Clark et al. 2010) promises fruitful insights but further investigation of other growth modes is necessary.

The fourth discourse represents mostly the classical and the social identity perspectives. It becomes obvious that there are different definitions of images (Dutton and Dukerich 1991; Whetten and Mackey 2002) and that the role of image is contested. It remains disputed to what degree OI can be freely shaped by images and to what degree external claims are neglected. Links between image and firm growth remain scarce but it can be stated that growth changes the organizational image and thus also affects OI (Dutton et al. 1994), moreover it helps to attract suitable partners (Zachary et al. 2011). Future studies could therefore investigate whether specific growth forms are more common in specific categories as they generate a more favorable image among external oth-

ers who base their evaluation on categorical thinking (Navis and Glynn 2010; Whetten 2006).

Finally, concerning culture and OI clear links are found between change, management, image, and growth. However, no direct link to identification could be detected. Therefore one might ask whether members are more prone to identify themselves with specific organizational cultures. Can a general assumption be made or does it depend on sector, target group, country, and so on? According to Glynn and Abzug (2002) cultural symbols need to be adapted to the external environment. Consequently, it might be argued that the same culture might lead to a greater identification in some countries than in others. This might have important implications for international companies. Concerning growth in general, it becomes clear that entrepreneurial storytelling can support capital accumulation (Lounsbury and Glynn 2001). Further studies might help to identify whether particular cultures are more prone to growth by being able to accumulate more capital than others and whether the derived identities and the underlying cultures can be easily changed when experiencing external rejection.

Retrospectively, it can be stated that OI remains an important field but includes many contestations. Already the definition of OI seems ambiguous, which justifies the stipulation of an “identity crisis” (Whetten 2006: 220). Despite these conceptual difficulties, it is well depicted that OI has been applied to many situations in many different sectors. It is the omnipresence of psychological concepts in organizational behavior that turns OI into a relevant contemporary phenomenon. Also, the topic of firm growth was present in many dominant papers. Indeed, links could be created to all discourses. Thus, firm growth seems to be both a current and a relevant topic in contemporary and dominant literature. Still, as depicted above, there remain research gaps concerning different growth forms, the necessity and possibility of managerial interventions, and the overall function of OI. This necessitates further research in this area to extend current academic knowledge and to support contemporary managers in today’s fast-changing world when facing the question of whether growth is an opportunity or a liability.

Limitations

Although a systematic review promises deep insights and allows the evaluation of a large variety of literature, which improves the quality of the paper (Cook et al. 1997; Mulrow 1994), certain drawbacks should be considered. Although this chapter aims to provide a holistic overview, some important papers could have been missed because the initial search was restricted to abstracts, titles and keywords. Although this was necessary because of the sheer volume of literature, there are drawbacks. By only considering English language papers other important discourses prevalent in different countries could have been missed. Furthermore, a certain degree of subjectivity is inherent in the selection process. While the extent of citation could be seen as an element of “hard data”, it could not be used alone, as this might be too simplistic an explanation for the most dominant articles in the past three decades. Therefore, more subjective evaluation criteria, such as the overall impact on the field of OI, were employed. Similar limitations emerged during the mapping process, as articles were categorized into different discourses and, although other authors in this book reviewed the paper, a degree of subjectivity should be noted.

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3

Organizational Identity in Management Consulting Firms: Professional Partnerships and Managed Professional Businesses Compared

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Introduction

Professional service firms (PSFs) play a significant role in today's global economy (Brock et al. 2014; Scott 2008) having experienced above average growth over several decades. Reasons for the continued growth of large PSFs have been discussed widely, such as: their abilities to foster demand for their services in complex interaction processes with clients (Ernst and

JEL codes: L21, L25, L84, M10

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C. Dörrenbächer et al. (eds.), *Organizational Identity and Firm Growth*, DOI 10.1057/978-1-137-57724-5_3

Kieser 2002) and to maintain long-term client relationships (Bendapudi and Berry 1997); or their particular focus on managing human resources for growth (Maister 1993) by balancing professional freedom and entrepreneurial spirit with organizational control (Guzak and Racheed 2013); often in a transnational context (Greenwood et al. 2010).

One of the key resources for PSFs in the above mentioned processes is their strong organizational identity (OI) (Alvesson and Robertson 2006). This OI enables PSFs to develop a good external reputation—toward potential employees and clients—and to lead their employees internally (Alvesson 2001: 877; Alvesson and Kärreman 2007; Brown and Lewis 2011). Therefore, identity management in the form of identity construction and regulation, becomes a crucial management task in PSFs (Alvesson and Empson 2008; Alvesson and Willmott 2002).

However, while the significance and effects of OI for PSFs have been explained in general, the differences among different types of PSFs in this context are less clear. In particular, no clear distinction has been drawn yet between the two archetypes of PSFs, the professional partnership (P2) or the managed professional business (MPB) (Greenwood et al. 2007; Richter et al. 2008). This is astonishing as the archetypes are quite different in terms of organizational structures and control systems linked to an underlying interpretive scheme, which could possibly have a significant effect on identity issues. By understanding how the different archetypes construct their OIs on a micro level, we understand why archetypes behave differently regarding strategic actions, such as decision making for growth. Academia already pinpoints the close connection between OI and strategic decision making (Livengood and Reger 2010; Santos and Eisenhardt 2005), however, we believe that it is not only OI which shapes strategic action, but also growth models which form, recreate and strengthen OI.

This chapter makes a contribution by differentiating between the two archetypes of PSFs with regard to identity construction. For this purpose we undertook a multiple qualitative case study on international PSFs with McKinsey and The Boston Consulting Group representing the professional partnerships (P2) archetype and Accenture and KPMG the managed professional businesses (MPB) archetype. In essence, we found both similarities and differences in identity construction among the

observed firms. Similarities can mainly be traced back to the shared professional identity of being a consultant; differences exist with regard to elitism in OI, whereby P2 firms possess a deeper elite identity than MPB firms, which facilitates identity regulation and identification. This elite OI was at least partly strengthened by an organic growth strategy, which enabled the internal recreation of prevalent OI elements. Moreover, our findings point to the existence of ideographic identities in MPB firms, which can be, *inter alia*, traced back to an aggressive growth strategy, and mono identities in P2 firms resulting among other things from organic growth. Finally, applying Hatch and Schultz's (2002) model of identity construction to both archetypes reveals that P2 firms tend to focus slightly more on the 'I' process, whereas MPB firms tend to pay more attention to the 'me' process in their identity construction.

The chapter first reviews the literature on OI, the organization of PSFs, and the relationship between these two areas. It then describes the methodology before laying out the findings of the multiple case studies. This is followed by a discussion of theoretical and practical implications and concludes with limitations and suggestions for further research.

Literature Review

In their seminal contribution, Albert and Whetten (1985/2004) define OI as the sum of the central, distinctive, and enduring attributes of an organization. These attributes play a key role by functioning as a "categorical imperative" (Whetten 2006: 221) for an organization. In this sense OI supports organizations to answer the self-reflective question "Who are we as an organization?" (Whetten 2006: 219), which is particularly relevant in situations of organizational change. Self-reflecting questions can be answered via self-categorization whereby organizational members use "interorganizational comparisons" to answer the question of who they are (Albert and Whetten 1985/2004: 93).

According to social identity theory (SIT), the micro level of personal identity is linked to the macro level of OI by the process of identification that occurs when there are overlapping attributes between the two constructs (Cole and Bruch 2006; Dutton et al. 1994; Elsbach and Kramer

1996). According to SIT, individuals employ an ongoing self-categorization to indicate their identification with a certain group (Ashforth and Mael 1989; Hotho 2008). This social identification is defined as “the perception of oneness with or belongingness to some human aggregate” (1989: 21) which gives an answer to the question “Who am I?” (Turner, as cited in Ashforth and Mael 1989: 21). Identification may lead to the incorporation of group values and group norms and thus to a homogenous level of attitudes and behaviors (Ashforth and Mael 1989). Additionally, organizational learning is fostered (Brusoni and Rosenkranz 2014). Organizations that engage in extensive socialization processes also inspire stronger organizational identification (Zaheer et al. 2003: 189). The main driver for identification is to enhance self-esteem (Hogg and Terry 2000). Thus, the good reputation—such as prestige—of a group increases the motivation for identification (Whetten and Mackey 2002). In contrast, identification can also lead to embarrassment and frustration (Dutton and Dukerich 1991).

Construction of OI

According to Mead (1934/2004), the emergence of personal identity is a social and dynamic process which involves two different but interconnected aspects of the self: the ‘I’ and the ‘me’. The ‘I’ can be understood as a response or reaction to the attitudes of others toward the individual that the individual assumes. In contrast, the ‘me’ constitutes the set of attitudes of others toward the individual that the individual assumes him- or herself and relates to expectations and social responsibility (Hatch and Schultz 2004; Kosmala and Xian 2011). Consequently, one can interpret the ‘I’ as the “historical figure” of the ‘me’ (Mead 1934/2004: 31). Through the ability of the individual to notice others’ attitudes toward him- or herself, s/he is able to develop a sense of self-consciousness (Mead 1934/2004).

Earlier studies of OI that transfer Mead’s model to the organizational arena specifically point to the ‘me’ process in OI construction (Dutton and Dukerich 1991; Ginzler et al. 1993/2004; Gioia and Thomas 1996; Scott and Lane 2000). Hatch and Schultz, however, take a modernist

approach by incorporating the ‘me’ of an organization in the form of organizational image and the ‘I’ in the form of organizational culture (2002). They interpret the construction of OI as “an ongoing conversation or dance between organizational culture and organizational images” (2002: 991) and describe four underlying processes: mirroring, reflecting, expressing, and impressing (see Fig. 3.1).

The first underlying process of the ‘me’ process, the *mirroring*, indicates a reflection of the image that is believed to be held by external stakeholders, which comes close to the construed external image as put forward by Dutton and Dukerich (1991). Here, the assumed images that others have toward the focal organization can be interpreted as a mirror. However, Hatch and Schultz (2002) go one step further by arguing that there are blurring boundaries between internal and external environments and suggest that stakeholders’ images also have a direct impact on identity and thus escape the employees’ cognitive filtering.

The second underlying phase of the ‘me’ process is *impressing* and bridges the notion of identity and image. In this phase both intended and unintended messages are sent to the external environment to impress a certain image on others. It can be seen as a bridge between identity and image since the projection of images—or the impression (Ginzel et al. 1993/2004)—will always contain underlying identity notions.

The ‘I’ aspect of identity construction is considered in the *reflecting* and *expressing* processes and embraces elements of which members are

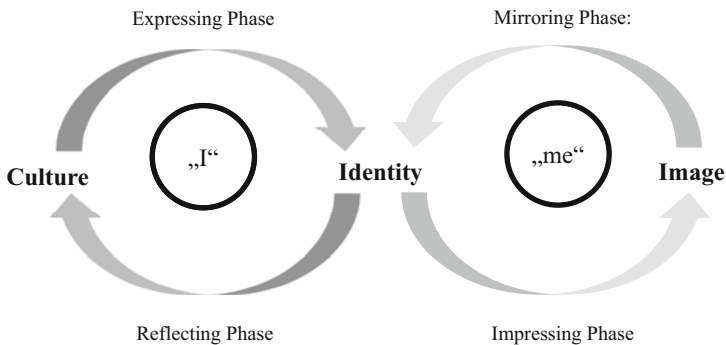


Fig. 3.1 The construction of OI (Adapted from Hatch and Schultz 2002: 995)

not consciously aware (Mead 1934/2004). The reflection process embeds identity in the basic assumptions and values of organizational culture; it provides meaning for artifacts (Schein 1984). The organizational culture can be seen as a reference point against which external images, introduced to the organization in the mirroring process, can be compared. This implies that organizational members do not simply accept the received images but reflect on them, which can lead to the reinforcement of or a change in OI. Consequently, self-definitions can be preserved (Hatch and Schultz 2002). If the received image differs significantly, it is perceived as an identity threat (Dutton and Dukerich 1991).

The expressing phase nurtures the impression phase. The reflections are embedded in discourses that allow organizational self-expression (Czarniawska-Joerges 1997/2004; Jack and Lorbiecki 2007; Reissner 2010). Thus, members can “speak about themselves as an organization, not only to themselves but also to others” (Hatch and Schultz 2002: 1001). This is possible because organizational culture has the power to express meanings of identity embedded in the reflection process (Hatch and Schultz 2002). Dress codes (Pratt and Rafaeli 1997), corporate rituals such as ceremonies (Alvesson and Kärreman 2007) or myths, metaphors, sagas, and heroes (Pondy, et al., as cited in Ashforth and Mael 1989: 28) all help construct OI within organizations (Hatch and Schultz 2002) and assist in answering the question “who are we as an organization?” (Whetten 2006: 219). When the ‘I’ and the ‘me’ processes are balanced, a strong OI is constructed which is supposed to result in a better organizational performance (Hatch and Schultz 2002).

Organizational Identity in Professional Service Firms

Alvesson and Empson (2008) empirically investigated the notion of OI in connection with PSFs and confirmed the relevance of OI for every PSF they examined. Further publications emphasize the importance of OI in the consulting business (Alvesson 2012; Sandberg 2003). Yet, empirical research on this phenomenon remains scarce so that Alvesson and Robertson (2006) and Alvesson and Empson (2008) explicitly call for extended research in this area.

A main focus of contemporary research is on the elite identity of management consulting firms and the underlying notion of identification. In this context researchers rely on SIT (Alvesson and Kärreman 2004, 2007; Alvesson and Robertson 2006; Kärreman and Rylander 2008; Sandberg 2003), which states that an elite identity indicating prestige will lead to a higher identification with the organization since the main driver is an increase in self-esteem and a positive self-categorization (Dutton et al. 1994; Hogg and Terry 2000).

It is observed that elitism and the underlying notion of identification with the consulting firm are deeply embedded in the nature of the business. Consulting is a people business and employees are the most important resource so that the attraction and retention of qualified personnel are crucial (Alvesson 2012). For the attraction and retention of the “best and the brightest” (Alvesson and Robertson 2006: 203) an elite identity is advantageous.

Also, consultants work in a highly complex environment with different team members and clients (Alvesson 2012). The delivered results can be a basis for ambiguity since there is no clear measurement of quality (Alvesson 2012). Moreover, competences might be challenged by clients' employees so that a strong self-esteem is crucial in the industry (Alvesson 2012). Elitism fosters and stabilizes self-esteem (Alvesson and Robertson 2006), impressing a certain level of reputation on clients, which is crucial for the consulting sector (Alvesson and Robertson 2006).

Yet researchers state that identification is hard to achieve in consulting firms because of the complex working environment (Alvesson 2012). At the same time this specific obstacle represents the most important reason for identification since it must be ensured that consultants act in the interests of their consulting firm and not on behalf of clients in whose offices they spend more time than in their own (ibid.). This aspect leads directly the need for control. Since bureaucratic control has a limited effect in the consulting business because of the highly flexible working environment, a more indirect, normative control is observed (Alvesson 2012; Alvesson and Robertson 2006; Alvesson and Willmott 2002). Hence elitism can be seen as a normative control device since it affects identification, which initiates commitment and the incorporation of organizational values (Ashforth and Mael 1989).

Alvesson (2012) explicitly highlights the (elite) image as a significant control mechanism by stating that an alignment between an aspired image and an actual image should be secured to ensure appropriate behavior by members. Kärreman and Rylander (2008) add that the overall process is supported by branding: first, in the impression phase to project an elite identity; second, branding is seen as even more important for organizational members since it directly supports identification with the organization. Therefore branding should be deployed not only as a marketing tool, but also for the “management of meaning” (2008: 103) since it influences values and beliefs to a certain degree.

The construction of an elite identity was empirically studied by Alvesson and Robertson (2006) who applied Hatch and Schultz’s (2002) model for OI construction to four British consulting firms. They indicate that both the ‘I’ and the ‘me’ processes are important for the construction of an elite identity. Organizations rely partly on impression management and mirroring through which organizational members seek confirmation. In contrast, exploitation of cultural resources, such as artifacts that are imbued with meaning, are used to reflect on OI internally (Alvesson and Robertson 2006; Kärreman and Alvesson 2009). However, differences between archetypes of consulting firms, which we will outline in the following section, were not looked at specifically.

Professional Service Firms and the Archetype Theory

Von Nordenflycht (2010: 155) sees management consulting firms as “canonical” examples for professional service firms (PSFs) and categorizes them as neo-PSFs, characterized by a high degree of knowledge intensity, a low capital intensity, and a low professionalized workforce because of the firms’ reluctance to join industry associations (McKenna 2006). Management consulting can still be regarded as an “emerging profession” (Payne 1987: 159).

Since the second half of the twentieth century research on the organization of PSFs has grown in prominence (Brock et al. 2014: 2), whereby management consulting firms especially have attracted much interest from scholars in the last two decades (Boussebaa 2009: 835; McKenna

2006). Seminal publications on the organization of PSFs deal with their governance and corresponding organizational implications (Greenwood et al. 2007), and their management practices (Alvesson 1995; Løwendahl 1997; Maister 1993), often with a particular focus on management consultancies (Kubr 2005). Because the general topic area is service, issues related to human resource are also common, such as organizational change (Ackroyd 1996; Greenwood and Lachman 1996; Lawrence et al. 2012), team performance (Mitchell et al. 2011), or HR aspects of internationalization (Boussebaa 2009; Hitt et al. 2006).

Over the years, organizational theorists have recognized that the unique environment of PSFs requires managerial theories that are distinct from other organizational formats (Maister 1993; Malhotra et al. 2006). Based on configuration theory, which proposes that organizational designs are numerically limited (Mintzberg 1979), and on institutional theory, which highlights that firms adapt to different environmental settings, the archetype theory was developed (Brock et al. 2007). This theory suggests that the differences between PSFs are found less in the design of organizations, and more in the values and patterns held by organizational members (Richter et al. 2008). The traditional response to a high knowledge intensity and a high degree of latitude in solving clients' problems is the professional partnership (P2) (Greenwood et al. 1990).

This archetype has an interpretive scheme focusing on professionalism and partnerships (Cooper et al. 1996). It was originally introduced by Greenwood et al. (1990) who refer to the example of accounting firms. The key notion of P2s is the sharing of ownership among partners, indicating a fusion of ownership and operation. National offices are equated to headquarters controlled through a "representative democracy" (Greenwood et al. 1990: 730). A striking element is also the absence of bureaucratic control, which leads to the relative autonomy of local offices. This aspect emphasizes that independence and professionalism substitute for set rules and traditional regulations (Richter et al. 2008). The only element of control is safeguarding professional standards (ibid.). Most P2 types have a three-level hierarchy (Maister 1982) combined with a strict up-or-out policy for promotions (Hinings et al. 1991). The strength of this archetype lies in a high responsiveness and flexibility to a variety of client needs (Pinnington and Morris 2003).

On conducting research in the accounting and law sectors, Cooper et al. (1996) noted the emergence of a second archetype, which they refer to as managed professional businesses (MPB). Richter et al. (2008) see the emergence of this new archetype in connection with the appearance of bordering industries such as accounting, auditing, and IT. MPBs possess a different interpretive scheme: efficiency, a more managerial approach, and more client-centeredness (Cooper et al. 1996). They are responding to an external environment which demands a higher bureaucratization because of increasing competitive pressure in a globalized environment (ibid.). Thus, professionalism is equated to being business-like, which incorporates punctuality, financial success, and entrepreneurialism (ibid.). Although both Ackroyd and Muzio's study (2007) and Pinnington and Morris' results (2003) question this observation, Brock et al. (2007: 234) pinpoints an "emerging evidence ... that supports the emergence of new organizational forms, such as the MPB". Other studies even extend the MPB archetype and refer to global professional networks (Brock et al. 1999)—highlighting transnational aspects, network structures, and internal differentiation (Brock et al. 2007)—and Stars—focusing on niche strategies and excellence in special knowledge areas (ibid.). However, the *classical* archetype theory describes only P2s and MPBs (Ackroyd and Muzio 2007) and more recent studies focus only on those two classical formats (Richter et al. 2008).

Although the archetype theory faced serious criticism because it was perceived as primarily a functional analysis, making it difficult to generalize across sectors (Ackroyd and Muzio 2007; Kirkpatrick and Ackroyd 2003) and confusing the "general phenomenon of greater managerialism" with the emergence of a new archetype (Pinnington and Morris 2003: 85), proponents argue that this approach enables theorists to understand why changes in PSFs occur (Greenwood and Hinings 1996). Despite the criticisms, it is the dominant theory used to examine PSFs (Brock et al. 2007) and is also used as the basis for analysis in more recent studies (Richter et al. 2008). However, even though the archetype theory is widely represented in contemporary studies, no paper exists that examines how the different interpretive schemes affect OI. Since the two archetypes possess dissimilar values, beliefs, and ideas to guide the

self-reflective question “Who are we as a consulting firm?”, the question arises whether differences in OI and their construction exist between the two archetypes. Although von Nordenflycht (2010) does not associate neo-PSFs (i.e. management consulting firms), with the classical P2 structure, Greenwood and Hinings (1993) highlight that there might be more than one archetype in the environment in the case of changes in the environment. We believe that these changes are also visible in the management consulting field, where deregulation and the search for new revenue streams are omnipresent. Hence, we assume that both P2 and MPB structures exist and recent studies support this assumption (Richter et al. 2008). To broaden both OI theory and concepts of organizational behavior in the consulting industry, this chapter addresses this gap by asking the following research question: “How do the different archetypes of PSFs differ with regard to OI?”

Methodology

To explore our research question on OI in PSFs, we conducted a qualitative multiple case study to detect and describe similarities and differences of OIs in P2 and MPB organizations. We studied four different consulting firms, regarded as a sufficient number of cases to ensure credibility (Eisenhardt 1989: 545). Our case organizations were not chosen for statistical reasons, but because they represent polar types. This allows for a broadening of the across a variety of other organizations, which strengthens external validity (Eisenhardt 1989).

The Boston Consulting Group (BCG) and McKinsey & Co. were studied as P2 types. They can be seen as classical examples of P2 archetypes since they possess a strict up-or-out-policy, rely heavily on their partnership structure, and have a minimal three-level hierarchy approach. In contrast, KPMG and Accenture were examined as MPB types. Both are more centrally managed and have strong performance goals with strict controls, and offices do not have the same degree of autonomy as at McKinsey or BCG (Accenture 2012a, b; KPMG LLP 2012a). Although KPMG still has an official partnership structure, it seems that partners are

not often consulted when important decisions are taken and are considered as “normal employees” (Baskerville and Hay 2010: 303). Accenture had gone one step further by abandoning the partner structure after they changed their name from Andersen Consulting (Gordon 2002).

In our study, we followed the explanation building approach suggested by Yin (2009) to enrich the organization and OI theory. Data triangulation was used to increase reliability and validity (Yin 2009) and we took a holistic view of Hatch and Schultz’s (2002) OI construction model, which is crucial for ensuring internal validity.

Following the Hatch and Schultz (2002) model our empirical investigation consisted of two basic analyses of the ‘me’ and the ‘I’ processes (Fig. 3.2).

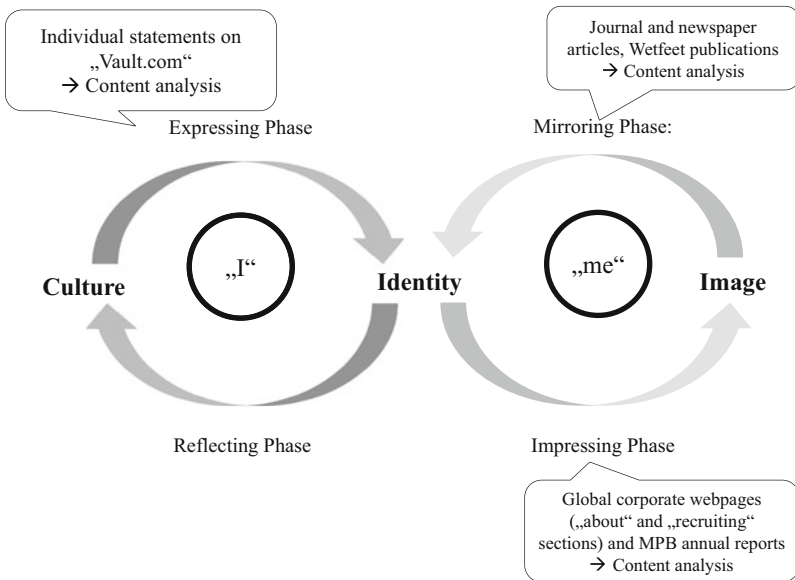


Fig. 3.2 Overview of empirical approach (Based on Hatch and Schultz 2002: 995)

Analysis of the ‘me’ Process

The analysis of the ‘me’ process encompassed an analysis of both the mirroring and impression phases. For the mirroring phase, we examined articles written by others which are then mirrored by organizational members (Dutton and Dukerich 1991). We based our analysis on academic journals and quality business newspapers (such as *The Financial Times* or *Manager Magazine*) with a high circulation rate, especially among executive employees (Informationsgesellschaft zu Feststellung der Verbreitung von Werbeträgern e.V. 2014; Spiegel- qc 2014). Documents from “Wetfeet”, a well-known career platform (<https://www.wetfeet.com>), were used. These documents (mainly features about consultancies and edited interviews with employees and HR managers of consultancies) provide a good insight into the everyday life of consultants, as seen through the eyes of independent journalists.

For the impression stage we engaged in an extensive content analysis of corporate web pages. Here we focused on the “about” and “recruitment” sections of the global home pages of consultancies, since these can be regarded as the most important elements for impression management (Alvesson and Robertson 2006; Armbrüster 2004). Annual reports were also included in our content analysis—although these were only available for KPMG and Accenture, and only for the years from 2009 to 2012. A detailed description of the individual steps that guided our content analysis is given in the footnote.¹ Our analysis revealed a large number of significant key terms (169 for BCG, 184 for McKinsey, 325 for Accenture, and 523 for KPMG) in the textual material studied, which could be summarized in one of seven theme-related categories for

¹ In line with Harris (2001) the analysis proceeded as follows. After the development of the research question, the sample of texts to be analyzed was determined. Concerning the level of analysis, we followed Breton and Taffler (2001) and only considered text for the analysis as the most important arguments were always found within a text format. The next step was the selection of appropriate categories (Harris 2001). In accordance with Krippendorff (1980: 63), we used the construct of “underlying themes”, to detect similarities and form word clusters. This approach ensured that only content-based arguments were considered and author “feelings” kept out (Breton and Taffler 2001; Smith and Taffler 2000). Then a coding scheme was developed and adapted throughout the process of content analysis (for a similar approach see Weber 1990). To ensure applicability, a pre-test was conducted with the introduction parts of KPMG’s annual reports since they were identified as providing a good summary for the overall report.

#	Categories for corporate web page
1	(Core) values
2	Elitism
3	HR policies
4	Perception of operating globally
5	Growth
6	Business performance
7	Ethics

#	Categories for annual reports
1	Ethics
2	Elitism
3	HR policies
4	Perception of operating globally
5	Growth
6	Business performance
7	Organizational change

Fig. 3.3 Categories for content analysis of web pages and annual reports (own analysis)

corporate websites and annual reports (see Fig. 3.3), these informed our subsequent analysis.

The Analysis of the ‘I’ Process

Regarding the ‘I’ process, we retrieved data from the internet platform “Vault” for a content analysis. Vault is an independent forum, that “provides in-depth intelligence on what it’s really like to work in an industry”

(Vault 2014), with the consulting industry being among the industries featured. The content of Vault is characterized by blog posts written by members of consultancies from various hierarchical levels and different offices. Compared to Wetfeet, the content of Vault is the unfiltered expressions of consultants. Vault only verifies that blogs are really posted by consultants and continuously add incoming blogs. This allows for an up-to-date analysis and comparison and we agree with Vacek's (2007) assumption that Vault can be considered "accurate and detailed" (2007: 65). Again we performed a content analysis, searching for key terms in members' statements. In total, 71 key terms for P2 organizations and 67 key terms for MPB organizations were identified to reflect organizational cultures as expressed by their members in the expressing stage. With the help of descriptive statistics, we then engaged in a comparative analysis of our case companies.

Findings

In this section we present our findings according to Hatch and Schultz's (2002) model on OI construction, shedding light on the 'me' and 'I' processes and on the associated sub-processes specified above.

The 'me' Process

The 'me' process consists of two sub-processes: mirroring and impression management. As indicated in the methodology section, we considered both high quality newspapers with a high circulation rate and Wetfeet documents to uncover the basis of the mirroring process of organizational members. To map the impression management process, we considered publicly available content such as corporate webpages and annual reports.

Mirroring

Overall, our findings reveal that outside observers strongly connect the notions of "superiority" and "elitism" with the studied consulting firms.

Hence, the construed external image can be considered positive in most cases, as representing an identity confirmation (Dutton and Dukerich 1991; Elsbach and Kramer 1996). Newer research (Stringefellow and Thompson 2014) highlights that status reinforcements are simply accepted, it can be assumed that discourse will be easily integrated into the organizational contexts. Differences do become obvious between P2 and MPB firms (Huey et al. 1993; Student 2012). Regarding the P2 firm McKinsey, newspaper articles reveal that despite some outsiders' perceptions of members' arrogance (Eglau 1983; graduates from top tier business schools are attracted because of its elitist and strong individual growth culture *Manager Magazin* 2008). The press further emphasizes that McKinsey possesses the toughest job interviews worldwide (Smith 2012) whereby only three percent of the shortlisted top performers are finally chosen (Balzer and Student 2002) and subsequently exposed to a "Darwinian up-and-out-system" (Huey et al. 1993). In addition, press reports highlight that McKinsey differentiates sharply from other consulting agencies by not offering any implementation services (these are considered to be for "proletarian consultants" (Huey et al. 1993)). Additionally, its "one firm approach", as defined by a "clients first" policy (despite negative consequences for the work-life balance of consultants, (Lustenberger et al. 2007)), underlines the firm's outstanding position. Moreover, many articles emphasize that McKinsey members have easy access to CEOs thanks to the organization's excellent network and extensive alumni program (Freitag and Student 2012). Although elitism is omnipresent in many articles (The Economist 2009), there were also some negative voices. Major criticism was formulated in connection to the Enron case (Byrne 2002; Gladwell 2002) and more recently in relation to the sentencing of the former managing director, Gupta, for insider trading (Helyar et al. 2011; Leonhardt 2011). Nevertheless, in the public image McKinsey is still the most prominent and most prestigious consulting firm, highly desired both by clients and university graduates (Hill 2011).

BCG with its outstanding prestige (Warner 2003) and its "Ivy League Reputation" (Wetfeet 2005b: 36) is perceived as the arch rival of McKinsey (Student 2012). Like McKinsey, BCG is considered to focus on strategy consulting (Wetfeet 2005b) and, like McKinsey, it is known for its tough

admission criteria (Smith 2012). More recent reports, however, indicate that BCG is also engaging in industrial hires (i.e. hiring individuals with prior experience in other industries) (Leendertse 2012c; Masters 2008). Despite an overall positive public image that portrays BCG as being more social than its competitors, it has been criticized for being a “debate club” (Karweil 2002) and for long working hours resulting in a high turnover rate of consultants (Steverman 2012).

Regarding the MPB firms, the mirroring process tends to evoke similar results when compared to their P2 counterparts. Nonetheless, a closer analysis reveals that slight differences have to be considered. Formed in 1989 under the name Andersen Consulting, and renamed in 2001 after going public (Buerkle 2001), external parties consider Accenture a “doing consultancy” (Battcock 2012) offering implementation services (Wetfeet 2005c). Although Accenture received various awards (such as the Microsoft partner of the year, (Business Wire 2012a, b)) and engaged in a tough recruitment process (which consists of three, mostly behavioral, interviews, (Klun 2008)), it is considered far less prestigious than the observed P2 firms both by the media and by job applicants (WetFeet 2005a, c). In addition, and unlike the P2 firms, press reports challenge the “one firm approach” by indicating that some offices feel more isolated than others (Paik and Choi 2005). Moreover, there are reports about customer dissatisfaction among DAX organizations and Accenture offering unnecessary services to clients (Böll and Maier 2008).

KPMG is often portrayed in public as one of the four global leaders in auditing and tax services. However, after regulatory limitations were overcome in 2005 (Bennett 2005), KPMG moved heavily into the consulting business, *inter alia* through the acquisition of specialized consultancies (Public Accounting Report 2010), which turned it into a direct competitor of the three previously observed firms (Czerniawska *n.d.*; James 2010; Lange 2012). KPMG is reported to have a focus on both strategy and implementation work (James 2010; Public Accounting Report 2011). Application procedures are considered tough and demanding (Lange 2012), as with P2 firms, and they have extensive partnerships with both elite and other universities. There is a clear differentiation in the press between the prestige of KPMG and the two P2 firms studied, even though there are reports about positive client feedback (Consultant

News 2010; Kowalsky 2009), KPMG's strong brand name, and its global network (Czerniaswska, n.d.; Kowalsky 2009).

Impression Management

Our empirical investigation into the second 'me' sub-process, impression management, revealed that all studied consultancies attempt to impress an elite identity on others by means of their corporate web pages. For instance, McKinsey claims to be the "global management consulting firm" that is the "trusted advisor" for the "world's leading businesses, governments and institutions", that employs the "best people" which allows it to "address problems that no one else can" (McKinsey & Company 2012). Discourses around growth and business performance were less evident.

BCG also presents itself as "one of the world's leading management consulting firms" and as the "world's leading advisor on business strategy", employing individuals from "exceptional backgrounds" who build "world class capabilities", which allows it to serve the "world's most ambitious organizations" (The Boston Consulting Group 2012). Again, like McKinsey, growth and performance related discourses were not in the foreground.

MPB organizations used similar terms on their corporate web pages. KPMG stated that it is "one of the leading auditing and advisory firms" with an "extensive range of knowledge, experience and capacity" through which it is able to hold the "highest professional standards" executed by "outstanding people" (KPMG LLP 2012b). Accenture describes itself as a "global management consulting, technology services and outsourcing company" that possesses "unparalleled experience across all industries and businesses" which allows it to have deep relationships with "the world's leading companies and governments" (Accenture 2012a). Therefore, it is not surprising that elitism (the second category in Figs. 3.4 and 3.5) is the most important topic for all the consultancies studied. This indicates similarities between the studies P2 and MPB firms, rooted in a common professional identity.

A closer analysis, however, reveals that P2 firms emphasise a stronger notion of elitism when compared to their MPB counterparts. Furthermore, McKinsey's and BCG's focus on their core values and human resource policies were more dominant than at MPB firms. KPMG and Accenture highlighted business performance (category 6 in Fig. 3.4 expressed by terms such as profit, sales, revenues, costs, market shares), which goes hand in hand with Cooper et al.'s (1996) assumption that business language is more important for MPBs. Earlier research supports this finding by stating that terms such as profit, efficiency, or market share are important discourses in MPBs (Cypert 1991 in Brock et al. 2007; Morris and Pinnington 1999 in Brock et al. 2007). Also, the notion of being a global institution, which is almost neglected within P2 firms, is considered important as a matter of course.

These latter findings were corroborated by our analysis of annual reports from Accenture and KPMG (see Fig. 3.6). Based on the fact that annual reports are targeted at different internal and external stakeholder groups, there is little surprise that the dominant focus is on business

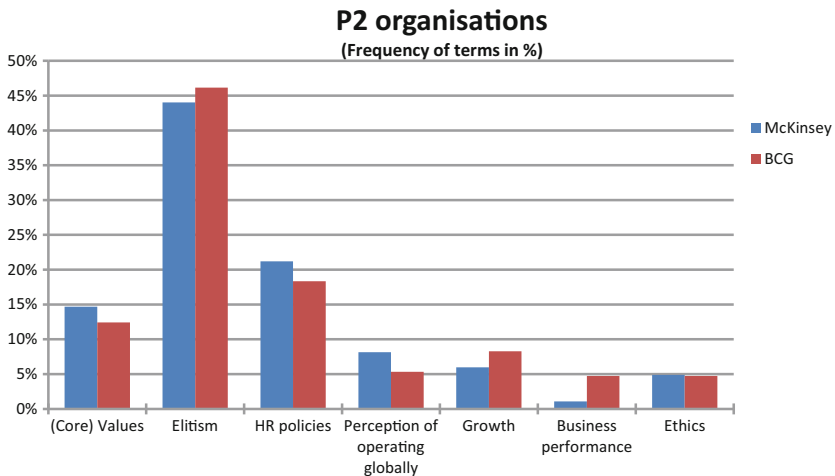


Fig. 3.4 Frequency of category terms mentioned on P2 corporate web pages (own analysis)

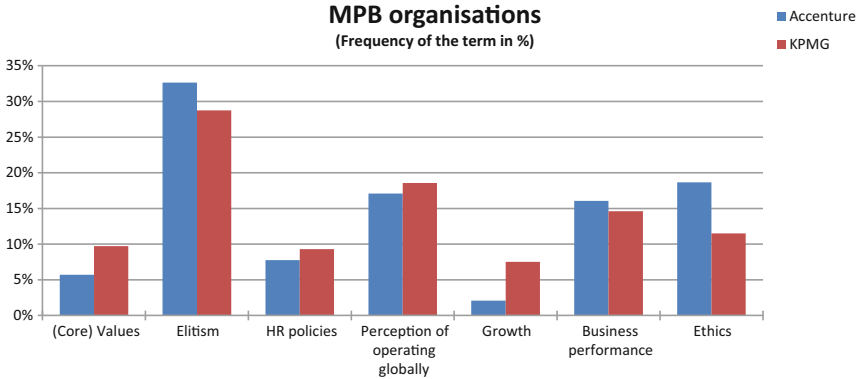


Fig. 3.5 Frequency of category terms mentioned on MPB corporate web pages (own analysis)

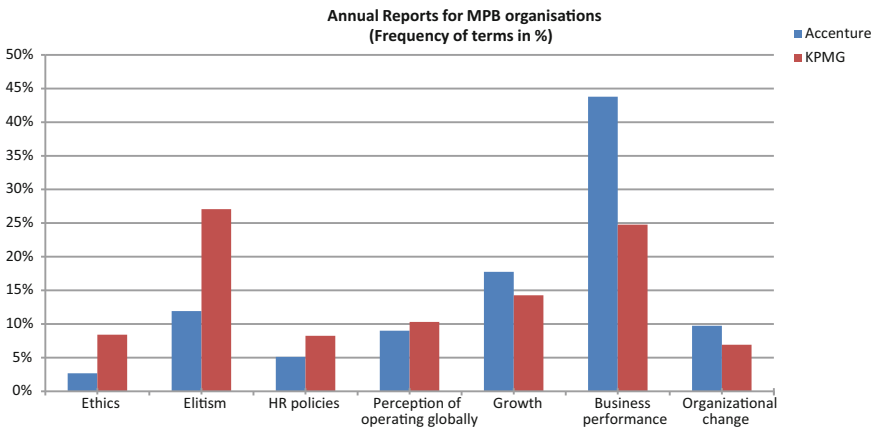


Fig. 3.6 Frequency of category terms mentioned in MPB annual reports (own analysis)

performance. Also, the growth aspect was highlighted in greater detail. Still, the notion of elitism remains the second most dominant aspect in the case of KPMG. Accenture emphasizes this aspect less, while acting globally was stressed to a greater extent. Their own core values (here subsumed under ethics) remain of inferior importance for MPB organizations.

The 'I' Process

For the 'I' process, which represents how organizational members reflexively describe the culture of their organization, documents from the platform Vault were analyzed. Vault contains blog posts written by actual members of consultancies from various hierarchical levels and different offices. Our investigation revealed that members of all studied consultancies conducted very similar discourses regarding their understanding of professionalism but slightly different ones for other topics (see Table 3.1).

Members of P2 firms put a lot of emphasis on the sociability and friendliness of social interactions in their firms. Blogs from both organizations report a high degree of support and cooperativeness, and an overall equal treatment without political games. Moreover, individuals from both firms suggest in their blogs that their firms have flat hierarchies.

Interestingly, despite similarities, differences do become obvious between P2 firms, which underline the importance of a distinct OI (Albert and Whetten 1985/2004: 90). McKinsey's members focus on professionalism and inner core values, whereas BCG members see their organization as more relaxed and easy going. BCG employees also point to their inclusive and open culture, while McKinsey members only refer to a social atmosphere. BCG members explicitly highlight their outstanding intellectual capacity, whereas McKinsey members do not, probably a result of McKinsey's outstanding public image (Vault 2012a, b, see also above).

Vault blog posts revealed that the two MPB firms differ in their most important discourse. Accenture puts a special emphasis on cooperativeness and support, whereas KPMG members primarily point to hard work and the lack of work-life balance. Although the latter discourse is not the most powerful one for Accenture, it still plays an important role as it ranks second. A further difference extends to Accenture members' stressing their ambition and outstanding academic potential, whereas KPMG member blog posts don't mention such themes. Unlike their P2 counterparts, MPBs also refer to political game playing and to the need to build appropriate internal networks to be successful. A further similarity between MPBs emanating from the blog posts is that they see themselves

Table 3.1 The 'I'- process: discourses by consultants on Vault (own analysis)

McKinsey	BCG				Accenture				KPMG			
	Term	Frequency	% of members mentioning it	Term	Frequency	% of members mentioning it	Term	Frequency	% of members mentioning it	Term	Frequency	% of members mentioning it
Supportive/ collaborative/ help/team	19	48,72	40,68	Friendly/ collegial/social/ non-competitive	24	40,68	Collaborative/ support/help/ assist/team	17	32,69	No work-life balance/ pressure/work hard	14	63,64
Social/friendly/ friend	14	35,9	38,98	Supportive/ support/help/ collaborative/ team	23	38,98	Work hard/ intense	15	28,85	Professional	5	22,73
Professional	10	25,64	35,59	Open/inclusive/ diverse/ diversity/ respectful	21	35,59	Ambitious/go getters/ driven/can do/ driving culture/A-type/best	14	26,92	Advancement opportunities/ development/ international opportunities	5	22,73
Growth/ learning/ development/ mentor	9	23,08	20,34	Academic / intellectual/ smart/curious	12	20,34	Open/inclusive/ diverse / diversity/ accepting	11	21,15	Supportive/ collegiality/ help/mentor	5	22,73
Values/ philosophy	8	20,51	11,86	Easy going/laid back/down to earth/relaxed	7	11,86	Politics/political	10	19,23	Conservative/ stiff/formal/ old-fashioned	4	18,18
Work	7	17,95	11,86	Sincere/honest/ not pretending/ humble/ transparent	7	11,86	Not that easy to work with/ bureaucratic/ dependent on your interpersonal relationships			Diversity/ inclusive	4	18,18

Greatfun	7	17,95	Meritocracy / merit	6	10,17	Friendly/social	10	19,23	Friendly/team building/team atmosphere	4	18,18
Caring/care	6	15,38	Flat/non-hierarchical/egalitarian	5	8,47	Bright/intellect/talent/smart/capable	6	11,54	Based on friendship/bureaucratic	3	13,64
Meritocracy	6	15,38	Development	4	6,78	Competition/pressure	5	9,62	Volunteer for charity/community work	3	13,64
Impact focused	4	10,26	Care/caring	4	6,78	Client impact/client centric/client focus	4	7,69	Values/ethics/philosophy	3	13,64
Non hierarchical	4	10,26				Joy/fun	4	7,69	Future perspective/demand	3	13,64
						Development/growing people/learn	4	7,69			
						Professional	4	7,69			
						Changes quickly/dynamic	4	7,69			
						Meritocracy/performance-based	4	7,69			

as open, inclusive, and offering interesting career possibilities (Vault 2012c, d).

Analysis and Discussion

We start our analysis and discussion with the overarching finding that important similarities between P2s and MPBs do exist. Both in the ‘I’ and in the ‘me’ process the notion of elitism is omnipresent among all firms and archetypes of firms studied. In fact, elitism is the most important factor in impression management and it is strongly mirrored in construed external images and subsequently readily embedded in internal discourses (Stringefellow and Thompson 2014). The shared elitism is often based on a mutual professional identity of being a consultant. Hence, consulting firms derive substantial parts of their OI from the professional identity of their members. However, despite this mutual professional identity important differences between P2 and MPB firms exist, discussed in the remainder of this section.

Constructing an Elite Status OI

An important difference between P2 and MPB firms is the depth of the elite status in the OI of the firms. A closer look at P2 firms makes it obvious that clear in- and out-groups are created in the expressing stage (Vault 2012a, b; Wetfeet 2005a, b). A crucial aspect here is McKinsey's and BCG's focus on strategic work rather than on implementation projects. Although some P2 firms have started to offer implementation services because of a mature consulting market (Huey et al. 1993; The Economist 2011), they continue to emphasize their strategy projects (Battcock 2012). Such discourses aim, first, at fostering the superiority of P2 firms over MPB firms, and second, to increase members' self-esteem, which is the main driver for identification and the internalization of organizational values (Ashforth and Mael 1989; Dutton et al. 1994; Hogg and Terry 2000).

In contrast, the observed MPB firms create in-groups by referring to the profession which enables them to be part of the same category and to compete with P2 firms (Lange 2012; Paik and Choi 2005). Hence, newer findings (Stringfellow and Thompson 2014), stating that status inferiority is dismissed and reinterpreted, are supported. This has important implications for the MPB's self-concept and for members' self-esteem (Hogg and Terry 2000). However, external others remain cautious about MPB attempts to create an in-group with P2 firms; although they acknowledge MPBs' rewards (Business Wire 2012a; Wall Street Transcript 2012), they maintain that P2 firms are more prestigious (Firmsconsulting 2010; Kowalsky 2009; Leendertse 2011, 2012b; Student 2012). Overall, one can conclude that P2 firms possess a deeper elite status OI than MPBs.

Sustaining and Balancing an Elite Status OI

The process underlying the recruiting of new consultants is crucial for maintaining the elite status of consultancies in general, even though there are important differences between P2 and MPB firms. As consulting firms are in the midst of a "war for talent" (Beulen 2008; Manager Magazin 2008; Willershausen 2007), they use expression and impression of an elite identity (Armbrüster 2004) in recruiting to attract those outstanding individuals who want to increase their self-esteem by gaining membership in elite institutions (Dutton et al. 1994; Hogg and Terry 2000; Lemann 1999). Here, a deeply elite OI can be interpreted as a competitive advantage. Associated recruitment practices can be seen as a pre-selection that ensures only individuals with appropriate attitudes and values gain access (Armbrüster 2004), in turn this protects and promotes the elite OI. This process functions as a form of identity regulation (Nair 2010). Organizational members are only surrounded by "pre-approved" members who communicate with each other and try to make sense of their OI (Alvesson and Willmott 2002; Czarniawska-Joerges 1997/2004). Given individuals' need for belongingness (Baumeister and Leary 1995), people will try to adapt, at least partially, to what leads to the formation of a mental cage (Alvesson and Kärreman 2004; Pratt and Foreman 2000). This goes hand in hand with a "structural cage" that emanates

from the P2s' strict evaluation methods and up-or-out policies (Alvesson and Kärreman 2004: 156).

The recruitment process in MPBs is not considered as selective as in P2 firms (Smith 2012). For instance, as KPMG suffers from high turnover rates, the organization is forced to accept applicants who might not be accepted in P2 firms (Manager Magazin 2012; Leendertse 2012b).

A second aspect emerging from our investigation with a discernible impact on the sustainability of an elite status OI is the way consultancies deal with issues of work-life balance. In MPB firms—in particular at KPMG—many complaints surfaced about long working hours that nurtured turnover rates. It was particularly obvious in P2 firms that consultants were aware of the tough working hours but they resisted to resist (i.e. enact counter-resistance) (Kärreman and Alvesson 2009), because they perceived it as a part of their superiority. Overall, in P2 firms the discourse of elitism and achievement was clearly more dominant than the discourse on work-life balance (Vault 2012a, b; Wetfeet 2005a, b). Even when P2 firms started to implement their “one free evening per week” project (Anders 2012; Steverman 2012), this was not due to the consultants' voice, but was a proactive management-led project.

A third aspect with a crucial impact on the sustainability of the elite status OI is firm growth. Our investigation revealed strong discrepancies concerning growth strategy, mentioned in the expression and impression stage. Growth is important for both archetypes: P2 firms follow a tough up-or-out-policy and must ensure that enough positions are available for future partners; MPBs strive for a stronger customer base to maximize shareholder value (Cooper et al. 1996; Richter et al. 2008). The discourse on growth was more apparent in MPB firms which followed both external and internal growth strategies (Accenture 2012a; James 2010; KPMG LLP 2012b; Lange 2012). KPMG, when rebuilding its management consulting services, relied heavily on mergers and acquisitions of smaller, specialized consultancies. Accenture used both strategies but seems to focus on internal growth by adding new service platforms to its business, such as “Business Transformation Outsourcing” (Gibson 2004).

P2 firms, however, rely exclusively on internal growth by following their up-or-out policy, which indicates that the protection of their values and a high degree of professionalism is more important than an aggressive

growth strategy via mergers and acquisitions. Even cautious moves by P2 firms in the direction of external growth—as, for instance, BCG's greater openness to professional hires—have been criticized both by external observers (Leendertse 2012c) and by organizational members worried that BCG will lose its unique organizational culture (Leendertse 2012a).

To sum up so far: P2 firms possess a deeper elite status OI than MPBs; elitism is protected more rigorously through stricter recruiting, a tougher work ethos (within the one firm approach), and a focus on internal growth.

Mono or Multiple Identities

Our empirical investigations revealed that members of P2 firms have strongly internalized the one-firm approach and their blogs show a strong homogeneity, pointing to a mono identity (Vault 2012a, b; Wetfeet 2005a, b). Although many authors agree that a mono identity facilitates issue interpretation and identification (Albert and Whetten 1985/2004; Ashforth and Mael 1989; Dutton et al. 1994; Hogg and Terry 2000; Pratt and Rafaeli 1997), some authors also point to disadvantages, such as “over-identification” (Dukerich et al. cited in Nair 2010: 16), or that organizational members cannot adapt to different stakeholders and might be perceived as cold and arrogant in the case of mono identities (Jack and Lorbiecki 2007).

While there are indications for both in our data, P2 firms overall show strong signs of a mono identity. In contrast, MPB firms show a tendency toward multiple identities. Although MPB organizations attempt to impress a one-firm approach and try to influence discourses through the use of auto-communication (Accenture 2012a; Cheney and Christensen 2001/2004; KPMG LLP 2012b), members provided the insight that there is no clear perception of a unique OI in MPBs (Insider 2011; Paik and Choi 2005). Instead, different OI perceptions exist depending on the location and the function of members (Paik and Choi 2005), creating a tendency toward ideographic identities (Albert and Whetten 1985/2004; Pratt and Rafaeli 1997). These ideographic identities are partly the result of aggressive external growth strategies (Empson 2004), even though

KPMG underlines that only firms with similar organizational cultures were taken over (James 2010).

'I' and the 'me' Processes Compared

Our findings reveal that all the firms and archetypes studied use both 'me' and 'I' processes to construct their OIs. However, our cases reveal that P2 firms tend to focus slightly more on the 'I' process since discourses were mainly centered on organizational culture and the protection of core values set by "heroes" (Balzer and Student 2002; Hayes 1992; McKinsey & Company 2012; The Boston Consulting Group 2012; The Economist 2003, 2009). Both organizational members and external others see P2 firms as unique, prestigious, and connected to elitism, and they criticize any deviations (Leendertse 2012a, c), although minor voices point to arrogance and an ignorance of different opinions (Friedrichs 2006; Lustenberger et al. 2007). Critics might thus point to organizational narcissism (Hatch and Schultz 2002; Schwartz 1987/2004). Although our cases prove the existence of such a tendency (Eglau 1983; Friedrichs 2006; Lustenberger et al. 2007; Warner 2003), pure narcissism was not observable because both organizations are still considered highly prestigious and successful by both insiders and outsiders (Lemann 1999; Vault 2012a, b).

In contrast, MPB firms tend to focus more on the 'me' process since they want to be considered as generalists and thus focus on impression management to achieve their commercial goals. Unlike P2 firms, MPB's main discourses are not centered on organizational culture but on growth and the satisfaction of customer needs. Consequently, additional services are added to appeal to clients. Although OI is malleable through adaptive instability (Gioia et al. 2000), clear limitations are set by the culture of an organization (Hatch and Schultz 2002). While tendencies toward hyper-adaptation became visible at MPB firms, a strong imbalance was not found at KPMG or Accenture, as the firms' management discovered the problem and engaged in activities to contain OI imbalances (Accenture 2011; James 2010).

Conclusion

On deploying a qualitative multiple case study approach with four prominent firms in the consulting industry, important similarities and differences concerning OI construction between the two archetypes could be identified, which was the main purpose of this research.

This chapter combines OI theory from the social-psychological perspective, pioneered by Albert and Whetten (1985/2004), with contemporary research within the consulting industry. Although similar studies already exist (Alvesson and Empson 2008; Alvesson and Robertson 2006), no effort has been made to differentiate between P2 and MPB organizations. Thus, Alvesson and Robertson (2006) and Alvesson and Empson (2008) called for further research to obtain a more detailed overview on OI construction and OI perception in the consulting industry. Even though Richter et al. (2008) focused on further differentiation by using the archetype theory, their major emphasis was on human resource man-

Table 3.2 Summary of major findings (own study)

P2 firms (McKinsey and BCG)	MPB firms (Accenture and KPMG)
All organizations possess a strong professional identity and a notion of an elite identity which is in line with Empson's (2004) and Alvesson and Robertson's (2006) results, respectively	
...possess a deeper elite identity which facilitates identity regulation and identification and which seems to lead to a competitive advantage	...possess an elite identity with significant differences to P2 counterparts, e.g. that outsiders do not support the view of one group as suggested by insiders
...show tendencies toward mono identities ("one-firm-approach")	...reveal ideographic identities which might be partially based on their aggressive growth strategies
...run the risk of "overidentification" (organizational narcissism)	Identification is harder to achieve but allows different issue interpretations

agement and not on OI construction processes, which made our investigation necessary.

The qualitative multiple case study approach connected to the Hatch and Schultz (2002) model of OI construction, highlights how OI is constructed on the micro level of both archetypes and illustrates that an elite identity is best maintained with an organic growth strategy, as prevalent in P2s. Through a strict recruitment process and a subsequent up-or-out-policy, OI elements and the underlying discourses constructing OI can be steered to a better degree.

Examining the results in greater detail, the following key findings emerge (see Table 3.2):

- All organizations possess an elite identity, which strongly supports Alvesson and Robertson's (2006) findings. It is suggested that an elite identity among consultancies can be partially traced back to a mutual professional identity, already described as a primary source for OI construction in Empson's (2004) work.
- In line with Richter et al. (2008), we suggested that differences between consulting firms must be considered, which supports the archetype theory (Cooper et al. 1996; Greenwood et al. 1990). It became obvious that P2 firms possess a deeper elite identity than MPB firms, this facilitates identity regulation and identification and leads to a competitive advantage in the industry.
- P2 firms show mono identities in that a "one-firm-approach" is more thoroughly realized in these firms than in their MPB counterparts. In contrast, MPB firms reveal ideographic identities which might be partially based on their aggressive external growth strategy. Consequently, identification is harder to achieve but allows different issue interpretations.
- Finally, P2 firms tend to focus slightly more on the 'I' process, whereas MPB firms tend to pay slightly more attention to the 'me' process. Although some imbalances were observed, extreme forms of organizational narcissism or hyper-adaptation have not been found.

Overall our findings suggest that a differentiation between archetypes of consultancy firms is reasonable when striking a link between OI theory and the consulting industry. In doing so, this chapter successfully extends

both OI theory and research in the consulting industry. It provides additional empirical evidence of the applicability of Hatch and Schultz's (2002) model for OI construction, and strengthens OI theory from a social-psychological perspective, which is still often perceived as too "abstract" (van Tonder 2006: 14). Moreover, the chapter suggests that organizations in the same industry, still possess unique OIs despite observed parallels. Consequently, Albert and Whetten's (1985/2004) notion of distinctiveness is supported. Drawing on institutionalism, growth modes within one archetype in the industry are more similar than between archetypes. Interestingly, attempts to deviate from a norm are punished by negative feedback from the external environment (Leendertse 2012a, c), which provides another evidence of the importance of Deephouse's (1999: 147) "strategic balance" or Brewer's (1991: 475) "optimal distinctiveness".

Finally, Alvesson and Kärreman's (2004, 2007) and Kärreman and Alvesson's (2009) studies are further strengthened since resistance and counter-resistance represent main discourses in all examined firms.

Our findings are limited by the fact that we could not differentiate according to the hierarchical levels prevalent in consultancies, although this might be of influence in the perception of identity. Following Corley (2004), higher levels of the hierarchy tend to see identity in light of the organization's strategy, whereas lower levels of the hierarchy mainly focus on the organization's culture. Moreover, we suggest that additional research with a broader sample and a direct contact to organizational members would be helpful to further increase validity. Additionally, future studies should also include in-house consultancies since they are becoming more important in today's business environment (Böll and Maier 2008).

Despite the fact that further research is needed, important practical and managerial implications can be derived from our study. Thus HR managers, organizational strategists and partners from consulting firms will gain an insight into the formation and maintenance of OI and a deeper understanding of how strategic decisions are shaped, and shape, the vital resource of OI. Moreover, from an internal perspective, emerging imbalances in the OI construction process became obvious in both archetypes. These imbalances provide some indication of the changes needed in an industry characterized by a volatile environment, growing competition and increased scrutiny by both organizational members and the public.

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4

Tracing Gazelles: An Exploration into Identities of Rapidly Growing Companies

Matthias Tomenendal and Christian Raffer

Introduction

Young, rapidly-growing companies—so called “gazelles”—increasingly attract public attention and the interest of entrepreneurship researchers. While media coverage often concentrates on IT firms and extremely successful internet startups, young and dynamically growing companies can be found in many industries. In Germany for example, public and governmental support for renewable energies has created a dynamic energy technology sector over the last two decades, from which many gazelles have emerged.

JEL codes: M10, M13, M14

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C. Dörrenbächer et al. (eds.), *Organizational Identity and Firm Growth*, DOI 10.1057/978-1-137-57724-5_4

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Rapidly growing companies play a strong role in job creation. At least 60–75 percent of all new jobs in the USA, Europe and Germany are created by gazelles (Dautzenberg et al. 2012: 19), a group of companies to which, according to St-Jean et al. (2008: 162), only two to ten percent of all companies worldwide belong. In Germany the share of gazelles identified between 1995 and 2006 was only 0.6 percent (Dautzenberg et al. 2012: 58).

Although there is a comprehensive body of literature that deals with high-growth companies, the term gazelles is not yet conclusively defined. Saßmannshausen and Volkman (2012: 165–167) provide a comprehensive overview of different definitions and among the most important criteria are company growth and size. Yet there is no uniform idea of how fast a company has to grow to qualify as a gazelle. According to Malizia and Winders (1999: 9) a company has to hire at least 20 new employees within its first five years. Goedhuys and Sleuwagen (2010) speak of employment growth of only 10 percent over three years, whereas the company has to have at least five employees after the first two years. The OECD definition of fast-growing companies is stricter (Eurostat-OECD 2007: 61) in that companies are called gazelles if they show employment growth of at least 20 percent over three years and also have at least ten employees in the base year.

Most gazelles do not follow a continuous growth path. Garnsey and Heffernan (2005) showed that company growth can accelerate and slow down over its life span. Gazelles can become older and slower early on. They might grow strongly over a limited period of time but then struggle to grow on a more permanent basis (Barringer et al. 2005: 664), so can no longer be called gazelles. Consequently, the question is how can companies continue strong growth. Several studies have tried to identify specific factors relevant to extended company growth (Nichols-Nixon 2005; Barringer et al. 2005; St-Jean et al. 2008; Davila et al. 2010; Dautzenberg et al. 2012). Our research links to this discussion and provides further insights on the basis of our case studies. We conducted qualitative interviews during 2013 and 2014 and analyzed public company data. Interviewees represented six fast- and two slow-growing companies in the Berlin-Brandenburg Energy Technology Cluster. By comparing fast- with slow-growing companies—thus following a widely applied approach in

research (Barringer et al. 2005; Gundry and Welsch 2001)—we separated out factors that are especially important for explaining continued high company growth. The results are integrated with extant literature on a growth model based on structuration theory according to Giddens (1984), which highlights growth-fostering elements of the organizational identity of gazelles in the energy technology sector in Germany’s capital region.

In the following section we summarize current literature dealing with internal factors for strong company growth. Then we present a concentrated overview of Giddens’ model of the “duality of structures” before explaining our approach to data collection and analysis and presenting the results. We end with the limitations and conclusions on how to create and sustain fast company growth.

Literature Review

The term gazelles was introduced by David Birch (1979) and denotes companies that have grown rapidly over a certain period of time. Research on gazelles is a sub-field of entrepreneurship research. Dautzenberg et al. (2012: 11–12) found that from 1994 to 2011 three meta-studies and 22 empirical studies on this subject were published. The studies focused mainly on four different issues (Saßmannshausen and Volkmann 2012: 170): (1) a basic explanation of the phenomenon; (2) the economic impact of gazelles; (3) external factors for fast company growth; and (4) company foundation and management (internal factors). Given the underlying research question of our study this literature review concentrates on those internal factors which drive rapid company growth. Our results suggest that these drivers are closely linked to the organization’s identity and comprises—broadly speaking—a clear distribution of decision power, simple organizational rules, and congruent identities among members.

Goedhuys and Sleuwaegen (2010: 31–35) show in a study of eleven sub-Saharan countries that innovative capacity is one of the most important internal growth factors for gazelles. Based on comprehensive research of the literature the authors identified three more crucial factors: firm

age (negatively correlated with growth); personal characteristics of the founder (see also Cooper et al. 1994; Malizia and Winders 1999; Baum et al. 2001; Baum and Bird 2010; Chanut-Guieu and Guieu 2014); and access to financial resources (see also Garnsey and Mohr 2011). St-Jean et al. (2008: 183) add the basic capability of strategic decision making for adapting quickly to changing situations. These decisions can be directed to future growth mainly by entering new markets (see also Bloodgood et al. 1996). Gabrielsson et al. (2014: 37) stress the relevance of the effort put into research and development to optimize existing processes instead of discovering new technologies. In accordance with Gabrielsson et al. (2014), Colombelli et al. (2014) consider that extending current business on the basis of known or related technologies is more important than working on completely new technologies.

On the grounds of an econometric analysis of a dataset consisting of 400 small companies, Davidsson (1991: 405–407) suggests a model that considers growth motivation among high-level employees as the determining factor for company growth. Growth motivation is the result of a purely subjective evaluation of individual ability and the need and opportunity for company growth. According to Davidsson fast initial company growth can reach its limits as soon as a saturation effect arises and further growth no longer seems necessary. Gordon and Davidsson (2013: 10) and St-Jean et al. (2008: 183) also highlight the impact of growth motivation and identify factors like adaptive capability, availability of resources and closeness to customers.

As soon as a company exceeds a certain threshold in size (which is approximately 50 employees) according to Davila et al. (2010) the complexity of organizing such a system requires structures for efficient steering. In this framework those structures are understood as management systems which enable managers to access information for making decisions in an efficient manner. A too personal style of leadership, executed by one central founder/leader who decides and supervises everything will, sooner or later, come to an end. Hence, if building efficient steering structures is not successful—even at a relatively late stage of growth (Chanut-Guieu and Guieu 2014: 631)—further growth is threatened (Davila et al. 2010: 82; St-Jean et al. 2008: 161).

Nichols-Nixon (2005: 86) analyzed qualitative interviews and concluded that several distinct management practices can support strong company growth. For example, the founder/CEO has to establish a few but clear rules and core values, has to create efficient communication channels, and has to provide relevant knowledge to all employees. In addition, it is important to urge active networking among staff and to provide opportunities for employees to autonomously self-organize processes. Barringer et al. (2005) and Gundry and Welsch (2001) suggest similar points. Both compare high- with low-growth companies. Barringer et al. find that founders of gazelles are comparably better educated and have more experience and motivation. Employees show a stronger commitment to company growth and are better embedded in inter-organizational networks (see also Mohr et al. 2014). With their products they provide more additional value to their customers, to whom they are closer. With respect to human resource processes high-growth firms show a stronger support of up-skilling employees and provide more financial incentives (Barringer et al. 2005: 667–670). Similarly, Gundry and Welsch identified higher motivation among founders of high growth companies and a more obvious growth orientation. In addition, they argued that these companies show a higher level of team spirit (Gundry and Welsch 2001: 453–454; see also Gordon and Davidsson 2013).

Dautzenberg et al. (2012) identified over 13,000 high growth companies in Germany and conducted a survey of 211. They provided a comprehensive map of German fast-growing firms and developed a table of internal factors and attributes favorable to strong company growth—it will be seen that these are widely in line with our results. Main drivers of company growth are product quality, focus on customers, innovation, growth orientation, and the skill level of employees. Risks for company growth are lack of motivation among staff and insufficient structures (Dautzenberg et al. 2012: 124).

The results from Dautzenberg et al., Barringer et al., Gundry and Welsch, and Nichols-Nixon are closely related to those of this study, which shows that in more recent research there is a certain consensus regarding internal drivers of growth in fast-growing firms. However, there is still an obvious lack of methodically well-founded and more general models that integrate these factors into a broader framework (see

also Saßmannshausen and Volkmann 2012: 173). Theoretical contributions in the sub-field of entrepreneurship research should be dedicated to linking this applied subject to sound economic and sociologic theory. A sound theory can serve as an integrative basis for deeper and less random empirical work on growth-driving elements of organizational identity. In order to develop a model to serve both in the most comprehensive way, we build upon the widely acknowledged structuration theory of Anthony Giddens as a conceptual framework.

Giddens' Structuration Theory

The qualitative research was structured along the three dimensions of the “duality of structures”, developed by British sociologist Anthony Giddens (1984). These dimensions are “signification”, “legitimation”, and “domination”. The Giddens model is an adequate framework for analyzing organizational identity as understood by Albert and Whetten's (1985) central, distinctive, and enduring attributes since it encompasses the central elements of an organizational internal set-up in a comprehensive way.

In recent decades, Giddens' theory has attracted increasing attention in the research disciplines of management theory and business administration (Schallnus 2006: 47). The theory describes a firm as a definite social system comprised of the entity of relations among its employees (agents) and their permanent interaction. As soon as the agents act repeatedly in a specific way, shaped by internal rules, interaction becomes a firm-specific practice. By applying these rules again and again they become enduring. However, as soon as enough agents deviate from such a rule, it changes into another rule. Giddens calls these sets of rules “structures” and the process of reproduction/change by interaction “duality of structure”. The term duality originates in the idea that, on the one hand, structure impacts social practices and, on the other hand, social practices impact structure. This permanent process gives the social system continuity in space and time. To describe this process Giddens employs the term “structuration” (see Fig. 4.1).

Structures are both enduring and open to change. They limit the agent in his or her behavior and, at the same time, open up room for maneu-

Structure(s)	System(s)	Structuration
Rules and resources, or sets of transformation relations, organized as properties of social systems	Reproduced relations between actors or collectivities, organized as regular social practices	Conditions governing the continuity or transmutation of structures, and therefore the reproduction of social systems

Fig. 4.1 Structures, systems and structuration (Source: Giddens 1984: 25)

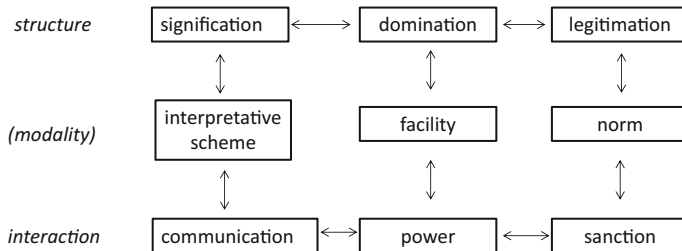


Fig. 4.2 The process of structuration (Source: Giddens 1984: 29)

ver. Structures enable members to recognize the boundaries of the social system they operate in and therefore to differentiate it from other systems with other structures.

According to Giddens, each dimension has its specific sets of rules (modalities): signification requires interpretative schemes; domination requires facilities; and legitimation requires norms (see Fig. 4.2).

In the dimension of signification, interpretative schemes are necessary for communicating with each other (Schallnus 2006: 55). As soon as agents refer to those schemes in their verbal and even non-verbal communication, they materialize and reproduce themselves.

The dimension of legitimation comprises concrete ways of acting. This activity has to follow distinct sets of norms and these norms result from the legitimate structure of a social system. An example in the world of companies is, we do not make mistakes. All employees have to follow this

norm; activities in line with the norm are appreciated, deviating behaviors are sanctioned.

The third dimension is domination and describes the field of power within the system. Here the question is, who owns the allocative power to direct resources? The execution of power is described by the system's inherent hierarchy.

Giddens' model of the duality of structures is well suited to analyzing organizational identity as understood by Albert and Whetten's (1985) central, distinctive, and enduring attributes. Lerpold et al. (2007: 5) have spelled out Albert and Whetten's concept in greater detail: the identity of an organization is the result of an interplay of three closely connected and sometimes overlapping elements. These are the formal claims for what the organization is, members' beliefs and understandings about what is central, enduring, and distinctive about their organization, and aspirations regarding the desired future state of the organization. How closely connected to Giddens' framework these beliefs, claims and aspirations about a firm's current and future state actually are, becomes obvious in the notion of modalities. They form in the same way as commonly shared beliefs, claims and aspirations, agents' communication and interaction. Interpreted like this, Giddens delivers a dynamic processual framework for a concept of organizational identity in the tradition of Albert and Whetten.

Data

We focused our research on the energy technology industry in Germany's capital region, and many small companies belonging to it, experienced high growth over the last two decades. More specifically, the interviewees for the qualitative data in this study had to fulfill four main requirements by representing: (1) young companies; (2) the energy-tech sector; (3) the Berlin region, which consists of Berlin and the federal state of Brandenburg; (4) fast growing companies. The main source for finding those companies was the publication, *Who is Who der Energietechnik in Berlin Brandenburg* (Energietechnik-Cluster 2011). This is a list of about 100 energy-tech companies in the Berlin region from which we picked

those that showed at least an average employment growth since their foundation. This average was calculated on the basis of the 100 companies and is five newly hired employees per year. This group of above-average growth companies was extended by further appropriate firms taken from the sample used by Dautzenberg et al. (2012). The whole sample of appropriate firms for this study comprises 20 firms (see Annex Table 4.1), 18 of which are in line with the strict OECD criteria of fast-growing companies (Eurostat-OECD 2007: 61). Evaluated by average values they showed annual employment growth of at least 20 percent for the minimum of three years after foundation with an initial staff size of ten.

The two firms interviewed for pre-testing the questionnaire only meet three out of the four requirements. They showed neither the required minimum average growth in employment nor did they meet the OECD criteria for gazelles. In the subsequent analysis these two interviews played a counterfactual role for identifying the most relevant drivers of growth.

The 20 appropriate companies fulfill the basic reliability criteria of data with respect to our research question, so as objects of analysis they are relevant to the topic (Mayer 2009: 39). To gain results that can be generalized, the objects of analysis have to be part of the class of objects defined by the four above-mentioned criteria. In addition, the sample structure has to be at least similar to the population structure. With respect to the variety in size, we assume the requirements for the concrete business they operate in and their spatial allocation were fulfilled. Out of the sample of 20 we actually carried out eight interviews representing six firms. Since a satisfactory level of theoretical saturation was reached after eight interviews, we did not increase the number of interviewed companies.

Methodology

Our research design followed the methodological approach of theory building by case studies suggested by Eisenhardt (1989: 533). This requires the formulation of a research question, sample selection, data collection and analysis, and finally the assessment of the developed hypotheses with the help of existing literature. Since research question

and sample collection have already been discussed, we now focus on the modes of data collection and analysis.

Interviews

Data was collected by semi-structured interviews with representatives from different levels of the firms' hierarchy. Unlike fully standardized interviews or questionnaires the semi-structured interview allows for open interview situations (Flick 2011: 194; Meyer 2009: 37).

In designing our interview questions on the characteristics of the internal setting of the companies we closely followed Anthony Giddens' work on organizational structure (Giddens 1984), so that the interview questions were formulated along the three dimensions of the duality of structure model as representatives of the independent variables (see below) and two further dimensions of *company growth* and *cluster activity* as dependent variables.

We designed the semi-structured interviews in the tradition of expert interviews (Mayer 2009: 38–41). According to Meuser and Nagel (1991: 443) an expert is someone who is responsible for developing, realizing and supervising problem solution processes and/or who enjoys privileged access to information concerning group and decision processes. In this case all interviewees were experts. Whereas the interviews in the two non-growth companies were a pre-test for data collection and the appropriateness of the questionnaire, all other firm representatives were interviewed with the help of identical questionnaires. We conducted most interviews in face-to-face meetings; telephone interviews were an exception.

Theory Building, Tests, Relevance

The interviews were audiotaped, written down by hand or roughly protocolled. To open these differing forms of data to one standardized analysis, the audiotapes were transcribed; afterwards all sources were available as text. Each text was split into informational sentence-by-sentence units and each unit was given an identification number. This allowed for the

retracing of aggregated concepts developed in later stages of analysis to the basic informational units.

In a next step the interviews conducted in the high-growth companies were analyzed analogous to the methodological approach of grounded theory. This method was suggested by the sociologists Barney Glaser and Anselm Strauss (1967/1998) and developed further by Glaser (1978), Strauss (1991), and Strauss and Corbin (1990/1998) to build theories on the basis of concrete research objects (Flick 2011: 387). The qualitative approach of theoretic coding comprises a sequence of methods for inductively deriving a theory from data (Strauss and Corbin 1998: 8–9). After this process of theoretic coding the deducted growth model was tested with the help of an extended dataset arrived at by the triangulation of data (see section “[Robustness Test: Triangulation of Data](#)”). In a last step the model was compared with data collected in the pre-test interviews with the non-growth companies.

Theory Building in Accordance with Grounded Theory

The process of analysis comprises open, axial, and selective coding. According to Flick (Flick 2011: 387–388) these three steps are highly interconnected. In the first step of open coding all sentence-by-sentence informational units were reformulated in paraphrases and assigned to specific codes. By doing this, single data units were conceptualized and detached from the previous structure imposed by the interviews. The aim was to then rearrange them with respect to the most prevalent concepts in the data. According to Strauss and Corbin (1998: 45) the paraphrases had to answer two different questions: “What is it?” and “What does the data represent?” Furthermore similar informational units were compared to each other and, if possible, received identical codes. In the course of this work overarching concepts did emerge, with 550 informational units receiving 367 codes and paraphrases. In the second step similar codes were summarized to 82 categories on a higher level of abstraction. Here, the detailed description of categories, their attributes, and their variation with the help of appropriate parts of the texts was crucial (Strauss and Corbin 1998: 50–53). Since the interviews were coded with the help of

dimensions of the duality of structures, it was possible to integrate the categories into the Giddens framework.

During axial coding we picked the most promising categories with respect to the research question (Flick 2011: 292). Identification criteria were the number of informational units that led to the respective category and—in some exceptional cases—the proximity to Giddens' model. Corresponding to the interview text those categories were ranked in sub- and meta-categories (axial categories) and finally interconnected with a focus on logical consistency. If necessary, the level of abstraction was increased once again (selective coding). By doing this, sub-models for each dimension of the duality of structures emerged. In a last step these dimensional models were merged into one central model and extended by the concept of company growth.

Robustness Test: Triangulation of Data

To test the preliminary results with the help of new data that did not exclusively depend on the subjective interpretation of the interviewees, the database was extended. Additional data was extracted from the companies' self-descriptions published on their webpages. We assumed that (before release) those self-descriptions had to pass an internal process of approval by more than one company member. This yielded more general information, detached from the single interviewee. The information was once again decomposed into informational units, which then were compared with the preliminary model categories.

Relevance: Test of the Growth Model with the Help of Counterfactuals

The two interviews conducted in non-growth companies were also decomposed into informational units and then compared to the growth model categories. By doing this it was possible to see which categories emerged in data from both high-growth and low-growth companies, which categories emerged in a different shape, and which categories emerged in one

sample but not in the other. This allowed for the identification of those categories specifically relevant for company growth. With these results the initial growth model was reduced to its most important parts.

Results

We now present the results of the eight interviews conducted in high-growth companies along the three dimensions of the duality of structure. Thereafter, we derive the central model of company growth, which is closely linked to the concept of organizational identity, and discuss the results of the robustness tests.

Results of Theoretic Coding Following Grounded Theory

Signification

Central to this dimension is the agent's permanent reference to shared interpretative schemes when it comes to communication within the social system. These schemes can have the form of concrete attributions of meaning or of company targets; they are specific to the single social system and impact on the communication of its members.

The qualitative interview data comprises manifold evidence that all companies in the set use these attributions of meaning in the form of official targets, core values, or missions/visions. When the interviews were conducted, the companies had these descriptions either available in concrete written form or they planned to write them down in the near future so that every employee could have access (axial category: *Explicit and accessible attribution of meaning*).

Currently, our CEO and other managerial staff work on the core values of our company. These are trust, perfection, fun, reliability and security ... Reliability means that every employee can be sure that he/she can rely on colleagues. (Employee Business Development)

These attributions of meaning are accessible for all employees, and they can be referred to in daily activities and communication. Most interviewees mentioned that these written attributions of meaning are supposed to secure future company growth.

In addition to these explicit attributions of meaning the data showed evidence for another axial category, which we called *Implicit attribution of meaning*. It consists of shared sets of knowledge that are not accessible in written form but are still shared by all members of the system. Contrary to the written attributions they are more open to change. While the interviewees explicitly mentioned their written counterparts, the implicit attributions appear in casual explanations and statements. If, for example, an interviewee talked about a concrete case of extraordinary growth motivation among the employees, he pointed to the sub-category, *Positive attitude concerning growth*. Hence, the axial category *Implicit attribution of meaning* emerged in the process of selective coding (see Fig. 4.3).

It summarizes the following sub-categories:

- *Attribution of meaning: We want to make profits.*
- *Attribution of meaning: Positive attitude concerning growth*, this category is both the result and the precondition of high company growth.

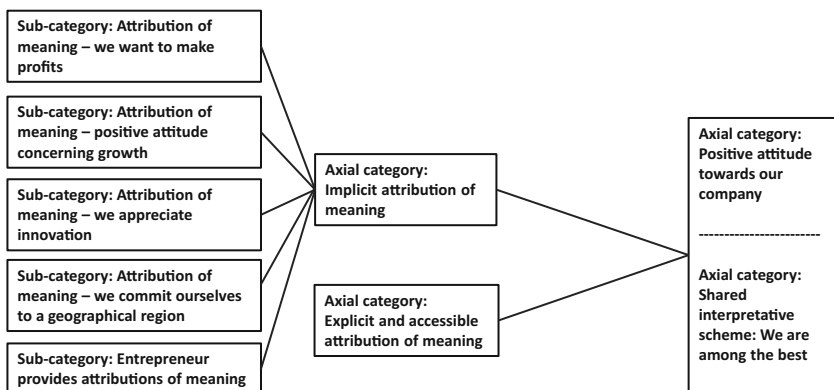


Fig. 4.3 Sub and axial categories and their interrelatedness in the structuration dimension “Signification” (Source: own graph).

- *Attribution of meaning: We appreciate innovation*, in high-growth companies the positive attitude toward innovation is crucial for the willingness to cooperatively work on innovation with other companies. The interviewees said that they pursue this work on innovation to secure future growth.
- *Attribution of meaning: We commit ourselves to a geographical region*, this category refers either to the geographical base of the company or to specific international markets. The international focus is widely acknowledged as a driver of growth.
- *Entrepreneur provides attributions of meaning*: There is some evidence in the data that strong entrepreneurs provide attributions of meaning relevant for company growth.

Furthermore, there was evidence for the axial category “*Positive attitude toward our company*”. It appears in various forms; most frequently mentioned were “pride” and “identification with the company”.

Of course our employees are proud to work with a company that grows so extraordinarily strong. (Assistant of the CEO)

This quote shows that a positive attitude toward one’s own company is a consequence of growth. However, in other informational units it appeared as a condition. Consequently, companies pursue distinct strategies to evoke this positive attribution of meaning. Strategies are bonus systems, gifts for employees, or successful participation in inter-company competitions.

One of the most prominent axial categories in the data was *Shared interpretative scheme: We are among the best*. Interviewees from high-growth companies gave several quotes that pointed to a self-perception of being something special. Some said their employees were at the forefront of their respective professions; others saw the overall company as the “elite” of the whole industry.

We are a wall breaker for our industry, we are a market maker (CEO)

This perception of being special—which is similar to an “elite identity” (Alvesson and Robertson 2006)—is a result of direct comparisons with

competing firms. It also often mirrors the good reputation of a company among customers and within an industry.

We conclude that strong growth means inter-company comparisons lead to a favorable outcome for the company in question. Moreover, it supports its good reputation. However, it is not possible to exclude reversed causality in the latter case. Good reputation could also support growth, of course.

Data reveals a condition-result relation of the two axial categories *Implicit attributions of meaning/Explicit and accessible attribution of meaning*, with *Positive attitude toward the own company/Shared interpretative scheme: We are among the best*. A majority of the mentioned sub-categories, and consequently the axial category *Implicit attribution of meaning*, were explicitly mentioned as conditions for growth. In the case of explicit attributions of meaning this became even more evident. This leads us to the conclusion that these two axial categories support company growth, which evokes a positive attitude toward one's own firm and a self-perception as being special.

Legitimation

According to Giddens, legitimation is the dimension in which the behavior of members of a social system is formed by norms. By following the norm this behavior is simultaneously reproduced. Our qualitative data provides evidence for the existence of these social norms in companies. The axial category *Comprehensible, written norms* explicitly appeared in several interview statements. Companies provide written norms in the forms of rules for behavior, effectiveness and quality targets, quarter or annual programs, fixed target values, or simply, rules. Only a minority of the companies in the set had had such written norms for a longer period of time. When the interviews were conducted, most firms only had an incomplete set of written norms, still in the process of development. All interviewees said that written norms are crucial to hit targets like future growth, satisfied customers, quality in production, and a polite interaction within the company.

In addition, the axial category appears in three sub-categories (see Fig. 4.4). The first sub-category is *Setting incentives to follow the norm of high work ethic*; which itself is the result of several sub-categories. For example, there is evidence in the data that not meeting certain targets will be sanctioned.

Our human resource department organizes quarterly kick-off meetings with the employees ... In these meetings we ensure that they meet their targets as fixed in the annual plan. If there is any doubt that these targets will be met we also talk about what the employee has to do in order to improve his performance. (CEO)

Such guidelines to improve employees' performance can be perceived as sanctions; the same is true for rejected bonus payments. Furthermore, there are statements in the interviews which point to success related career planning, bonus systems, and the change of customer accounts as soon as an account manager does not perform as expected. In all companies there are programs that set incentives for following a high work ethic. Consequently we denote the base norm as "Pursue a high work ethic".

The second sub-category, which supports the axial category *Comprehensible, written norms*, is *Distribution of power as a simple rule*. It is also quite evident in the data that important strategic decisions are always made at higher levels of the firm's hierarchy. Less important decisions are made at all levels.

Operative decisions can also be made on levels beneath the CEO level. The heads of our different departments for example have fixed amounts of budget they can freely dispose of. (Assistant of CEO)

The distribution of decisional power will also be important in the dimension of domination (see section "[Domination](#)"). In the legitimation dimension it comprises the norm: *Make decisions only when you are allowed to*. This norm aims at a clear distribution that facilitates strategic development and operative growth without wasting time on operative decisions of minor relevance.

The third sub-category in this context is *Service orientation as norm*. The interviews revealed that companies try to motivate their employees to behave in a service oriented way using distinct strategies. The three sub-categories can be integrated into the axial category *Comprehensible, written norms*. The interview data provides evidence that the access to financial incentives (bonuses, etc.), distribution of decisional power, and strategies for service orientation are all laid down in job contracts, target agreements, or in the written set of company norms.

The second axial category *Implicit, non-written norms* is not unambiguously visible in the data but is the result of a summary of several sub-categories (see Fig. 4.4).

In the interviews there is sufficient evidence for the sub-category *Managers are open for employees' problems*. It appears in different forms like “employees are appreciated”, “our company is like a big family”, “team spirit”, or “open door policy”. The sub-category is supposed to enhance the team spirit within the company. To evoke this spirit, companies pursue strategies like the one in the following quote:

Our CEO is often present in the production areas and asks the workers how they are feeling and if there are any problems. (Assistant of CEO)

Behind this category there is the norm: “Speak to your boss if there are any problems on the job”. In addition, there is some evidence for the sub-

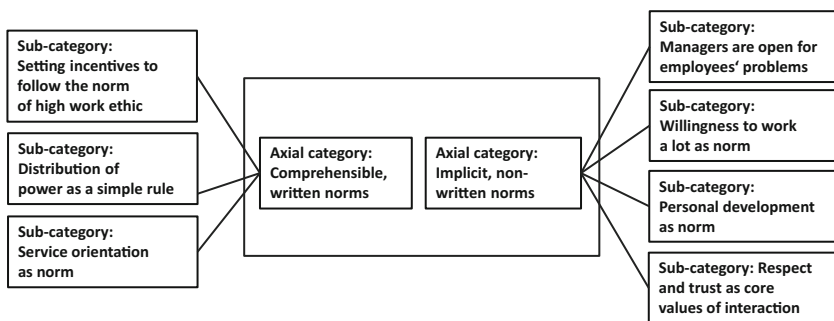


Fig. 4.4 Sub and axial categories and their interrelatedness in the structuration dimension “Legitimation” (Source: own graph)

category *Willingness to work a lot as norm*, which appears in statements referring to the mode of work within a company. One interviewee said that the work in his company is intense and that he requires a lot of hours of work (which the employees are happy to deliver). We suppose that this is relevant for company growth.

The sub-category *Personal development as norm* appears in statements about the employees' desire to learn, to gather additional expertise, and to improve their human capital. To serve employees' needs (and to benefit from higher productivity) companies set up career plans made up of advanced training of different kinds. This reflects the self-improvement norm "Never stop learning".

There is much evidence for the sub-category *Respect and trust as core values of interaction*. A lot of statements reflect that managers take responsibility for their staff. This also holds horizontally among employees. The category appears in different forms like "responsibility to secure jobs", "appreciation", or "respect and trust". The norm creates a team spirit within a company. In addition, it helps to hire new and to keep and motivate existing employees. There are some statements which point to the fact that this norm can also secure growth. However, this norm is not laid down in written documents. Mostly it is conveyed by the moral behavior of managers as role models.

All four sub-categories require a certain consciousness among the members of a social system. They have to reproduce these norms by constant application; consequently, they become applied parts of the organizational identity. Application is even more important than a written manifesto of norms. Hence, we summarize the sub-categories to the higher-level axial category *Implicit, non-written norms*.

Domination

Domination refers to existing structures of decisional power. Although these structures may differ in shape, they are all based on one central building law which provides an answer to the question: Who decides what? This law has to be enforced in the distribution of power when it comes to the definition of company values or the decision about appro-

appropriate tools of structured communication. Further examples are decisions on entering new markets, formulating targets for research and development, or imposing new structures on the company. Human resource decisions are also covered.

For all these examples there is compelling evidence in the data. Although they might differ in the role they play within a company, they can be reduced to one overarching principle: in each company and in each specific department, the distribution of decisional power follows some sort of hierarchical structure. Hence, we treat *Hierarchical distribution of decisional power* as the first axial category in the dimension of domination (see Fig. 4.5).

The axial category *Hierarchical distribution of decisional power* impacts on all company employees. In all firms important strategic decisions are made at higher levels of the hierarchy (nevertheless they are broadly discussed within these higher levels). Operative decisions can also be made at lower levels. All companies try to delegate as much decisional power as possible to lower levels. This puts many employees in fairly responsible positions.

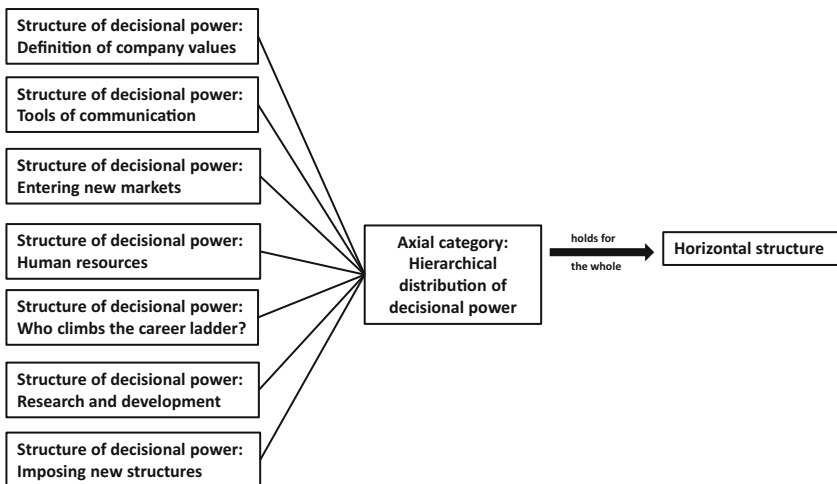


Fig. 4.5 Sub and axial categories and their interrelatedness in the structuration dimension "Domination" (Source: own graph)

In our firm young colleagues have quite a lot of responsibility. In addition to the freedom people have in filling their position, this high level of autonomy can be rather demanding. (Principal)

The interviewees did not attribute concrete targets to the more or less strict distribution of decisional power. We assumed that this law/axial category was extremely well internalized in the companies' organizational identity so that it was not even perceived as something worth mentioning. However, there are a broad variety of strategies for the distribution of power containing unambiguous formulations of who is allowed to delegate tasks/decisions top down and who has to report what in the opposite direction. In the interviews, all the distinct structures of decisional power as shown in Fig. 4.5 were considered important for company growth. Consequently, we suggest this overarching axial category is also a crucial growth driver.

As expected, the interviewees described horizontal structures of different departments in their firms. This means that most departments are equally powerful and have a neighboring and collaborative relation to each other rather than a hierarchical one. Hence, we categorize *Horizontal structure* as a second axial category. In each department and consequently in the horizontal structure as a whole, hierarchical distribution of decisional power is applied (each department has one or more heads of department and less powerful employees). On the other hand, horizontally structured departments have to follow the high-level department of company managers, which once again reveals the hierarchical distribution of power. High-growth companies have the characteristic that as much responsibility as possible is delegated to lower levels of hierarchy.

Integrating the Dimensions

After the process of inductively deriving those elements of organizational identity which account for company growth the three sub-models (see Figs. 4.3, 4.4, and 4.5) can be merged into one overarching model. Therefore, the sub-models are located around one center, which is the

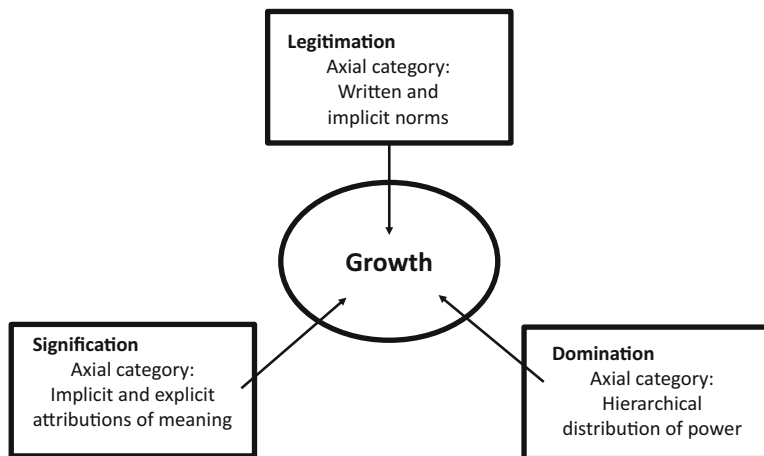


Fig. 4.6 Axial categories, arranged according to Giddens' structuration theory (Source: Giddens' structuration theory)

core of company growth (Fig. 4.6). This step adapts Giddens' own graphical representation of the process of structuration (see Fig. 4.2).

The suggested model of company growth drivers specifies Giddens' dimensions for the concrete environment of young high-growth companies in the energy technology sector in the Berlin region. The model focuses on those modalities relevant for growth (refer to sections "Signification", "Legitimation" and "Domination"). In section "Most Important Categories Regarding Company Growth" we elaborate further on these growth drivers.

Testing with Triangulated Data

The existing interview data was extended and triangulated by taking into account the self-descriptions of the interviewed companies on their public websites. These texts were again split up into informational units. Afterwards we used the axial model categories presented in the previous section to classify these new informational units. We consider this approach as a robustness test in a qualitative framework.

In the course of this test it was possible to embed 38 out of 58 informational units into our model. While the dimension of signification and sub- and axial categories concerning implicit and non-written norms and

interpretative schemes were obviously difficult to validate from publicly available data, we consider the test results as proof that the model has an explanatory power which goes beyond the original data. However, this is just a first step on properly validating the model.

Most Important Categories Regarding Company Growth

To integrate the concept of company growth as a dependent variable into the model and, moreover, to concentrate on those categories most important for growth, eight interviewees were asked what they thought the drivers were. To show that their ideas on what supports growth are not purely subjective, the detailed model was tested with data from the two pre-test interviews conducted in those companies that did not fulfill the OECD criteria for gazelles. The rationale here was to see which categories of our identified organizational identity growth model are also evident in non-growth companies and which ones are not. The latter are assumed to be more important for growth.

Signification: In this dimension, two categories turned out to be more important than others. Interviewees in high-growth companies assessed the sub-category *Attribution of meaning: Positive attitude concerning growth* as highly relevant for growth, whereas interviewees of non-growth companies explicitly rejected it. It is the same for the axial category *Explicit and accessible attribution of meaning*. Gazelles consider this a driver; non-growth companies either did not mention this category or had discovered it only recently. The sub-category *Attribution of meaning: We want to make profits* is not explicitly mentioned as a driver by high-growth companies. However, interviewees of non-growth companies also do not mention it or reject it outright. This also holds for the axial category *Shared interpretative scheme: We are among the best*. Summarizing the results, the dimension of signification can consistently be assumed as relevant for company growth, although not all categories support this.

Legitimation: The representatives of high-growth companies called the sub-category *Distribution of power as simple rule* a driver of growth, whereas the representatives of non-growth companies did not mention it or rejected it. The axial category *Comprehensible, written norms* is also

relevant for gazelles. Non-growth companies either did not think about it or had discovered it only recently. Gazelles did not explicitly mention the sub-category *Setting incentives to follow the norm of high work ethic* as a driver. However, interviewees of non-growth companies also did not mention or rejected it. Hence, there is evidence for the growth relevance of the dimension of legitimation. Again, not all categories support this.

Domination: The role as a driver of firm growth becomes very evident in the domination dimension. Whereas all high-growth companies called all sub-categories and consequently also the axial category *Hierarchical distribution of decisional power* a driver, interviewees of the non-growth companies either rejected the whole set of sub-categories or did not mention it explicitly. So domination is highly relevant for company growth.

Concentration of the Model

Once we restrict the overall model to those categories highly relevant for company growth (as presented in the previous section) the dimension of domination becomes most important. This means that in high-growth companies decisional power is clearly distributed. While strategic power is still concentrated in higher levels of the hierarchy, as much decisional power as possible is delegated top down. Employees at lower hierarchical levels can use this power according to easily accessible and clear rules. This concept is applied in each horizontal department and, what is even more important, can easily be transferred to new departments once it comes to high growth. To have a group of managerial staff big enough to support the concept and apply it in newly created divisions, companies have to put a lot of effort into the development of capable employees.

The dimension of signification also plays a considerable role in high company growth. However, it seems to be less important than domination (this is also true for legitimation). Our results suggest a crucial role for comprehensible attributions of meaning, as in the form of a clear mission. If not written down this set of attributions has to be implicitly existent at least (known by employees). In addition, it seems to be important that these attributions of meaning refer to the topics of profit making, growth, and innovation, which we call lateral cluster competence. If

this is satisfied the attributions can support growth and are the basis for congruent identity projects. This means that all members of the firm as a social system perceive themselves and the whole company as special and therefore recognize the boundaries to the external social surrounding.

When it comes to company growth, the dimension of legitimation is characterized by a few, simple organizational norms. The distribution of decisional power is such a central norm. It has to provide employees with consistent information about how to make decisions. At the same time, gazelles give their employees the freedom of self-organization by delegating as much operational responsibility as possible top down. A high level of discipline among employees is crucial for the effectiveness of these norms.

The growth relevant categories explained in this section are closely linked to Albert's and Whetten's (1985) idea of organizational identity.

They can all be understood as a collection of central, distinctive, and enduring characteristics of gazelles, modelled by means of structuration theory. The focus on the drivers of growth leads to a simpler version of our growth model as presented in Fig. 4.7.

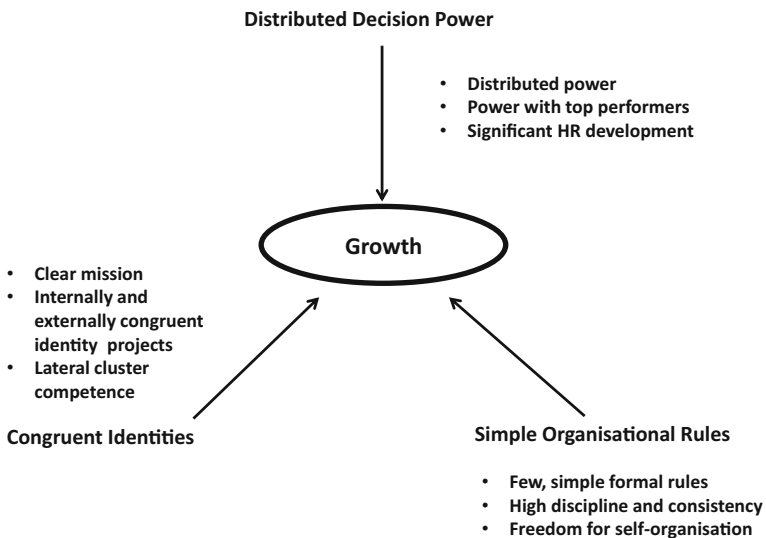


Fig. 4.7 The growth model, restricted on those internal drivers explicitly relevant for company growth

Conclusion

Since gazelles are highly relevant for job creation, they enjoy an exposed position in public perception. Consequently, entrepreneurship researchers show considerable interest in these high-growth companies. In addition to their relevance for labor markets and economic growth, internal and external drivers of growth are the focus of many publications. This paper deals with internal factors. On the basis of a qualitative analysis of interviews conducted in six high-growth companies and of the comparison with two non-growth firms we identify several growth driving attributes, widely in line with previous research.

By embedding these attributes into the framework of Giddens' duality of structures this chapter provides a ground-laying contribution to the research on gazelles. Besides the structural factors of simple organizational rules and distributed decision power the important role of congruent identities among key stakeholders of gazelles is highlighted. Based on a clear mission employees and key external partners strongly identify with an organization and are thus ready to put extraordinary efforts into achieving their common goal and provide a basis for continued growth.

We suggest the term *congruent identities* to highlight the complementarity and uniform directionality of individual identity projects of the company's employees and key stakeholders. In the first place every individual pursues his or her goals for self-fulfillment and hence creates a personal identity, subsequently a common initiative enhances this pursuit for the individuals. Within the company the congruence is stronger, but we suggest that it also exists with key partners of the company. The common initiative of company participants is, on the one hand, a result of personal identity projects and, on the other hand, also a source of providing meaning to professional self-fulfillment. In this duality of roles the common initiatives for gazelles, generated by and resulting in congruent identity projects, follows the idea of Giddens' duality of structures. Thus, Giddens' structuration theory provides a highly suitable basis for explaining the success of gazelles and it is suggested that it is exploited further in subsequent research on this matter.

One of the main caveats of Giddens' model of the duality of structures is that in our interpretation the three dimensions are partially overlapping

and therefore not as distinct as they could be. In addition, we derived our findings in the specific sectoral setting of the Berlin/Brandenburg Energy Technology Cluster. We hypothesize however that our findings possess an explanatory power beyond this narrow scope of our empirical study and suggest further research with larger samples and broader sectoral scopes in order to validate our model.

Annex

Table 4.1 Selection of sample

Firm	Foundation	Employees	Growth above average?	OECD criteria met?
1 ^a	1991	160	Yes	Yes
2	2002	995	Yes	Yes
3	1985	250	Yes	Yes
4	2002	130	Yes	Yes
5 ^a	2008	40	Yes	Yes
6	1991	140	Yes	Yes
7	1998	1700	Yes	Yes
8	2010	12	Yes	No
9	1992	440	Yes	Yes
10 ^a	2004	55	Yes	Yes
11	1988	200	Yes	Yes
12 ^a	1993	230	Yes	Yes
13	2001	100	Yes	Yes
14	1977	85	Yes	No
15	1995	80	Yes	Yes
16	2002	49	Yes	Yes
17	2002	301	Yes	Yes
18	2000	80	Yes	Yes
19 ^a	2006	200	Yes	Yes
20 ^a	2000	170	Yes	Yes

For the calculation we used the first full year after foundation; the period of time relevant for this study ends in 2012. Average growth was calculated on the basis of 100 firms mentioned in the publication 'Das Who is Who der Energietechnik Berlin-Brandenburg' (Energietechnik-Cluster 2011). Average growth is at minimum five newly hired employees per year since foundation. The OECD criterion requires employment growth of at least 20 percent over a period of three years with an initial staff of ten employees (Eurostat-OECD 2007: 61). The firms with a ^a were interviewed in the course of this study

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5

The Role of Shared Identity Projects in Fostering Regional Innovation and Growth

Matthias Tomenendal and Christian Raffer

Introduction

Clusters are supposed to have positive effects on the regional economy in terms of growth, innovation, and employment (e.g. Delgado et al. 2010). Moreover, the contribution of technological innovation to economic growth is well established in economic literature, both empirically (e.g. Akçomak and Weel 2009; Nadiri 1993) and theoretically (Solow 1956; Romer 1986; Grossman and Helpman 1991: Chapter 1). As important drivers of innovation and growth the culture or collective identities within clusters are discussed. “Network identity”

JEL codes: L14, L22, O31

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C. Dörrenbächer et al. (eds.), *Organizational Identity and Firm Growth*, DOI 10.1057/978-1-137-57724-5_5

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(Sydow and Windeler 1998; Rometsch and Sydow 2003; Rometsch 2008) or “cluster identity” (Beebe et al. 2012; Romanelli and Khessina 2005; Staber and Sautter 2011) have been studied with respect to their development and their effects. Promising descriptions have been achieved by combining the perspectives of a centrally managed with a decentrally self-organizing development of identity. A conceptualization of network or cluster identity with regard to the innovation-fostering capacity on the level of a cluster or network is, however, largely lacking in the literature. We focus on the question of which aspects of cluster identity support collaborative innovation among cluster member firms. Our contribution transfers Albert and Whetten’s (1985) concept of organizational identity to a cluster environment, conceptualizes this cluster identity by qualitative research, and identifies its innovation fostering elements. Since clusters are widely acknowledged as environments for enhanced knowledge creation and as this stream of cluster research becomes increasingly influential, not only do we address the general subject of cluster identity but we also concentrate on its innovation fostering capacity. Following an exploratory case study approach we hypothesize that a strong network identity with shared identity projects drives collaborative innovations and subsequently economic growth, and a link between organizational identity and economic growth arises. Beyond this theoretical contribution these results implicitly point to the practical idea of steering clusters toward more project-based activities and consequently exploiting the innovative potential of business clustering.

Section “Literature Review: Drivers of Regional Innovation and Growth” provides an overview of current and past research and in section “Concept and Methodology: Explorative Case Study” we outline our methodological approach of explorative case study research. The result of the model building process based on the case studies is presented in section “Results: Building a Model for Identity-Driven Collaborative Innovations” and section “Collaborative Innovation Within Regional Business Networks” concludes.

Literature Review: Drivers of Regional Innovation and Growth

We review the literature on innovation and growth fostering factors at a regional level with a special focus on identity related factors. Innovation can be defined as “the discovery of new things and the commercialisation of such discoveries” (Oke et al. 2009: 64). In this sense innovations contribute to the growth of an economy or a region. Drivers of innovation have been studied by scholars on several levels. On the *macro* level national systems and styles of innovation have been studied (Lundvall 1998, 2007) and compared (Krammer 2009; Patel and Pavitt 1994). One of the results is that firms “rely on the knowledge accumulated from previously abandoned innovations and cooperation with other firms and institutions and other members of their group” (Hashia and Stojčić 2013).

One of the main drivers of innovations on the *micro* level is the organizational culture coupled with the practiced leadership style. Scholars have found that an “innovative culture” fosters innovation, as does task-sharing organized on the basis of a shared interest in a given goal (François et al. 2002). Chen et al. claim that transformational leadership and innovative culture are substitutes for driving technological innovation at a business unit level (2012). In their view *innovative culture*—a major part of organizational identity—in business units forms around groups of people on the basis of location, functional focus, and professional background (Chen et al. 2012: 246).

Transformational leadership encompasses the factors of individual consideration, intellectual stimulation, idealized influence, and inspirational motivation (Bass and Riggio 2005). Transformational leaders stress values and encourage followers to transcend their own self-interest for the sake of the organization. A transformational leadership style drives organizational learning and organizational innovation (Radzi et al. 2013) by positively influencing innovative work behavior, especially creative behavior (Afsar et al. 2014; Jung et al. 2003). Also, Oke et al. (2009) found that, generally, a transformational leadership style is more appropriate for fostering the creative innovation process than a transactional leadership

style. Jung et al. (2003) reported that the relationship between transformational leadership and innovative work behavior was stronger among employees with a higher interdependent self-construal and a lower independent self-construal, with self-construal referring to the grounds of self-definition, and the extent to which the self is defined independently of others or interdependently with others. A high interdependent self-construal links to an effective collective identity. All of these are hints for the innovation fostering effect of what could be called shared goals or a shared identity.

Many scholars have addressed the *meso* level of innovations, which means the level of regions or agglomerations. Feldman (1999) summarizes the findings in the field of agglomeration economics and suggests that knowledge flow, and eventually innovation, is spurred by collocated companies and organizations due to facilitated information searches, increased search intensity, and a generally easier task coordination. These effects have been observed in geographic regions which comprise organizations within industries as well as across industries. The former is researched by, so called, localization economists, the latter by urbanization economists. In any case, a balance in the activities of competition and cooperation between firms can be observed, which are embedded in social networks and defined as a “collectivity of individuals among whom exchanges take place that are supported only by shared norms of trustworthy behavior” (Liebeskind et al. 1996: 7).

There is a discussion that innovation is driven by *characteristics of regions*. Crescenzi et al. state that “a set of economic and social, structural features (exists which makes) some regions ‘prone’ and others ‘averse’ to innovation” (2014: 1055). The authors suggest that there are “social filter” components which act as key predictors of regional innovative performance, among the two most important being the educational achievements of the inhabitants of the region, and the level of productive employment of human resources, adversely measured by the percentage of the labor force employed in agriculture and the long-term component of unemployment (Crescenzi et al. 2014: 1064). Rodriguez-Pose and Crescenzi (2008) state that in regions with an “optimal combination” of the social filter components, more knowledge is generated and effectively absorbed by organizations in that region.

On the meso level the idea of *collaborative innovations* is strongly supported in recent literature. Bel gives examples of what he calls “network innovations”, such as Apple’s iPod, products in the pharmaceutical sector, or consumer goods by Procter and Gamble. In these networks leaders act as “innovation leaders” who “orchestrate and integrate technologies, ideas, and people from various horizons” (2010: 57). They organize a network system of elective actions with a culture of collaboration, which can be observed at companies like Cisco Systems or IDEO (Rodriguez and Solomon 2007).

Owen-Smith and Powell (2004) put forward a social perspective on regional research networks. Through the combination of proximity and conventions among researchers from different institutions a “dynamic knowledge networking capability” develops as a “regional capability”, which attracts firms to a region and fosters its innovation and growth. According to the vast literature on regional innovation systems, innovation is an interactive process among public and private actors and institutions; the regional system is embedded in a specific context, largely defined by the local environment (Cooke et al. 1997). Kramer et al. conclude that “a region embeds many systemic elements external to the firm that influence its innovation activity and growth” (2011: 448) and denote this as the regional network capital.

Over the last decades this idea has been promoted by the concept of *clusters*. Porter defines a cluster as “a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities” (2000: 254). Porter (2000) recognizes clusters in cities, regions, or even neighboring countries. Clusters have positive effects on the regional economy in terms of growth and innovation (e.g. Delgado et al. 2010). As a consequence, policy makers around the world have launched specific cluster policies (Nishimura and Okamuro 2011). In general, there are big differences between clusters with regard to effectiveness (de Hertog et al. 2001). Important effectivity drivers are the processes of cluster formation and development. In many instances, institutions and structures for “cluster management” are created to support cluster development (see Cooke 2007), as is the case in Berlin (innoBB 2011).

According to his “diamond” model Porter argues that *cluster formation* depends on local conditions for factor input, demand, firm strategy, rivalry, and the presence of related and supporting industries. The attractiveness of a (physical) location is clearly at the centre of Porter’s argument (Porter 1998), meaning that spatial proximity of cluster members supports the cluster formation process. From an analysis of case studies and previous literature Wolfe and Gertler (2006) have found that triggers for cluster formation can come from many sources and that chance events can have a major effect on the process. They attribute significant meaning to underlying conditions of trust, social capital, and a supportive culture, which contribute to a learning cluster economy and ask whether these factors can be influenced by direct intervention (Wolfe and Gertler 2006: 263).

Maskell and Malmberg (1999: 173) argue that a region’s institutional architecture which “represents the intricate contemporary interaction between elements of different ages ... from the very old (religion, beliefs, and values) to the recent/current (contemporary industry standards, current regulations, etc.)” become a key part of a region’s nonreplicable asset base. Gertler (2004) builds on this idea and argues that regional social structures shape attitudes, norms, expectations, conventions, and practices of individuals and firms in a region through informal and formal means of regulation. Iturrioz et al. (2014) stress the importance of social capital for the development of innovation networks, especially for small and medium sized enterprises, just as Bode highlights the importance of a clear vision for a cluster (2011). Trust and the ability to define common goals, also in partnerships across industrial sectors, are key success factors for clusters (Hertog et al. 2001: 408). There are certain shared beliefs of cluster participants which develop and are a strong basis for a dynamic cluster (Conlé and Taube 2010: 11). Shared beliefs are at the core of the idea of a cluster identity.

The existence of a “cluster identity” has been put forward by Beebe et al. (2012), Romanelli and Khessina (2005) or Staber and Sautter (2011: 1350):

Cluster identity is defined as the shared understanding of the basic industrial, technological, social, and institutional features of a cluster ... The

power of shared identity derives from its integrative, generative, and status-enhancing capacity, based on social categorization of similarity and distinctiveness.

The development of cluster—or in a broader sense—network identities and their effects on growth and innovation of a region are however still underresearched:

However, many studies that refer to identity present no clear theory and provide no direct evidence on how shared identity understandings arise in the first place and how they are adjusted, if at all, to fit changing conditions in cluster environments. (Staber and Sautter 2011: 1350)

In the following we present findings from our empirical study of regional networks and clusters in Berlin to address this research gap by conceptualizing an innovation-fostering network or cluster identity.

Concept and Methodology: Explorative Case Study

Our study was conducted through an explorative case study approach, building on the ideas of grounded theory by Glaser and Strauss (1967/98) and on theory building from case study research by Eisenhardt (1989). This is in line with Staber and Sautter's call to researchers not to take

a shared identity for granted and ... to study the origins and changes in identity on a case-by-case basis. (Staber and Sautter 2011: 1359)

After the development of the underlying research question on the basis of current literature and the specification of the sample structure, data was generated in seven qualitative interviews with eight different interview partners. The eight interview partners are or have been in a responsible position in a local or regional business network in Berlin or the Berlin region. A rather wide range of different networks was chosen to gain a high variety of answers and to allow for the comparison of results among different types of networks.

This taxonomy of business networks distinguishes clusters with respect to the level of organizational structure and the question of whether active membership is required or not. We chose these characteristics on the basis of cluster modelling as a social network, as suggested by Gordon and McCann (2000: 519–522). The authors described interpersonal relationships as the core of each cluster; they depend crucially on trust. The requirement of active membership is a kind of incomplete contract that substitutes trust and ensures ongoing collective action, like lobbying or mutual support. The level of organizational structure impacts on the quality of collective action since a highly organized cluster with a central organization unit facilitates, coordinates, and monitors collective action. Following Gordon and McCann (2000) and their influential work on cluster taxonomies (Oliver et al. 2014: 11), these characteristics are appropriate indicators of the embeddedness of the cluster companies in the cluster. As a result of our exploration we found three types which mirror three different levels of embeddedness.

Four out of the eight interviewees represented local networks concentrated in a specific spatial area within Berlin, which mainly focus on local issues. These types of networks, which we call *local business clusters* (network type I), are characterized by the requirement of active membership and a high level of organizational structure. Membership means any legally binding form of affiliation, like an official membership in a registered association. Active means that there is a minimum of active engagement within the network activities. The level of organizational structure refers to any form of centrally organized network activity.

Another interviewee type represents one of the official Berlin clusters we call *association type clusters* (network type II). They comprise companies in a dedicated industry sector. Our interviewee's business sector is highly relevant to Berlin's economy and is considered one of the central and innovative "future businesses" (Berlin-Partner 2015) of the city. This regional cluster does not require active membership but constantly addresses relevant companies and pursues clearly defined strategic plans for the network future. Therefore, it shows a medium level of organizational structure and embeddedness of its members.

The final two interview partners represent the vibrant Berlin Internet startup scene, which we label *start up cluster* (network type III). This scene

is distinctive in its characteristics (Ripsas and Tröger 2014), shows certain elements of networks but neither maintains an organizational structure nor requires active membership. Hence, the single companies are not deeply embedded in the network.

After seven interviews the number of interviewees was not extended because a sufficient level of theoretical saturation had been reached. Table 5.1 provides information about the sample structure.

The analysis of the data was open to underlying theoretical structures evolving from the material, although we were guided by Albert and Whetten's (1985) and Lerpold et al.'s (2007) concept of organizational identity. In this sense, our analysis was conducted in an analogous but not completely congruent way to the grounded theory. By taking this path through the thicket of qualitative interview data, several hypotheses were shaped, compared to existing literature, and compiled to an overarching model of collaborative innovation in business networks.

Table 5.1 Sample structure

Network type	Organizational characteristics	Network descriptions	Number in our sample
Type I	Active membership required High level of organizational structure	Status: Local business cluster Specific industry sector: No Members: 50–80 Legal status: registered association	Number of interviewees: 5 Number of networks represented: 3
Type II	No active membership required Medium level of organizational structure	Status: Association type cluster Specific industry sector: Yes Members: >500 Legal status: None	Number of interviewees: 1 Number of networks represented: 1
Type III	No active membership required Low level of organizational structure	Status: Start up cluster Specific industry sector: Yes Members: >1950 Legal status: None	Number of interviewees: 2 Number of networks represented: 1

Source for numbers on network type III: Poverlein (2013)

The field work was conducted by semi-structured interviews (Wengraf 2001: 51–59; Flick 2007: 194; Mayer 2009: 37). They were dedicated to gathering information about occurrence and preconditions of collaborative innovation processes within networks and clusters. Interview partners were or had been in a responsible position in an existing cluster in Berlin at the time of the interviews. Hence, the semi-structured interviews can be understood as expert interviews (Bogner et al. 2009: 1–12; Meyer 2009: 39–41).

The spoken words were either audiotaped (and afterwards transcribed), or the researchers drew up protocols during the interview situation. To standardize the material both the protocols and the transcripts were split up and tabulated in sentence-by-sentence information units. All seven interviews were analyzed in an analogous way to grounded theory, as proposed by Glaser and Strauss (1967/1998), to develop an object centred theory. The approach is structured into several systematic steps (Strauss and Corbin 1998: 101–199), which help to identify and shape the underlying concepts in the data and to translate them into a model (for further details about the methodology, see Chapter 4 of this book. In the study “Tracing Gazelles; An Exploration into Identities of Rapidly Growing Companies” we used a very similar methodology).

Results: Building a Model for Identity-Driven Collaborative Innovations

In the following section we present our results. First we show how concepts of organizational claims, beliefs, aspirations, and institutional arrangements emerged from the qualitative interview data. Then we show evidence of collaborative innovation in the three network types and develop the central concept of shared identity projects. Finally, interlinkages between these central components are established by presenting data based on interaction categories, and a first model approach emerges.

A Description of Network Identity

Business clusters can be modelled as social networks (Gordon and McCann 2000). In this study we relate those networks to the concepts

of organizational identity as suggested by Abert and Whetten (1985) and Lerpold et al. (2007). Our hypothesis (which will be proved later) is that business clusters have to be understood as organizations. This allows us to apply the key features of organizational identity in the cluster framework.

According to Lerpold et al. (2007: 5) the identity of an organization is the result of the interplay of three closely connected and sometimes overlapping elements. These are formal claims about what the organization is, members' beliefs and understandings about what is central, enduring, and distinctive about their organization, and aspirations regarding the desired future state of the organization. Albert and Whetten defined organizational identity as the central, enduring, and distinctive attributes of an organization and therefore delivered a blueprint which has been developed further by subsequent research.

To show that business networks can be modelled as organizations, we attempted to identify beliefs, claims, and aspirations in our data. Therefore, we analyzed it with respect to Lerpold et al.'s (2007) triad to find evidence for its central, enduring, and distinctive character. In addition to claims, beliefs, and aspirations a further category emerged, institutional arrangements.

Identity Claims Official claims are statements about what an organization is. This comprises any official definition as well as an explicit statement about its essential and distinctive features. Overall, the interviewees mentioned ten different characteristics which can consistently be interpreted as official claims. One of these characteristics is the overarching target of most networks to take advantage from synergies and scale effects; for example, by merging market power to gain privileged access to input materials, or to share machines among two or more member companies. This feature has an official status and consequently a status as claim as soon as the network implements fixed working groups for this task—which we found in four interviews. The two claims mentioned most often refer to a common location and to common problems. Those informational units in the data which referred to these concepts were coded in a way that allowed them to merge into clearly shaped axial categories. All interviewees emphasized the importance of the fact that

their members belong to the same region, district, or area with its special features like cultural variety, density of research institutions, traditions, or—contrary to that—progressiveness. This claim not only has an enduring and central character, but it was also explicitly mentioned as being distinctive. All but two interviewees said that common problems are the one predominant factor which keeps a network running. In the case of the sample for this study these problems shared by all, or at least a majority, of network members were related to human resource issues, like aging staff and limited access to young, well educated workers and apprentices. Moreover, infrastructure problems and limited access to research institutions for own research and development activities were mentioned. Again, fixed groups of network members who work on these problems on a regular basis give this claim its enduring and official character. As these working groups exist in most interviewed networks, this claim has no clearly distinctive character. The interview partners who represented the startup cluster did not mention common problems as a crucial identity claim. This means that member firms of the startup cluster do not engage in the network to solve common problems (unlike network types I and II). Furthermore, four interviewees said that the official sample of member firms and the network age makes their network distinctive. Four interviewees stressed their financial independence. A combination of member firms, network age, and financial independence are official information accessible to all members. This gives them the status as identity claim rather than belief.

Identity Beliefs These are members' collective beliefs about the distinguishing features of the organization. According to Lerpold et al. (2007) they have to be central and enduring. In the interviews five obvious beliefs about the identity of the networks emerged. A dominant one was superiority in terms of effectiveness, the level of engagement and collaboration in the network, or the creative power. Five interviewees made it clear that their network is better than all other networks in at least one of these characteristics. Since this belief is built on a certain tradition and on experience, it is not only distinctive but also enduring and, of course, central to the self-perception of the interviewee. Since this axial category depends more on subjective

assessment than on hard numbers, we categorized it as a belief rather than a claim. Furthermore, the idea that joining forces by building a network helps to leverage political influence is also a relevant belief which is hard to measure and therefore not an official claim. Distinctiveness of this belief is given as it allows a differentiation of the network from neighboring non-network companies that do not enjoy leveraged political influence.

Identity Aspirations Aspirations come into play in times of change. They reflect the desire to achieve a certain position for the network which is different to the current one. Two interviewees mentioned that the current state of the network was unsatisfactory and could be improved in different ways (e.g. more engagement of member firms or increasing the number of member firms). Three interviewees spoke about joining forces with other networks in the future to form a “network of networks”. Moreover, institutionalized meetings for making plans for the future played a certain role in three interviews.

Institutional Arrangements The interviewees talked a lot about what we call institutional arrangements, like a central organization office, regular network events, a stable board, or a clearly defined legal structure (registered association). Since these institutional features were mentioned by a majority of interview partners, we consider them a further axial category which is at least central and enduring.

In some cases, Albert and Whetten’s (1985) dimension of distinctiveness proved to be rather hard to identify. Contrary to that, all network features show clear signs of being central and stable. Hence, the description of identity using Albert and Whetten’s (1985) dimensions, further developed by Lerpold et al. (2007), is a useful tool to identify network identity as one manifestation of organizational identity. For one network the organizational perspective is so prevalent that it even has a fixed mission statement. The regional business networks in the sample show obvious signs of a verifiable identity which is, however, different in each type. While the local business cluster (type I) seems to have a network identity that is closest to those of a unified organization, the Berlin startup cluster (type III) lacks certain crucial features. Probably most outstanding is the

Table 5.2 Gives an overview of those identified axial categories which were shaped on the basis of at least two interviews

Network identity—axial categories (in brackets: number of interviews in which the category was mentioned)			
Claims	Beliefs	Aspirations	Institutional arrangements
Shared affiliation to a distinct area (7)	Being more efficient, creative, collaborative than others (5)	Join forces with other networks (3)	Central office (6)
Shared problems (5)		Making strategic plans for the future (3)	Regularity of network events (5)
Advantages from synergies and scale effects (4)	Joined forces and leverage of political influence (4)	Becoming a better/bigger network (2)	Stable board (4)
Common industry/business (4)	No explicit focus on innovation (4)		Clearly defined legal structure (4)
Financial independence (4)	Constant engagement of members (3)		Reliability of board (2)
Specific combination of members (4)			Enduring knowledge how to run the network (2)
Common history (3)			
Network age (2)			

The fat bullet points were mentioned most often

Source: Own study

absence of common problems and targets as a justification for their existence. In the association type cluster (type II) it was possible to identify the rather unspecific target of joining forces to remain as a strong player on global markets. Moreover, there are initiatives which try to ensure access to labor markets. This points to the widespread and common problem of finding competent staff. Within the local networks a very clear understanding exists of common problems and intrinsically motivated attempts to solve these problems by cooperation (Table 5.2).

Collaborative Innovation Within Regional Business Networks

Within the sample networks it was possible to identify several examples of *collaborative innovation*, from the invention of new light bulbs, to the development of wooden bicycles, to the market introduction of a CO₂

neutral delivery service. According to the interviewees all these innovations were the result of partnerships between members of a local or regional network.

The existence of collaborative innovations gains special weight since four interviewees emphasized that there is nothing like an official innovation objective in the statutes of the examined sample networks. This is a puzzle. We interpret this finding in the way that clusters actively strive to make business easier for each member (e.g. by solving common problems) rather than by pursuing concrete innovation strategies. Hence, innovation is a by-product of successful cluster activity. It does not happen on the multilateral cluster level but on a bi- or trilateral level. Cluster engagement is the starting point for this inter-firm innovation because the network is the place they meet.

In addition, it was not possible to identify collaborative innovations in all three types of business networks. Whereas in the three local businesses (type I) and in the association type cluster (type II) a certain degree of collaborative innovation activity was verifiable, we did not find any indication for this in the data for the startup cluster (network type III). We assume that this absence of collaborative innovation in the startup scene can be explained by two main factors. First, startups are very young companies which have their hands full with setting up proper organizational structures, entering their markets, and simply surviving. Presumably there are simply no resources for additional collaboration with other firms. Second, the Berlin startup scene consists of many similar Internet companies (many of them engaged in the field of online marketing and sales) which are potentially in competition. Presumably this rules out any willingness to cooperate.

Structured Interaction and Shared Identity Projects

The interviewees were asked about the form and intensity of internal network communication. All interview partners emphasized a high variety of different communication tools applied on a regular basis in the sample networks. Beyond conventional websites, newsletters and social media applications, mass emails from the central organization unit which

address members were mentioned by most interviewees. By far the most important communication platform comprises events of different types. All interviewees reported a high frequency of regular and non-regular network events. Events which address all network members with a special informational offer, for example a presentation by an expert, were common. These events, however, are not mandatory, but provide (in most cases) a good occasion to get to know other network members. Interviewees connected these events with the following targets: networking, communicating, talking about new ideas, looking for strategic partners, and so on.

More important, however, is a second class of regular events which appears to be an essential part of each structured network activity. Both local and regional business networks maintain fixed *working teams* which meet on a regular basis and either work on the strategic future of the network, on how to gain advantages from synergies/scale effects, or on solutions for common problems—as mentioned in detail earlier. The composition of these working groups is fixed and does not fundamentally change over time. The fact that network members spend their time in these working groups provides indicative evidence for their motivation and for their conviction that the engagement will make them and others better off. Analogous to Alvesson and Kärreman's terminology (2007) *shared identity projects* is employed here as a strong axial category for the variety of this engagement. We use this term since network members seem to have adopted the prevalent network identity (see above), and because they translate this identity into network activity conducted in a collaborative style with other network members. One example makes this clear. As soon as several network members share their network identity and translate it into regular engagement in a working group (for instance to solve a common problem like not finding enough apprentices), this working group becomes a shared identity project. The group members are commonly convinced that the cluster will make them all better off. They share this belief and, most likely, other identity claims/aspirations as identified above. Otherwise they would not engage.

While working on shared identity projects, network members not only get to know other members but also see, evaluate, and, in the best case, appreciate their style of work. This allows them to collaborate, to build

up confidence/trust, and to perceive them as potential partners for future work on collaborative innovation. While the data shows that shared identity projects are an integral part of the local business cluster, and can be identified in the association type cluster, there is no sign of relevant shared identity projects within the startup cluster in our data. This fact becomes important as we have not found any collaborative innovation in this network either.

Consequently, it is one of the central propositions of this paper that network identity has to be strong enough to motivate its members to spend time in regular network team meetings or working groups that do not have much to do with their daily business. In our understanding this opens up the space for collaborative innovation. Hence, we propose that the quality of network identity drives collaborative innovation. The comparison of network-type I and II data with network-type III data suggests the existence of common problems and shared identity projects as drivers for a strong network identity and consequently for collaborative innovation.

Interaction Categories

Up to now we have identified several potential drivers of collaborative network innovation. These are: a strong network identity which can be described by its claims, beliefs, aspirations, and institutional arrangements; a high level of communicative activity within the network; and the existence of shared identity projects. In a last step of theory building we coded our data with respect to interaction categories (Strauss and Corbin 1998: 163) which provide information on how the components are interconnected. These interaction categories are crucial in establishing relations between the potential drivers of collaborative network innovation and to build a model on the basis of causal argumentation (of the form “when A happens it is likely that B follows”).

The main interaction category, *willingness to engage*, subsumes several codes which describe preconditions and targets of structured network communication. In the process of data analysis five frequently or emphatically mentioned codes have been merged to a central interaction

category (see Table 5.3). They show that network meetings are connected to clearly defined targets and advantages for members. Moreover, they provide an insight into the connection between the strength of network identity and the level of engagement in network activities. Overall, the axial category *willingness to engage* seems to be plausible as it connects network identity with shared identity projects.

The second interaction category (which links shared identity projects with collaborative innovation inside of business networks) is the result of comparing the data of different types of networks. It was not possible to identify collaborative innovation in network type III although the data revealed a high level of communication and interaction among the members. What is missing in the startup cluster are shared identity projects. We conclude that in network type III (unlike in types I and II) the collaborative-innovation-fostering features of shared identity projects do not occur. Consequently, we identify the interaction category *trust building/practiced collaboration* (these are features of shared identity projects, see above) as a causal linkage between shared identity projects and collaborative innovation.

The Model

Figure 5.1 depicts the resulting processual model with a strong network identity emanating from unifying central claims, beliefs, and institutional arrangements. These are enduring and in most cases even distinc-

Table 5.3 Codes for main interaction category

Main interaction category: willingness to engage	
1	In our meetings we talk about/plan innovations and new ideas
2	We solve our problems by sharing knowledge at events by face to face communication
3	Target of meetings: come into contact with other network members, get members to know, network
4	In our events/meetings we talk about how to use scale effects and synergies
5	Strong network identity leads to strong participation in events/meetings and engagement in network activities

Source: Own study

tive (underpinned by those attributes which were mentioned at least five times) and finally driving collaborative innovation.

Shared problems play a crucial role among the claims since they are necessary for realizing shared identity projects. All the local networks in the sample maintained their own working teams in this respect. Shared identity projects make network members pursue common goals and cooperate to solve shared problems. This allows the members to become familiar with other members' ways of working, to build up trust, and to practice potential future innovative collaborations.

Also a strong, but presumably not a coercive, role is played by the spatial collocation of network members. It is plausible that network team meetings are easier to organize when participants are located close to each other. This supports regular participation and frequent occasions for cooperation. The impact of the institutional arrangements in the model is similar to the claims. Under these preconditions a local business network opens up the space for cooperative innovation, even though it does not pursue collaborative innovation as an official objective. The beliefs of superiority, however, do not support collaborative innovation.

A model of collaborative innovation within business networks

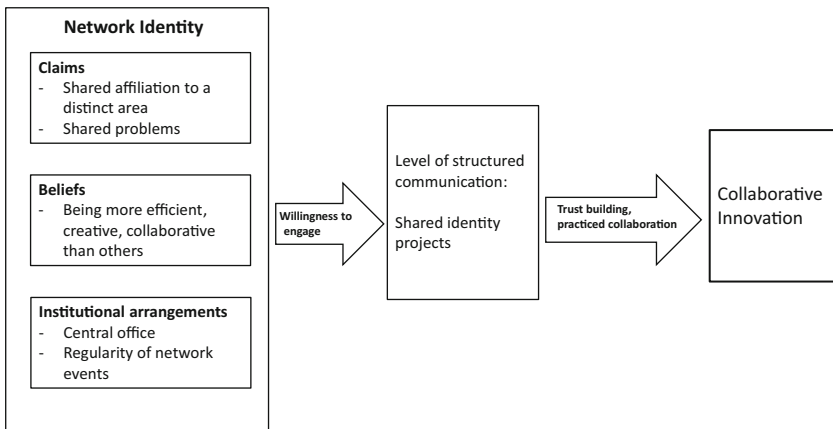


Fig. 5.1 Model for collaborative innovation in business networks (Source: Own figure)

Linkage to Economic Growth

Whenever technological innovation occurs—and we showed how cluster processes can foster the collaborative type—subsequent economic growth is just one step away. Theoretic growth literature is not lacking in consistent models which connect innovation and growth. Nobel laureate Robert M. Solow (1956) provided one of the most influential growth models, which positions technological progress as central driver (which, however, he assumed to be exogenous). This connection also holds empirically. Akçomak and Weer (2009) for example showed, on the basis of 102 European regions in the period from 1990 to 2002, that higher information performance is conducive to per capita income growth. This, of course, holds for the Berlin region as well. Hence, by focusing on collective innovation processes fostered by shared identity projects, we also provide information about the potential economic growth that may follow.

Conclusive Hypothesis: Shared Identity Drives Collaborative Innovation in Regional Agglomerations

Our starting point was the question of how to foster collaborative innovation on a regional level generally, and specifically which role identity plays in this context. By means of a qualitative study of regional networks and clusters in Berlin we have developed a model which presents network identity—entailing certain central, enduring, and (in most cases) distinctive attributes—as a driver of intensified communication about common problems, and eventually as a driver of collaborative innovation. Shared identity projects have been found as the central elements of communication. Continued intensification of targeted communication and collaboration in such fixed working groups may result in collaborative innovation.

The general argument of our study is in line with former findings. The impact of shared identity projects on collaborative innovation can

be interpreted in a similar way to François et al.'s (2002) description of task-sharing on the basis of shared interests and its innovation fostering character. The group-based self-perception of network members has been similarly described by Jung et al. (2003), and the central role of perpetual communication within the group has been stressed by Bel et al. (2011). Our finding that shared norms and trustworthy behavior build the core of each innovation fostering collaborative project—as a manifestation of shared identity projects—links the findings of these three authors with the work on the mode of interaction within social networks conducted by several other researchers (Bode 2011; Hertog et al. 2001: 408; Conlé and Taube 2010: 11; Gertler 2004; Gordon and McCann 2000; Liebeskind et al. 1996: 7). The beneficial role of spatial collocation has been shown by several former studies (e. g. Chen et al. 2012: 246; Feldman 1999; Porter 1998); our results stress that local proximity within business networks is supportive but not sufficient for collaborative innovation processes.

Our main contribution to this growing body of literature is to pinpoint the central role of shared identity projects in the generation of growth fostering collaborative innovations on a regional level. Our findings extend current research by emphasizing the crucial role of voluntary cluster collaboration as a starting point for potential future innovation, not necessarily on the overall cluster- but on the inter-firm level. We translated the widely applied concept of organizational identity (Albert and Whetten 1985) into the cluster environment and identified all central components within the interviewed networks. This leads us to the conclusion that cluster identity is a precondition for successful cluster activity. As soon as this cluster identity is built upon specific claims (like shared problems or shared affiliation to a certain region), upon certain beliefs (like being somehow superior or that cluster engagement will make each member better off), and upon some kind of institutionalized communication, it is very likely that shared identity projects will arise. These shared identity projects are the nucleus for future innovation; they allow cluster members to cooperate and build up trust in a safe and clearly structured network environment. Finally, they link organizational/cluster identity to economic growth.

Due to the exploratory nature of our study the presented model is to be understood as a hypothesis, which found some initial support in our results but is to be further operationalized and tested in future empirical research.

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6

Organizational Identity and International Firm Growth: Some Theoretical Considerations

Christoph Dörrenbächer and Christin Lappe

Introduction

In addressing the relationship between organizational identity (OI) and international firm growth (or corporate internationalization) two inter-linked questions are raised: what is the impact OI has on the internationalization of a firm? And how does the internationalization of a firm contribute to its OI?

According to Albert and Whetten (1985) the OI of a firm is made up of organizational members' beliefs as to what is central, enduring, and distinctive about their organization. The literature often refers to particu-

JEL Codes: M14, M16, L20

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© The Author(s) 2017

C. Dörrenbächer et al. (eds.), *Organizational Identity and Firm Growth*, DOI 10.1057/978-1-137-57724-5_6

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lar technological and entrepreneurial resources a firm owns or controls and to the existence of valuable organizational properties—such as an organization's absorptive capacity, its ability to change, or its quality orientation. Such attributes of an OI also form the bedrock on which firms base their internationalization. However, a systematic account is missing of the extent to which a particular OI is needed to facilitate or stimulate corporate internationalization and, more generally, to what extent the construct of OI explains corporate internationalization processes.

When addressing the reverse question (i.e. to what extent corporate internationalization is influencing the identity of an organization), an even larger gap becomes obvious. Even though some firms might grow and change in ways that are consistent with their identities, a growing body of evidence reveals that most firms find it almost impossible to grow and change in ways consistent with their organizational identity (Whetten and Godfrey 1998: 92). This is particularly the case when companies grow internationally and are exposed to unfamiliar socio-economic and cultural environments leading to a blowing-up of their internal diversity (Kostova and Roth 2003). Here too, a systematic account is missing of how internationalization processes destabilize a given identity of an organization and of subsequent re-stabilization by more global mindsets.

This chapter deals with these two issues in more depth through a review of the relevant academic literature. First with a short introduction to the construct of OI and the relationship between the concepts of OI and global mindsets, with the latter concept almost automatically appearing on the scene when talking about identity and internationalization. Both concepts largely overlap with the concept of OI being both diverse and specific. Next, the paper discusses to what extent the concept of OI can elucidate the antecedents of corporate internationalization by drawing on rational choice approaches, such as the OLI paradigm, and behavioral approaches, such as the Uppsala model. This is followed by some remarks on how corporate internationalization impacts the identity of an organization. Here the chapter links to the more general literature on identity change and then closes with some ideas for further research.

Organizational Identity

Based on identity theory the concept of OI has gained in popularity since the 1980s. It was Albert and Whetten's (1985) seminal article, entitled "Organizational Identity", that, as part of the behavioral turn in business and management studies, laid the ground for attributing identities not only to individuals but also to organizations. According to Albert and Whetten (1985) and Whetten (2006) the identity of an organization provides answers to fundamental questions such as: who are we as an organization? What kind of business are we in and what do we want to be? This catalogue of questions reflects the eclectic nature of the construct touching upon related concepts such as corporate culture, organizational image, and corporate identity. Without going into detail as to how OI differentiates from these concepts, OI in essence tries to capture what is "central, enduring and distinctive of an organization" (Albert and Whetten 1985: 265).

In other words, the identity of an organization is an "intersubjective construct" (Ashforth and Mael 1996: 28) made up by the different members of an organization and by outside stakeholders. Organizational leaders are seen as the most influential actors in the process of identity construction and reconstruction (Whetten 2006; Dhalla 2007; Scott and Lane 2000), which is hardly surprising given their position of power and their interest in identity regulation. OI facilitates normative control (Alvesson and Willmott 2002) and allows for the infusion of organizational aims, values, and beliefs (Nair 2010). This is not only important for legitimizing everyday organizational practices, routines, and policies (Lerpold 2007) but also for individuals to make sense of their organizational membership during socialization into the organization or between private and organizational life.

To be considered a valid expression of organizational identity, an organizational attribute needs to meet all three criteria (central, enduring, and distinctive) at the same time (Whetten 2006: 220). Attributes that are distinct need to be central and enduring, whereas an attribute that is central and enduring also needs to be able to distinguish the organization from similar ones. Attributes fulfilling these criteria serve as "identity referents",

for example when organizational members are acting and speaking on behalf of their organizations, or are struggling with important decisions at a crossroads (Whetten 2006: 228).

Empirical studies have come up with a great variety of attributes to characterize the identity of organizations. In their longitudinal case study on Polaroid, the US instant camera producer, Tripsas and Gavetti (2000) singled out that a strong technology push orientation (opposed to a market pull approach) combined with a razor-edge pricing model (low prices for cameras to increase adoption and subsequent demand for film) to make up the identity of Polaroid over many decades. Another classic example is Dutton and Dukerich's (1991) account of the OI of Port Authority, a multi purpose public authority running bus terminals, airports, and office spaces in the New York area. Six attributes were seen as central, enduring, and distinctive: (1) having a unique technical expertise; (2) being an ethical, scandal-free, and altruistic organization; (3) being a high-quality organization and provider of a superior service; (4) being an organization that speaks for the region; (5) having loyal employees; (6) being an organization that fixes things, a "can-do" organization (ibid.: 526–527). A recent study of the two leading US based management consultancies, McKinsey and Boston Consulting Group, identified three central attributes defining their OI: (1) being elite; (2) working with the highest professional standards; and (3) doing business around the world enacting a global mindset (Stanske et al. 2016, Chapter 3 in this volume). More recent descriptions also extend to non-US firms, such as the Danish high-end consumer electronics producer Bang & Olufsen. According to Ravasi and Schultz (2007) attributes that describe the identity of Bang & Olufsen over the last three decades encompass: "imagination, full aesthetic experience, uncompromising quality, and simplicity of form and function" (ibid.: 111). A final example is the German health care firm Fresenius. According to Zahra et al. (2001) its OI is made up of a particular entrepreneurial orientation called "entrepreneurs within the enterprise", which offers managers and employees "more autonomy, more responsibility and more opportunities to demonstrate innovative thinking and entrepreneurial spirit" (Fresenius 2015).

For a more systematic account, attributes that characterize the identity of an organization (identity referents) can be: a particular technology;

a particular shape and quality of products and services; and a particular functional or geographical range of business activities. It might also be a particular leadership style, organizational structure or set of abilities, attitudes and values of management and employees (Balmer and Greyser 2002). Hence, identity attributes cut across established categories of resources, which is of some importance for our discussion below. Identity attributes can be tangible resources, such as a particular technology, machinery, or product; and they can be intangible resources, such as particular relationships, a certain reputation, or a set of attitudes held by organizational members (Barney 1991; Grant 1991).

Typically a number of such attributes come together to form the identity of an organization. This makes OIs a socially complex and difficult to imitate resource, with a strong potential to turn into a sustained competitive advantage (Barney 1991) or, in the words of Dunning (1988), into an ownership/firm specific advantage considered a pre-condition for corporate internationalization. At the same time the OI is a frame of reference that guides managers in their strategic decision making. It has an impact on: which issues are on the agenda; how relevant information is selected, processed and interpreted; and what decisions are finally taken.

While the basic idea that the identity of an organization has an impact on strategic decision making enjoys a growing academic and managerial interest (e.g. Stimpert and Duhaime 2010; Lerpold 2007), the concept itself has been subject to two major qualifications over time—which will be of importance when discussing the link between OI and internationalization. One is about the enduring nature and the other about the homogeneity of OIs.

Rather early on several authors argued that the “enduring” nature of an OI, as stipulated in the classic definition by Albert and Whetten (1985), needs further qualification. Most prominently, Gioia and Thomas (1996) and Hatch and Schultz (2002) argued in favor of a more open concept of OI that allows for change to happen. Such alterations may be reactive to changes in the environment, or proactive when managers take decisions that have repercussions on the OI (e.g. effects from internationalization moves, see below), or develop an image about how the organization shall develop (e.g. into a global organization) (see Dutton and Dukerich 1991). A more fluid concept of organizational identity is

described by Gioia et al.'s (2000) idea of “adaptive instability” in which a certain instability of the OI is assumed to adapt to internal and external changes, while essential characteristics of the identity are preserved. This leads to a concept of OI that both is stable and dynamic (Hatch and Schultz 2004), such as in assigning different meanings to fix labels or referents of OI. An example here is the notion of the “HP-way” as a referent for the OI of HP. While the label (the “HP-way”) has been kept stable over some decades, the underlying meaning has changed several times (Collins and Porras 2005). Other authors however assume changes in OI that might also extend to changes in labels. For instance a longitudinal study of Tesco, the UK based grocery retailer, specifies five different core identities carrying different labels over a 76 year period (1932: traditional grocer; 1973: changing and changing quickly; 1983: consolidation rather than innovation; 1998: increasing value, lifetime loyalty; 2008: creating value, every little helps, community) (Lowe et al. 2012: 1027). Similarly, Soenen et al. (2007: 178–180) came up with six different identities of Air France from 1933 to 2004 (1933: opening routes; 1945: technological excellence and security; 1970: commercial expansion and democratization; 1977: market orientation; 1988: troubled times; 2004: being the preferred company, focus on customers).

A second qualification to the concept of OI refers to the implicit notion that the identity of an organization is coherent and homogenous. Albert and Whetten (1985) had conceded that there might be different beliefs as to what is “central, enduring and distinctive” in an organization, materializing in multiple identities.

In addition, communicated identities (identity claims) might purposefully differ according to the audiences they address: internally oriented identity claims might stress norms, values, and beliefs; whereas an externally, customer oriented identity claim might refer to utilitarian aspects, such as product features or service quality (Albert and Whetten 1985).

This indicates that multiple identities could coexist (e.g. to enhance responsiveness to a complex international environment) or could conflict. Following Pratt and Foreman (2000), multiple identities need to be managed in the long run to avoid conflicts over resources and interpretational sovereignty. Strategies proposed here extend to compartmentalization (the preservation and separation of all identities), deletion (the conscious

extinction of selected identities), integration (the merging of identities), and aggregation (the establishment of a link between identities).

In sum, an OI describes what is central, enduring, and distinctive to an organization through specifying those identity attributes that shape managerial cognition and strategic action. These identity attributes typically cut across different categories of resources, are subject to internal struggles, and are open to change.

Organizational Identity and Global Mindset

Having broadly introduced the concept of OI, we now move on by clarifying its relationship to the concept of global mindset, an approach that automatically shows up when linking identity to the issue of corporate internationalization.

According to a general definition by Jeannet (2000: 11), a global mindset is “a state of mind able to understand a business, an industry sector, or a particular market on a global basis”. A state of mind (or mindset) itself describes “a set of deeply held internal mental images and assumptions, which individuals develop through a continuous process of learning from experience” (Paul 2000: 188). Historical antecedents to the concept of global mindset can be traced back to Perlmutter’s (1969) geocentric orientation, Ohmae’s (1990) global localization approach, or Bartlett and Ghoshal’s (1999) transnational management mentality. These all call for a managerial mindset that takes a complex view of global, regional, and local influences in firms operating internationally. While early works focused on managerial cognition, more recent approaches assume that a global mindset needs to be adopted by all members of an organization to be effective (Jeannet 2000; Gaffney et al. 2014). Hence, there is both an individual and an organizational global mindset, with the latter materializing in organizational orientations, structures, and practices (Levy et al. 2007).

The fact that OI and global mindsets are cognitive constructs that display at both individual and organizational levels is one of the concepts’ commonalities. Another commonality extends to the assumption that both OI and global mindsets are developed by engaging with others’

individual or organizational identities or mindsets. In both cases the identities or mindsets of higher rank organizational members are seen as playing a more prominent role. While these commonalities clearly indicate that OIs and global mindsets belong to the same category of social identity and symbolic interactionist theories, they also harbor some differences.

Evaluating the streams of literature associated with the two concepts, a first difference relates to the range of both approaches. The global mindset approach more or less remains a rather general theory that, in abstract terms, outlines how organizational members might make sense of and cope with the particular complexity of an increasingly global economic landscape. Following Gupta and Govindarajan (2002: 117), “a global mindset combines openness to and awareness across cultures and markets with a propensity and ability to synthesize across this diversity”. While this level of abstraction is also evident in the notion that an OI is what is central, enduring, and distinctive of an organization, the identity attributes identified in the literature are fairly diverse and specific. They might comprise, as discussed above, a particular technology, specific product or service features, a certain quality orientation, and idiosyncratic corporate values and labor relations.

A second difference among the two concepts and their related streams of literature extends to their research orientation. While the OI approach has proven to be of a more empirical explorative nature, the global mindset approach and the associated literature represents a normative approach, focusing on desired attitudes of organizational members. A wealth of past research concentrates on how to build, anchor, and enhance global mindsets in individuals and organizations (Gupta and Govindarajan 2002; Boyacigiller et al. 2004; Javidan et al. 2010).

Taken together OI and global mindsets are largely overlapping concepts. Both concepts, in our view, can explain corporate internationalization. The global mindset is a more focused concept addressing attitudinal aspects in corporate internationalization. OI is a more encompassing concept that is able to explain corporate internationalization on a broader basis, as we will see in the next section (for an application of the global mindset approach to corporate internationalization see the contribution of Lappe and Dörrenbächer 2016, Chapter 7 of this volume).

Organizational Identity as an Antecedent of Internationalization

Internationalization theory so far has hardly addressed the question of what prepares an organization to embark on a sustainable internationalization program (Weerawardena et al. 2007). Typically the literature assumes that at the point of internationalization, the firm is ready to go abroad. This covers two assumptions: (1) from a rational choice perspective a company embarking on an internationalization process is seen as possessing an ownership/firm specific advantage that allows the firm to overcome the liability of foreignness; (2) from a behavioral perspective the organization and its members are seen as being prepared to sustain the internationalization process—in other words that they have an appropriate entrepreneurial orientation (culture), conducive leadership styles, suitable corporate systems, and the necessary social capital in place to compensate for the assumed risk averseness associated with internationalization processes.

While these two basic schools on corporate internationalization have struggled for interpretational sovereignty in the past, the question we explore in the remainder of this section is the extent to which the concept of OI might serve as an umbrella to integrate these perspectives and to provide a unique concept to elucidate organizational preparedness for internationalization. We start with a short discussion of the liabilities (or hurdles) companies have to overcome when internationalizing. We then elaborate on how rational choice and behavioral paradigms assume companies overcome the liabilities of foreignness. Finally we look at the extent to which these assumptions fall within the remit of typical attributes that constitute an OI.

The liability of foreignness, or in other words “the costs of doing business abroad” is a concept stressing that foreign firms incur higher costs than local firms when doing business in a particular host country (Zaheer 1995). The concept assumes both higher social and economic costs (Eden and Miller 2001) stemming from discrimination in the host country, unfamiliarity with the foreign market, missing or weak roots in the host country environment, and the higher costs of managing operations at a

distance. Following Zaheer (1995) it is these liabilities inherent in foreign activities that might cause a foreign firm's lower profitability or (from a population ecology view) a foreign firm's lower probability of surviving in a host country. Given these liabilities the question arises as to what makes firms internationalize at all—a question that drove much of the scholarly discussion on international business over a number of decades.

It is Stephen Hymer (1960/1976) who today is unanimously seen as having set the agenda for this discussion. Early on he stressed that multinational corporations possess firm specific advantages (also called ownership or O-advantages) that allow them to (over-)compensate for the costs of doing business abroad, encouraging them to deploy these O-advantages abroad and hence to internationalize. Probably the most detailed explanation of why ownership advantages overcome internationalization hurdles came from Dunning's work on the eclectic paradigm.¹ Dunning argued that firms, in order to be competitive in a foreign country and to be able to compensate for the costs of doing business abroad, need to own "certain advantages specific to the nature and/or nationality of their ownership" (1988: 2). These ownership-specific endowments are described by Dunning (1977: 400) as "tangible and intangible resources", which are exclusively held and used by the company.

Over the years Dunning (1988, 2008) and colleagues identified three distinct categories of O-advantages that explain how and to what extent companies can overcome the liabilities of foreignness: Oa-, Ot- and Oi- advantages. Oa-advantages refer to a firm's privileged property or access to income generating assets such as capital, technology, product differentiation, trademarks, or patents (Dunning 1988). These advantages are seen as being the most important in the initial phase of internationalization (Lundan 2010). Transaction cost minimizing (Ot) advantages then emanate from the ability of a multinational corporation to establish a successful and common governance of value-adding activities across national boundaries (Dunning 1988). While Oa- and Ot-advantages

¹ This paradigm, in addition to O-advantages, also investigates the role of location specific (L-) and internalization (I-) advantages to explain foreign direct investment, i.e. one particular form of internationalization, next to a number of important non-equity forms of internationalization such as exports, licensing, or franchising.

have been around since the 1980s, institutional ownership advantages (Oi-advantages) were introduced more recently by Dunning and colleagues. Oi-advantages are defined as firm specific corporate cultures, codes of conduct, incentive systems, and leadership styles which enable firms to cope with challenges arising from the nonmarket domain, notably “the expectations and limits set by the institutional framework in the home and host countries” (Lundan 2010: 60).

Even though the discussion of O-advantages has become more differentiated and sophisticated over time it still remains an approach that is confined within the rational choice paradigm. As such it strongly differs from a behavioral perspective as to what is needed to overcome the liability of foreignness and to embark on an internationalization strategy. Following the behavioral school it is mainly behavioral patterns—such as uncertainty avoidance and risks averseness—that hamper firms in their internationalization (Cyert and March 1963). Whereas Knickerbocker (1973) emphasized a defensive and Graham (1978) a retaliatory behavior of organizations in the internationalization process, Aharoni (1966) and Johanson and Vahlne (1977) identified specific factors that needed to be fulfilled to overcome uncertainty avoidance and risk averseness related to entering foreign markets. Intensive market analysis and therefore the acquisition of market knowledge (Aharoni 1966; Johanson and Vahlne 1977) has been seen as an important building block to overcome psychic liabilities of doing business abroad. Gaining experiential knowledge on a foreign market through escalating engagement with the market was seen as sustaining and furthering internationalization.

More recently, the behavioral school has expanded its model and stressed that in addition to familiarity with foreign markets, network relationships might be essential for overcoming internationalization hurdles. In 2009 Johanson and Vahlne wrote: “If a firm attempts to enter a foreign market where it has no relevant network position, it will suffer from the liability of outsidership and foreignness, and foreignness presumably complicates the process of becoming an insider” (Johanson and Vahlne 2009: 1415). Building up such a network position is seen as an informal process of relationship building that takes time and effort, with managers and employees involved in exchanging knowledge, trust, and

commitment for social capital, all seen as facilitating the coordination of cross-border activities (Kostova and Roth 2003: 297). According to Johanson and Vahlne “the larger the psychic distance, other things being equal, the more difficult it is to build new relationships” (2009: 1414). The extent to which managers and employees engage in these processes of relationship building across borders or, in other words, how they try to overcome their risk averseness and the psychic distance involved in internationalization processes is seen by many authors as dependent on their global mindset (Knight and Cavusgil 2004; Nummela et al. 2004; Kyvik 2006; Weerawardena et al. 2007); a mindset shaped by individual (ranging from childhood experiences over language skills, to prior international experiences), and organizational (ranging from corporate values, to organizational structures and career system) factors.

Linking our previous discussion on OI to the discussion of rational choice and behavioral explanations for corporate internationalization it appears that the concept of OI speaks to both approaches. Some typical attributes of an OI—such as particular proprietary technology or a particular product or service feature (in terms of quality or functionality)—might easily be seen as ownership specific advantages, which are held responsible for a firms’ initial internationalization in the eclectic paradigm. Other OI attributes, such as a particular pioneering/entrepreneurial orientation or a global mindset, clearly link to a firm’s readiness to assume internationalization related risks, which is a central caveat of the behavioral school.

Hence, looking at the identity of an organization (i.e. what is central, distinctive, and enduring in an organization) provides valuable insights into whether firms are ready to go, or to grow further, abroad. While creating a link between the rational choice and behavioral models of corporate internationalization is certainly an asset, further research is needed to explore the extent to which identity attributes, other than the rather obvious ones mentioned above, provide insights into a firm’s propensity to internationalize. Such explorations would also allow for specifying in more detail what an OI that supports internationalization would look like.

OI as a Result of Corporate Internationalization

As discussed above, a given OI might be able to support the initial or further internationalization of a firm. But what are the effects of going or growing abroad on the existing identity of an organization? This question links to the wider debate about OI and change, a debate that, according to Stanske (2016, Chapter 2 in this volume), is among the most dominant discourses on OI. Surprisingly, up until now very little has been published on the impact internationalization has on the identity of an organization. The remainder of this section is therefore a brief presentation on the current situation followed by suggestions of avenues for further research after combing international business and management literature with insights from the debate on OI change.

We found only a handful of studies that investigated the effects internationalization has on the identity of an organization. Most of these studies drew on analytical concepts developed in the more general literature on OI change. All of them were strongly driven by empirical cases. In an explorative case study Poulfelt et al. (2013) looked at the ramifications the market entry of a Danish consulting firm into India had for its OI. Taking the form of a partnership with a major Indian client, the market entry resulted in intensified identity work for the Danish firm, representing both a rupture in the phase of de-identification and an appropriation of the cultural other in the phase of re-identification. Overall the transformation in identity was much more profound than initially assumed by the Danish firm, as it involved reverse transfers (of cutting edge competences) which became new identity attributes. Lerpold's (2007) study on the alliance between the UK based British Petroleum (BP) and Statoil of Norway showed that identity changes after internationalization could be not only more or less surprising side effects but also explicit managerial objectives linked to the internationalization process. Thus Statoil partnered with BP with the purpose of changing its OI from a "domestic, state-owned company to an international, commercially oriented firm" (Lerpold 2007: 134). Similar managerial intentions to build identity were obvious in the study of Vaara et al. (2007)

on Nordea, a leading north European financial service group that came into existence through a series of cross border mergers and acquisitions in Finland, Sweden, Denmark, and Norway around the new millennium. The management wanted to create an “authentic, distinctive, positive and enabling” (Vaara et al. 2007: 230) regional (i.e. Nordic) identity. This process of identity building turned out to be difficult and precarious as national identities continued to live on, requiring constant managerial invention. In this case management followed an aggregation strategy (Pratt and Foreman 2000), linking the various national identities to the regional identity. A somewhat deeper look into the processes of identity adaptation following internationalization was finally provided by Lowe et al. (2012). Studying the market entry of the UK retailer Tesco to the US, they showed that a firm specific operational model allowed the firm on the one hand to maintain (to buffer) the most salient elements of its OI and on the other hand to adapt (morph) its identity to fit the immediate situation or context.

In summary, the entry into new markets is seen by all studies as infringing the firms’ OI, whether intended or unintended. Following Lowe et al. (2012) this is especially the case when organizational stakeholders perceive the market entry as critical. However, what makes a foreign market entry critical is far from clear. To address this question further research needs to explore in detail the following factors (and combinations thereof).

A first factor is the relative size of the internationalization move. According to Empson’s (2004) observation, an international acquisition where one firm is clearly dominant in size, leads to profound changes in the identity of the smaller take-over target compared to identity changes in the larger acquiring company. However, the study also revealed that size differences alone are not a sufficient explanation for changes in the OI, as both original identities and identity aspirations can have different impacts. A second factor to study in more depth is the impact a particular entry mode (export, licensing/franchising, joint ventures, and wholly owned subsidiaries) and form (greenfield investment vs. mergers and acquisitions) exerts on internationalization induced identity changes. So far the literature shows a clear focus on mergers and acquisitions, with the impact of other modes and forms being limited or absent. A third

factor, hardly explored, (with the notable exception of Vora and Kostova 2007) is the impact the cultural and institutional distance involved in the internationalization move has on changes in OI. This factor is either excluded (as in the study of Empson 2004) or only dealt with in an implicit manner. A comparative approach, missing so far,² would seem useful. A fourth and final aspect to be dealt with in future research on internationalization induced identity changes is the process of identity change. While processes of identity change are well studied in general, the impact of national cultural or institutional differences in these processes have not been explored. For instance, it would be interesting to see whether such processes show differences according to which national cultures and institutions are involved. Moreover, from a power perspective it would also be interesting to see whether there is a link between the national origin of an identity attribute and its success in the process of identity change induced by internationalization.

Conclusions

This chapter attempted to elucidate the relationship between OI and international firm growth (in short, internationalization). This led to investigating two questions: what is the impact the identity of an organization has on the propensity of a firm to internationalize? And, what are the effects the internationalization of a firm has on its OI?

Going through the relevant academic literature, we showed that the identity of an organization offers important insights into the preparedness of a firm to embark on an internationalization strategy or to increase its growth abroad. In addition, we demonstrated that OI as a concept has the potential to align rational choice and behavioral paradigms to explain corporate internationalization. We also found that the few available studies assume that internationalization processes almost axiomatically infringe the identity of an organization. For both questions fruitful avenues of further research became obvious and more detailed theoretical

²Only Lowe et al. (2012) tried to introduce a comparative dimension in their study, however the insights gained concentrated on Tesco's market entry in the US.

frameworks need to be developed. In addition, both questions require a more systematic empirical exploration along the lines outlined above.

Overall we concluded that addressing the link between OI and international firm growth is a promising field for further interdisciplinary work, that it would add to the ongoing bridge-building efforts between organizational theory and the discipline of international business and management, which have provided a number of creative approaches (for an overview see Ghoshal and Westney 1993, 2005; Dörrenbächer and Geppert 2017, forthcoming).

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7

Organizational Identity, Global Mindset and the Internationalization of Small and Medium-Sized Enterprises

Christin Lappe and Christoph Dörrenbächer

Introduction

Having a global mindset is seen as an indispensable attribute of a firm's identity in a globalized world. Following Javidan et al. (2007) firms can only be effective and successful if their employees, managers, and executives are able to understand and adapt to the global business environment. This covers identifying, observing, interpreting, and understanding the manifold differences that exist between countries (Ananthram et al. 2010; Gupta and Govindarajan 2002). It goes without saying that

JEL codes: M14, M16, L20

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C. Dörrenbächer et al. (eds.), *Organizational Identity and Firm Growth*, DOI 10.1057/978-1-137-57724-5_7

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a global mindset is of particular importance when companies actively internationalize (Kyvik 2006). This has been studied to some extent among global players, large, strongly internationalized firms. Small and medium-sized enterprises (SMEs), however, have received far less attention in this context. This is surprising as SMEs demonstrate a pattern of continuous increase in international activities (Kohn 1997), and are beginning their international expansion even earlier than previously (Nummela et al. 2004).

As we show in more detail below, the few studies available on the link between global mindset and SME internationalization have focused on the managerial global mindset as a prerequisite of SME internationalization (Nummela et al. 2004; Kyvik 2006; Kyvik et al. 2013; Felício et al. 2012, 2013, 2015). Global mindset at an organizational level and the impact of preceding internationalization on the global mindset of SMEs have not been studied adequately. To address this gap in the literature this chapter takes a broad perspective on the link between the internationalization behavior of SMEs and their global mindsets by asking: (1) what role does the concept of global mindset play in SMEs? (2) how is the internationalization of SMEs influenced by global mindsets and vice versa?

Answers to these questions are generated through empirical research. Altogether eleven SMEs headquartered in Germany were studied using a qualitative explorative approach. A qualitative approach was chosen since a global mindset represents a way of thinking which influences human behavior (Arora et al. 2004), and this approach is seen typically as the most appropriate way to understand the meaning of behaviors (Flick et al. 2004). Given the rather piecemeal state of the art of extant literature, an explorative research strategy was chosen to interpret, understand, and describe eventual relationships (Sandberg 2012).

The chapter starts with a review of extant literature on SMEs and the global mindset construct leading to a literature based substantiation of the research gap mentioned above. Following some short methodological remarks, we then present the findings of our empirical investigation. The chapter closes with a discussion of the main findings,

a look at the study's limitations, and some suggestions for further research.

Literature Review

Small and Medium-Sized Enterprises

SMEs represent a growing group of firms with a high and steadily increasing importance in economic systems all over the world (Knight 2001; George et al. 2005; Levy and Powell 2005). The literature does not provide a common and universally accepted definition of SMEs in terms of size and characteristics (McAuley 2010; Mundschtütz 2012). Following Knight (2001), however, the definition of SMEs as companies with 500 or fewer employees is widely used in industrialized countries. SMEs exhibit several distinct characteristics. A large group of authors (e.g. Bell et al. 1992; Calof 1993; Etemad and Wright 1999; Ghobadian and Gallear 1996; Kirby and Kaiser 2003; Knight 2001; Lindell and Karagozoglu 1997; Lu and Beamish 2001; Mittelstaedt et al. 2003; Vachani 2005) agree on the resource constraints faced by SMEs, especially concerning human and financial resources. Additionally, a lack of knowledge in respect of international contexts (Bell et al. 1992), a lack of management skills (Lindell and Karagozoglu 1997), and a lack of experience in international operations (Etemad and Wright 1999; Vachani 2005) are stressed as characteristics that impede the internationalization of SMEs. However, SMEs are known for their high flexibility (Kalinic and Forza 2012; Toulouva et al. 2015) and risk-seeking behavior (Fiegenbaum and Karnarni 1991), which allow faster reactions to changes (Kalinic and Forza 2012) and adoption of decisions (Toulouva et al. 2015) resulting in their being “more responsive to market needs, more adaptable to change, and more innovative in their ability to meet customers’ demand” (Ghobadian and Gallear 1996: 88). A final characteristic, specifically important for this chapter, is the widely held assumption that the owner-manager or CEO of an SME has an extraordinarily strong impact on strategic decision making, including

internationalization decisions (Levy and Powell 2005; McAuley 2010; Daši et al. 2015; Ghobadian and Gallear 1996).

Literature dealing with SME internationalization has identified three patterns (Bell et al. 2001): a gradual, a rapid, and a rapid but late internationalization pattern. Regarding entry modes, exporting is still seen as the most applicable and dominant method for SMEs to enter foreign markets (Leonidou et al. 2007) since it is a fast, easy, and cheap alternative to other entry modes (Majocchi and Zucchella 2005). However, in recent years several studies (Kirby and Kaiser 2003; Rasheed 2005) have observed a greater use of foreign direct investment (FDI) by SMEs. This is supported, for instance, by Choo and Mazzarol's (2001) study which showed that SMEs using high risk market entries, such as FDI, outperformed SMEs with low market risk entry modes, such as export. Herrmann and Datta (2002, 2006) see a higher propensity to go for (FDI based) wholly-owned subsidiaries at SMEs, depending on the international experience of their CEO. Following these authors it is the international experience that "provides CEOs with the mindset, knowledge base, and confidence to opt for entry modes that entail greater resource commitments, more risks, and higher levels of information processing" (Herrmann and Datta 2006: 773). A similar argumentation can be found in the "born global" literature that, in essence, deals with SME internationalization. However, studies that directly investigate the role of global mindsets in the internationalization process of SMEs are scarce, not to mention studies that operate with a wider mindset concept, those that go beyond the CEO's global mindset (see below).

Global Mindset

The mindset concept is well-established in the area of cognitive psychology and is also used in organization theory in terms of the sensemaking attributes of individuals and organizations (Gupta and Govindarajan 2002). A mindset is described as "a set of deeply held internal mental images and assumptions, which individuals develop through a continuous process of learning from experience" (Paul 2000: 188).

Global mindset as a concept has origins in cultural and strategic thinking. Following Levy et al. (2007a: 232) the cultural origin can be traced back to the notion of “cosmopolitanism” defined as “a state of mind that is focused on the outside, the other, and seeks to reconcile the local and the global, the familiar and the foreign”. Moreover, the notion of cosmopolitanism encompasses openness and “an eagerness to investigate and learn from others’ meaning systems” (Levy et al. 2007b: 16). Global mindset within the strategic context mainly ignores cultural influences and puts a focus on globalization impacts. Here an increased complexity of markets (Levy et al. 2007b) is said to require an increasingly complex managerial cognition with “the capacity to balance contradictions, ambiguities, and trade-offs” (Boyacigiller et al. 2004: 83).

More recent conceptualizations of the global mindset concept draw on both origins and distinguish between an individual and an organizational global mindset (Gaffney et al. 2014). Following, for instance, Gupta and Govindarajan (2002: 117) a person exhibits a global mindset when he or she “combines openness to and awareness of diversity across cultures and markets with a propensity and ability to synthesize across this diversity”. However, according to Jeannet (2000), a global mindset is only effective if it goes beyond the individual global mindset, so that it is not just managers but the entire company who adopt a global mindset, this is called an organizational or corporate global mindset. Jeannet (2000: 199) adds that a corporate global mindset encompasses “cultural aspects of the company that define the extent to which the firm has learned to think, behave, and operate in global terms”. Thus, a global mindset at an organizational level has to be aligned with the company’s vision and with its core values to maintain a coherent identity of the organization (Chatterjee 2005). Finally, a corporate global mindset is also seen to “root in routines, operating practices, processes, and behaviors, including experience, relationships, and social conventions” (Felicio et al. 2015: 798).

A number of authors assume that a global mindset can be developed on both individual and organizational levels (e.g. Javidan et al. 2010a). However, the development of a global mindset is perceived as a long-term (Hruby 2013) and time-consuming (Paul 2000) process.

Following Javidan et al. (2010b) an individual global mindset can be created early in life. Thus, childhood experiences might lead to a global

mindset (Gupta et al. 2008) if they favored openness to the world. In contrast, Felício et al. (2012) and Kyvik et al. (2013) found that there is no direct link between childhood events of entrepreneurs and their global mindset, but that such events may trigger the cultivation of a global mindset. The influence of formal education and language skills also produced mixed results. However, what seems undisputed is the fact that language skills exert a greater impact on global mindsets than formal education (Felício et al. 2012). Similarly, personal characteristics or skills, such as the ability to influence others (Javidan and Bowen 2013), to be risk loving, or to act proactively are seen to have a strong impact on the development of an individual's global mindset (Nummela et al. 2004; Felício et al. 2012; Kyvik et al. 2013; Hruby 2013). Finally, exposure to international assignments and collaborating with international customers (Nummela et al. 2004; Bowen and Inkpen 2009; Felício et al. 2012; Kyvik et al. 2013; Hruby 2013) are seen as greatly enhancing the global mindset of an individual. Such experiences can be made for instance, within a family, through foreign leisure travel, or through study or job related expatriation (Arora et al. 2004; Kedia and Mukherji 1999; Gregersen et al. 1998).

Essential factors in developing a global mindset at the organizational level are the establishment of a global vision and the promotion of global values shared by managers and employees (Gupta and Govindarajan 2002; Paul 2000). A corporate vision with an orientation toward the international market (Felício et al. 2012) encourages the commitment of employees to the company, if engagement in reaching the vision is noticeable (Paul 2000). Furthermore, core values shared by the company and its subsidiaries (Gupta and Govindarajan 2002) might help to improve the interaction between colleagues from different cultures (Smith and Victorson 2012). Another factor in promoting a global mindset at the organizational level is employee selection (Jeannet 2000; Hruby 2013). Here it is of significance that new personnel already possess international experience or certain personal characteristics that support the creation of a global mindset at the organizational level (Gupta et al. 2008). Next, providing occasions to develop global thinking contribute to the extension of a global mindset from the individual to an organizational level (Jeannet 2000). This can be achieved through

specific training or meetings with colleagues from all over the world (Jeannet 2000). Finally, following Paul (2000) the structure of the company can play a decisive role, with an area structure supporting a local mindset and product divisions and matrix structures supporting a global mindset.

Global Mindset and SME Internationalization

The decision to internationalize is assumed to reflect “one’s way of looking at the world” (Kefalas 1998: 558), in other words, one’s mindset. Along with this presumption it was maintained that a global mindset has a positive influence on the internationalization of firms (Srivinas et al. 1995; Arora et al. 2004; Paul 2000; Gupta and Govindarajan 2002). In Paul’s words (2000: 198): “the more global the company’s mindset, the easier it becomes to support a global business approach in existing markets as well as to enter new markets and pursue a global strategy”. However up until now, this link has mostly been investigated in large multinational corporations with only a handful of studies addressing it in SMEs (see Table 7.1).

The first empirical evidence was provided by Nummela et al., studying small Finnish companies in the area of information and communication technology. They conclude that a global mindset, based on management experience and market characteristics, has a significant effect on firms’ internationalization and is “one of the key parameters in terms of the international performance of the firm” (2004: 60). Furthermore, they also state that companies with a global mindset show higher numbers of foreign partners and customers, resulting in higher returns (2004). Also Felício et al. (2012), studying 211 small Portuguese companies, found a positive influence of a global mindset on small businesses’ success. Next, the research results of Kyvik et al. indicate that global mindsets are developed and adjusted to “foster the internationalization of small firms” (2013: 189). Finally, a study by Felício et al. (2013) revealed that the possession of a global mindset and its intensity is dependent on the culture and the economic development of an SMEs’ country of origin.

Table 7.1 Overview of current studies on the link between global mindsets and SME internationalization

#	Authors + Year	Main findings	Empirical study	Future research avenues
1	Nummela et al. (2004)	The research identifies managerial experience and market characteristics as the main drivers of global mindset. Furthermore, it is stated that global mindset is key parameter for international performance and that it influences the internationalization per se by affecting the decision to commit higher resources to foreign markets. Main focus: Individual global mindset	Quantitative CEOs or managing directors of 72 exporting Finnish SMEs in the information and communication technology ICT sector fully completed a structured web-based questionnaire to measure the global mindset. Component analysis was used to study the data	The authors recommend future studies on the link between mindset, objectives and performance. They also emphasize that the concept of global mindset is still underdeveloped and needs more insights in general
2	Kyvik (2006)	A positive causal relationship is found between the individual global mindset and the internationalization behavior. Furthermore, the global mindset is especially formed by international work experience. Main focus: Individual global mindset	Quantitative CEOs or managing directors of 215 small Norwegian firms of several industries answered an internet based survey. Data was analyzed using Structural Equation Modeling (SEM)	For further validations on global mindset, a qualitative study design is recommended to capture unseen, unspoken and tacit phenomena

3	<p>Felício et al. (2012)</p> <p>The study concludes that entrepreneurs with a global mindset are important for developing international networks. Furthermore, the global mindset is explained by individual characteristics of the entrepreneur, such as international experience, and firm characteristics such as a global orientation. Thus, global mindset impacts internationalization behavior and success. Main focus: Individual global mindset</p>	<p>Quantitative Entrepreneurs of 211 small-sized Portuguese companies of various industries completed a survey-based study. The data was analyzed by SEM</p>	<p>It is highlighted that research on SMEs receives only little attention with respect to the global mindset concept. Further research should expand the analysis of global mindset at various levels and in different contexts</p>
4	<p>Felício et al. (2013)</p> <p>The investigation demonstrates that the cultural context explains variations of global mindset, individually and collectively. It is argued that a global mindset has a greater impact on the internationalization behavior in countries with greater economic development, especially with respect to international know-how activities. Main focus: Individual and corporate global mindset</p>	<p>Quantitative 354 small Norwegian and Portuguese firms participated in an electronic survey. A confirmatory analysis method, including SEM, was chosen to analyze the data</p>	<p>Global mindset research focuses on the perspective of large companies. Further studies should focus on the global mindset of entrepreneurs and the corporate global mindset, comparing small and large firms</p>

(continued)

Table 7.1 (continued)

#	Authors + Year	Main findings	Empirical study	Future research avenues
5	Kyvik et al. (2013)	Results show that a global mindset is significant for small firms' internationalization. A CEO's global mindset is mainly formed through his or her international exposure. It is stated that global mindsets have to be developed in order to foster internationalization. Focus: Individual global mindset	Quantitative CEOs or owners of 215 Norwegian and 257 Portuguese firms completed an e-mail based survey. The data was analyzed by applying SEM	Internationalization literature on small firms displays little focus on the role of CEOs mindsets or CEOs mental models. Research should conduct in-depth interviews to gather rich contextual data
6	Felicio et al. (2015)	Results show that the global mindset of managers is a prerequisite for internationalization, whereas the corporate global mindset influences network and know-how activities. Main focus: Individual and corporate global mindset	Quantitative 168 Portuguese and 120 European companies completed an online survey. The data was analyzed by applying SEM	Literature provides insufficient insight into factors that make up the corporate global mindset, relationship between corporate and individual global mindset, and effects on firms' internationalization. Future studies should also compare large and small firms

Source: Own study

These findings are far from providing a comprehensive picture of the link between global mindsets and SME internationalization. All the studies focused on the individual mindsets of CEOs (or owner-managers or entrepreneurs), and did not investigate global mindsets at the corporate level. A notable exception being a recent study by Felício et al. (2015), which claimed that a corporate global mindset is important for SMEs' cross-border networking and know-how activities. Finally, all the studies addressing the link between global mindset and SME internationalization used a quantitative research design and only examined the impact of global mindsets on internationalization, but not how a global mindset might be influenced or shaped by foregoing internationalization.

In the remainder of this chapter we try to address some of these shortcomings by engaging in a qualitative study. In particular we investigate whether a global mindset is an antecedent and/or a result of an SME's internationalization. We also explore the relationship between the individual and the corporate global mindset in SME internationalization.

Methodology

As described above, the topic of global mindset is still under researched, especially concerning SMEs and their internationalization behavior. To generate more data on the subject a qualitative approach was applied as it is able to elucidate the rationale of human behavior, which is of importance when studying the impact a global mindset has on internationalization decisions.

Data gathering was mainly done through semi-structured expert interviews with leading managers or owner-managers of SMEs, as these generated rich data on the subject, including direct statements on the link between organizational identity and SME internationalization (King 1994). Interview partners were sampled from a directory of the German web-based job fair "Yourfirm", which focuses on SMEs (the selection criteria being managers from companies with a maximum of 500 employees and at least one foreign subsidiary). A total of 184 companies across

Table 7.2 Interview companies

#	Company (Founded)	Interview partner	Number of IS*	Location of IS	Global mindset
1	A (1938)	CEO	4	China, France, India, Spain	Yes
2	B (1985)	CEO	14	Brazil, China(2), France, India, Italy, Japan, South Korea, Russia, Taiwan, Turkey, United Kingdom, USA(2)	Yes
3	C (1969)	CEO	6	China, France, Poland, Czech Republic, Ukraine, USA	Yes
4	D (1804)	CEO	4	China, India, Japan, Singapore	Yes
5	E (1969)	CEO	7	China, France, Malaysia, the Netherlands, United Kingdom, USA(2)	Yes
6	F (1906)	CEO	9	Australia, China, France, Russia, Spain, South Africa, Ukraine, United Kingdom, USA	Yes
7	G (1930)	CEO	6	Australia, China, Italy, the Netherlands, Turkey, USA	Yes
8	H (1946)	Manager	2	China, USA	Yes
9	I (2001)	CEO	4	South Korea, United Kingdom, Uruguay, USA	Yes
10	J (1969)	Manager	5	Austria, Spain, United Kingdom, USA (2)	Yes
11	K (2009)	CEO	3	France, Hungary, Switzerland	No

* IS = International subsidiaries

Source: Own study

all business sectors were identified and contacted by e-mail or phone in November 2014. Managers from 11 companies (all in manufacturing industries and all between 100 and 500 employees) were interested in participating. All interviews were held via telephone. To increase the quality of responses the partners were sent an interview guideline before the interview took place (Christmann 2009). Interviews lasted up to 40 minutes (Table 7.2).

In line with the research aims, the interview questions (both closed and open ended) focused on the following subject matters: global mind-

set at the organizational level; current internationalization position; and global mindset within the internationalization process.

All interviews were taped and transcribed to facilitate their reconstruction (Gläser and Laudel 2009). The interview transcripts were analyzed through qualitative content analysis as described by Mayring (2008) and Gläser and Laudel (2009). To extract and summarize specific data from the material open coding was applied, which allowed the filtering of particular aspects and topics from the interviews (Mayring 2008). The following topics, which guide the presentation of our findings below, were identified:

1. Existence of a global mindset
2. Individual global mindset
3. Organizational global mindset
4. Global mindset within internationalization.

Findings

Existence of a Global Mindset

All participating companies turned out to have more than one international subsidiary, and ten companies also owned subsidiaries overseas. Only company K showed a home region orientation in its internationalization pattern as all its foreign subsidiaries were in Europe. This made a substantial difference to the existence of a global mindset within the company. While companies A to J were aware of the global mindset concept and stated that they possessed or worked with it, the CEO of company K argued that he possessed an international mindset (#11 l. 18–19). Furthermore, the need for a global mindset was seen as low, because customer relations were perceived as local or regional (#11 l. 98–107).

All companies that indicated they possessed a global mindset agreed that the concept was not yet fully developed at all levels of the company (#1 l. 9; #5 l. 2; #8 l. 264–265). However, the extent to which the

global mindset had developed varied. The CEO of company B, with 14 subsidiaries abroad, indicated a rather advanced global mindset: people without a global mindset “would not feel comfortable in our culture. We even have employees, who are not speaking German but English, in Germany” (#2 l. 80–82). On the other hand the CEO of company C stated that the majority of their employees working in the production area still thought locally, since they did not have any foreign contacts in their daily work (#3 l. 162–174). Nevertheless, the concept is ubiquitous as emphasized by the manager of company H: “We are a small company with 150 employees worldwide and global mindset is still an issue for us. It is a specific issue, precisely because we are small” (#8 l. 6–8). To sum up: global mindset exists in SMEs and is a particular issue in SMEs with a global spread.

Individual Global Mindset

Many CEOs or owner-managers maintained that they personally possessed a global mindset they perceived as their attitude (#5 l. 124) or their way of life (#8 l. 147–148), mainly formed through international experiences. As demonstrated in the following statements:

I possess a global mindset. I worked for a bank which was a global player. Then I worked for another company for which I worked in Argentina and three years in Spain. I did not only work there but also lived. So I spent two years in Argentina, three years in Spain, and now I am back in Germany. Therefore my global mindset is relatively formed. (CEO company C)

I worked in Asia and in the United States thus, although I am German, I view my culture with distance. I think that this helps a lot. (CEO company E)

I live in an international marriage (CEO company I)

Furthermore, the fact that leading executives were not German or that the management team was composed of different nationalities was seen by some interview partners as an indicator of the existence of a global mindset at the managerial level:

I guess, what distinguished us is that we had already in the beginning an international team, also here in Germany. That is why it existed right from the start. Even our founder and chairman is of Turkish origin. Hence we are completely different positioned. (CEO company B)

One of our executives is American. Therefore globalization is an experienced issue in our company. (Manager company H)

All interview partners emphasized that it is the management who “sets the example” (#5 l. 124–125; #8 l. 47–48; #10 l. 28–33). They perceived a global mindset to be an indispensable prerequisite for top managers (#7 l. 144–145; #8 l. 350–361), as they are the ones who change existing organizational mindsets to global ones, as indicated by the CEO of company A: “We, purposely we as the top management, try to change it.” (#1 l. 59–60). This opinion was even held by the CEO of company K, where a global mindset seemed less relevant, due to a home region internationalization pattern. According to the CEO of company K the management must be “a bit more advanced in the development of a global mindset” (#1 l. 47).

Summing up, it is evident that an individual global mindset of managers, stemming from international experiences and backgrounds, is seen as important for globally active SMEs: first, to shape further direction of the company; and second, to set an example when initiating and developing a global mindset at the organizational level.

Organizational Global Mindset

As indicated above, a global mindset at the organizational level involving all employees is still in the making at most SMEs studied. The development of a global mindset on the organizational level is perceived to be a long process (#1 l. 64–65; #5 l. 48–49), which requires continuous efforts (#8 l. 265–268). A key success factor is seen in the fact that a global mindset needs to be “lived” in the company, as emphasized by the following statement:

I have to add, that something like this [a global mindset] is created by “living” it. It is nothing, which we have consciously implemented or which is

consciously implemented. It is something what our employees feel. Every employee knows, that we operate with an export share of 70 per cent. This is how it was achieved that every employee knows and understands why we are present on a worldwide basis. (CEO company F)

This statement suggests that the level of internationalization reached by an SME is considered a solid basis for employee awareness that a global mindset is needed, which was strongly confirmed by several other interview partners:

We live it in our company, how can I describe it, we live global “blood”. Everyone who works here knows that we operate globally. Therefore, our employees internalized it. So they know that we need it and that their jobs are kind of dependent on it. (CEO company F)

Since we are characterized by international activities, it is evident for us that issues such as global orientation, think and act globally, definitely belong to us. (Manager company H)

We have many international clients and display an export share of approximately 70 per cent. The relation to our clients is international. We do not have any documents, not being in English. And this is noticed by everyone. (CEO company I)

Many interview partners indicated that the development of a global mindset at the organizational level is strongly influenced by day-to-day practice in the international area where new experiences are constantly gained:

At the end of the day it is a “learning by doing”, at least for our company. (CEO company C)

It [global mindset] is internalized by our employees. They know it. They have the international contact. They have to practice it every day. That goes well and sometimes it goes not so well ... It cultivates due to gained experience. (Manager company H)

To sustain their evolving global mindset, a number of interview partners indicated that they make sure to recruit the “right” people, those

that fit with the company's organizational global mindset. Along these lines our interview partner from company B stressed that employees are recruited for international projects only if they are willing "to deal with cultures and to think globally". Furthermore, foreign language skills, mainly English, were seen as indispensable skills in new employees (e.g. #1 l. 38–39; #4 l. 67–68; #10 l. 72–73). International experience or a particular interest in foreign cultures and markets were valued, but not seen as a condition *sine qua non* as these could be gained through daily practice. Finally, all companies provided training and expatriation to foreign subsidiaries to enhance the global mindset and reduce anxieties (#1 l. 77), reservations, lack of knowledge, and lack of experience (#8 l. 83–93) in the international area.

However, many interview partners conceded that activities to spread a global mindset attitude throughout the organization, first and foremost needed to apply to employees with international contacts.

The question would be to what extent a global mindset has to be developed in the various departments. All areas which are in contact with the client need it. This would be sales, after sales, customer service and logistics of substitutes ... thus it is essential in all areas which are active abroad. The more it gets internal the less it is present. (CEO company C)

Basically, every employee who has international contacts has to develop a global mindset ... once an employee is active in a certain country, he should possess a global mindset in order to ensure that operations go smoothly. (CEO company D)

To summarise: there was a broad consensus that the global mindset needs to be lived in the organization and that a high level of international activities supports such a practice. Moreover, specific measures (for instance in recruitment) have been reported to support the spread of a global mindset attitude across the organization. To reach a global mindset among employees who have international contacts was seen as critical and was given priority.

Global Mindset Within Internationalization

Many of our interview partners saw the existence of a global mindset at the top management level as an important prerequisite for a company to go international.

Global mindset is definitely a prerequisite in order to operate globally. Since internationalization is a strategic decision, it is based on the management. (CEO company E)

It [a global mindset] is necessary. You can only survive abroad, if you possess it. You do not have the chance to break into the market, for instance China, if you do not understand the culture and the market. Since you operate differently in this market than you would operate in America for example, it is absolutely essential. Without it, it will not work. (Manager company J)

Next, an organizational global mindset was seen as crucial to supporting cross-border cooperation both between headquarters and subsidiaries and within international business networks.

The realization of a corporate global mindset is important for our company, because we can only achieve real collaboration between headquarter and subsidiaries by possessing a global mindset. (CEO company A)

It is crucial in this sense, that international collaboration cannot be commanded or cannot always be compelled but rather it has to occur on the basis of the thinking of persons, of our employees. (CEO company G)

If we would have our local culture in our minds, it would be difficult to collaborate with our subsidiaries. A certain openness has to dominate in order to get involved. One has to know, that the fortune of the company not solely lies in the domestic market but rather is a based on the global one. Everyone has to understand it. (CEO company I)

Emphasizing further how a global mindset is a prerequisite and a facilitator for international activities our interview partners also stressed that, vice versa, the international activities of their firms have an effect on the global mindset as international activities gather new experiences, which simultaneously lead to an enhancement of global mindsets at the

organizational level. These experiences are internalized and further used in the international context.

Of course, these are learning experiences which we obtained through our subsidiaries. Which continues to have an effect on our employees. These good or bad learning experiences are very helpful for the next time ... We can use this learning experience for the next step, in the same country or in another one. (CEO company C)

Such learning experiences are not solely made in headquarters–subsidiary interactions but also in the wider business network of a company (#10 l. 153–157). Hence inputs to the organizational global mindset can also come from suppliers, customers, competitors, and regulators in foreign markets.

Overall, our interviews revealed not only that a global mindset influences internationalization, but that internationalization also influences global mindset. Managers who take the decision to internationalize are typically guided by their individual global mindset. The organizational global mindset is then promoted by managerial initiatives to ease international activities and it is shaped by new experiences in the international arena.

Discussion and Conclusion

The analysis of our interview data supports our basic theoretical assumption that SME internationalization and the concept of a global mindset are closely linked. So that a global mindset can be a prerequisite for internationalization, in particular the individual global mindset of managers, the result of which then relates to the organizational global mindset.

Regarding the individual global mindset of top managers at SMEs we could show that international experiences, personal or work-related, are indicative of these managers possessing a global mindset, which aligns with findings of former studies (Arora et al. 2004; Gregersen et al. 1998; Kedia and Mukherji 1999; Nummela et al. 2004). Our findings further

suggest that an individual global mindset at top management level compensates for some characteristic SME problems with regard to internationalization, such as lack of knowledge and resources. Finally, we could show that SME top managers' individual global mindsets are perceived as a prerequisite for internationalization, which is consistent with Felício et al. (2015) who state that managers possessing a global mindset are essential with respect to their firm's internationalization.

Our study also addresses the relationship between individual and corporate global mindsets, which was introduced in a recent study by Felício et al. (2015). Our empirical research showed that the development of a global mindset at organizational level is purposefully supported by top managers who live their global mindset and adopt relevant policies, for instance in employee recruitment, employee training, and expatriation. Here our study complements the findings of Begley and Boyed (2003) on large multinational companies.

In line with findings of Paul (2000) and Hruby (2013) our interview data further revealed that the development of a global mindset is a long and continuous process. Furthermore, we could show that the development of an organizational global mindset is sustained by the level of internationalization a company has reached, as this defines the level of daily practice employees have in the international arena. Here our study adds to the state of the art by showing that SMEs set priorities on particular employee groups when it comes to global mindset development activities. A clear priority was given to those employees or employee groups that regularly have international contact, for instance in sales, after sales, development, and customer service. Finally, we further add to the state of the art by showing that new international experiences and learning effects have an impact on the material content of organizational global mindsets in SMEs.

We close by discussing some limitations of our study. Data came from only 11 rather short interviews at top management level. Future studies should engage in more interviews and, in particular, go beyond the top management level. Furthermore, our study did not systematically address differences in interview companies with regard to their level of internationalization, their organizational structure, and their internationalization history. Future research that considered these differences could

provide further interesting insights. Finally, the participating companies were all manufacturing companies with a German origin. Further research should include service SMEs (on the rise through e-commerce) and it should engage in comparative research, looking at SMEs from different countries of origin.

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8

Concluding Remarks: Organizational Identity in a Transforming World

Fiona Moore

The preceding chapters have covered the full span of the different types and sizes of organizations in the present era, looking at large companies, rapidly growing firms, SMEs, collaborative ventures, and many others. They have also considered the diverse ways in which all of these are affected by growth, and explored the theoretical and the practical implications. The introductory chapter (Chap. 1) summarizes the literature on organizational identity and firm growth, introducing the concepts, exploring the connections between them, discussing developments since Albert and Whetten's (1985) seminal work, and introducing the aims and ambitions of the volume. Stanske's chapter (Chap. 2) analyzes the dominant discourses about OI in terms of what the present state of the field says about them, considering how OI has moved from an external to

JEL codes: L20, M10, M16, Y90

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C. Dörrenbächer et al. (eds.), *Organizational Identity and Firm Growth*, DOI 10.1057/978-1-137-57724-5_8

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an internal focus, and painting a picture of organizational identity as an important, but contested, field. One might observe that all fields which are truly significant are the subject of fierce debate, so the fact that OI is such a controversial subject merely serves to underline its significance and the necessity of considering it in the present context.

The significance of OI is beyond any doubt when talking about management consultancies, as Sarah Stanske, Matthias Tomenendal, and Christoph Dörrenbächer do in Chap. 3's look into the contemporary business world. More than probably any other type of organization, the market performance of management consultancies is linked to their elite identity, which they carefully cultivate and try to impress on the outside world. This identity is found to be deeper at, so-called, professional partnerships—such as McKinsey or Boston Consulting Group, which focus on organic growth—than at professional service firms—such as KPMG or Accenture, which, in the past, have followed an aggressive growth strategy involving mergers and acquisitions.

Following on from this, the Tomenendal and Raffer chapters (Chaps. 4 and 5) consider OI in the context of two key present-day trends. The first, on *gazelles*, considers how rapidly-developing companies develop identities in growth, a particularly crucial issue given the rise of small but explosively growing companies in the, so-called, app economy, in which small, specialized companies dominate the business environment. Understanding how such companies grow may well be crucial to grasping the reasons behind their successes, failures, and transformations. The second chapter, on shared identity projects furthering regional innovation and growth, again picks up on a modern trend, in this case the rise of collaborative, networked firms. It posits that it is better to consider the modern multinational enterprise (MNE) not as a single company but as a network of companies, operating across regional spaces. In the present knowledge-based economy, innovation can be the factor that enables the success or failure of MNEs, and so the ability to negotiate complicated issues of identity in such environments is crucial.

The chapters by Dörrenbächer and Lappe (Chaps. 6 and 7) continue this interweaving of theoretical and practical considerations. The first, on organizational identity and firm growth, takes a more academic approach in considering the feedback loop between OI and internationalization,

with each affecting the other, and proposes that OI offers clues as to the readiness of firms to internationalize. This marks a significant combination of theory and practice; given the unpredictability of human activities, it is impossible to point to a hard-and-fast correlation between internationalization and any other social factor, but the complex, flexible aspects of OI mean that it is particularly linked to the decisions made within a given organization and can thus provide a useful guide, if not predictor, to its future direction. The second chapter, on global mindset and the internationalization of SMEs, is also significant not only through its consideration of SMEs, but also through the exploration of the complex links between global and local. Although the tendency in international business studies is to focus on large, prominent and visible MNEs, in fact, the majority of firms around the world are SMEs, and, given the present state of communications and logistics, can now be global in scope in a way small firms could not be in earlier periods. SMEs are thus a crucial aspect of the overall growth of economies. The focus on global mindset is also significant, underlying the point, made since Tomlinson's (1999) writing at the turn of the century, that globalization is less about being actually global, than it is about thinking globally, even as one acts locally. The SMEs considered in the second Dörrenbächer and Lappe chapter thus embody the links between identity, growth, and globalization, since considering themselves global and thinking globally enables even small firms to achieve transnational status.

One key point which emerges from this volume is the complexity and elusiveness of organizational identity. OI comes across as something abstract and unfocused; attempts to define and understand it are contested. However, this should not be surprising as humans are social creatures engaged in the construction, presentation, and interpretation of identity; for us to define identity is rather like fish trying to see the water. Martin's earlier works on organizational identity present organizations as being simultaneously fragmented and integrated, depending on which lens one uses to view them (1992); Alvesson et al. (2008) similarly present organizational identity as discursive, open to challenge and to change. Some of this complexity emerges in the chapters in this volume. Stanske, for instance, identifies internal and external discourses that define an organization which seem reminiscent of the linguistic/anthropologi-

cal concepts of etic and emic perspectives (Morris et al. 1999). However, based on the preceding chapters, one might argue that researchers need to embrace the multiplicity and ambiguity of organizational identity. As identity is discursive and complex, trying to pin it down to a hard-and-fast set of characteristics only reduces its value as a concept, and the main academic interest lies in studying the interplay between perspectives and the shifting and evolving identities of organizations. This volume thus indicates that complexity, which, when it comes to OI, is not to be rejected or avoided, but embraced.

Furthermore, looking at OI in the context of growth, as in this volume, clearly shows that, despite its complexity, the concept of OI is not too abstract to lack relevance to contemporary business issues, such as the burning question of how, and why, organizations internationalize, and the degree to which they are able to succeed in the global marketplace. Growth is the driving issue of the early 21st century, in which the idea that we might be in a period of unlimited growth has been challenged by various recession events, and the question to consider is the more long-term role of growth in the global economy. The way in which these chapters explore the relationship between OI and growth can add to debates on transnational capitalism and on the role of growth in initiating, developing, and sustaining a global economy.

Finally, the multidisciplinary approach of this volume, and of OI scholarship in general, is also a key strength of the concept. To understand a complicated phenomenon such as OI an element of multidisciplinary and of engagement with the context is necessary. Considering OI in the context of post-recession globalization provides social scientists with a way of understanding where we came from, and what the future may hold for both local and global organizations. By engaging with both globalization and OI, this volume may lead to crucial insights into their interrelations.

In terms of what this means for the field more generally, it is worth considering how OI will change in line with ongoing developments in business and economics. For instance, if we are genuinely developing what some call a *gig economy*, in which individuals rent out their own goods and services through a wider platform (for instance Uber allowing individuals to hire their private cars out as taxis, or Airbnb allowing

people to rent out property or spare rooms directly), the question remains of how this will affect OI. Would such a company develop a two-tier OI, with the core management having one identity and the people hiring out their services having another, or possibly not identifying with the organization at all? Or are such companies really not that different to, say, a traditional organization in a sector which relies heavily on zero-hours contracts or casual labor? While Tomenendal and Raffer's research on gazelles may provide some insights, this area may well require considerable future study as this (arguably) new form of organization develops.

The complexity of OI also raises methodological and theoretical implications. It has been argued that business studies have been overly focused on generalization, leading to a narrow and reductive analysis (see, for instance, Tsui 2016), and need to look to other social sciences to see how it is possible to generate academically useful results in other ways, for instance through the anthropological practice of comparative analysis (Moore and Brannen 2016). In the case of OI, it might be worth looking at the concept through an anthropological lens. Albert and Whetten (1985) say that OI is that which is central, enduring, and distinctive about an organization; however, as structuralist anthropologists note, concepts are often reinterpreted and recontextualized even as they refer to the same ideas, norms, and values (see Moore 2015). For a company to identify itself as, for instance, family-oriented, will mean quite different things in the 1950s to the 2010s, in China or in the USA, without the descriptor family-oriented being any the less valid. In the future, OI studies might benefit from a structuralist approach, considering what is similar and what is different about the identities of organizations in different times and places.

Future directions for research might include the consideration of the links between OI and other identities, such as national, local, and regional, as well as exploring the links and contradictions between OI and individual identities, to consider how individuals relate to groups. In particular, the fact that individuals have multiple identities and allegiances as well as their connections to organizations suggests the existence of complex webs of identity influencing each other in different ways. One might also consider the impact on OI of flexible working, with reduced company loyalty and fewer incentives to identify with organizations.

There is also the way in which individuals with transnational identities, such as Ryan and Mulholland's French expatriates (2014), affect their organizations. Finally, given the lessons of the 2008 recession and having considered the connections between OI and growth, the next stage may well be to consider the relationships between OI and financial volatility in a changing global economy.

This book, therefore, contributes to the literature in a number of ways, not only in terms of linking OI to growth, but also, within that, exposing and exploring the complexities of OI in globalization, at a number of different levels, and in many different theoretical and practical ways. Beyond this, however, it opens up many areas for thought and future study, such as the complexities of OI and how to study them, the multifaceted nature of organizations, the discursive nature of OI, and what it means for OI to represent that which is central and enduring about organizations. There is also an implicit consideration of the concept of growth, its meanings, implications, and limitations. Without such considerations, we cannot fully understand the nature and role of organizations in the current and future global economy.

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