

The Pennsylvania State University

The Graduate School

The Mary Jean and Frank P. Smeal College of Business Administration

BREAKING AWAY: AN EMPIRICAL EXAMINATION OF HOW  
ORGANIZATIONAL IDENTITY CHANGES DURING A SPIN-OFF

A Thesis in

Business Administration

by

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Submitted in Partial Fulfillment  
of the Requirements  
for the Degree of

Doctor of Philosophy

August 2002

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## ABSTRACT

The study of organizational identity has proven to be invaluable for our understanding of organizational behavior and strategy. In the 15 years since the introduction of the concept, researchers have demonstrated its importance to key variables at the individual, group, and organizational level. Except for a few conceptual pieces, however, this research has been limited by a conceptualization of organizational identity as relatively stable and, thus, has failed to contribute insights arising from a conception of organizational identity that is more dynamic in nature. This dissertation represents a focused study of one aspect of those dynamics, how organizational identity change occurs during a corporate spin-off.

I used an inductive approach to conduct an explanatory case study of one organization coping with the changes associated with breaking away from its long-time parent. These changes, including alterations to the organization's structure, culture, and business processes, represent perceptual fault-lines along which issues of identity change arise. Using semi-structured interviews, directed document analysis, and non-participant observation over a 10 month period before, during, and after the spin-off, I tracked these identity issues to capture their impact on the organization's attempts to maintain its viability in its competitive marketplace. I then used the emergent data to develop a model of organizational identity change during a spin-off that provides insight into the processes underlying organizational identity change.

Key findings from the emergent model include the critical role played by a state of *identity ambiguity* that emerged from image discrepancies and changes in the organization's social referents, this ambiguity's direct relationship to feelings of *change overload* experienced by organizational members, and a *collective emotional state* that arose in response to the identity ambiguity and that helped explain why top management was motivated to actively manage the

identity ambiguity once it came to light. These findings not only represent insights transferable to other organizational change contexts, but also the foundation for an in-depth understanding of how organizational identity change occurs and its implications for the organization and its members. Additionally, my discussion of the findings provides the wherewithal for more focused follow-up research aimed at the further explication of identity ambiguity as a quantitatively operationalized variable and the continued exploration of subtle organizational change processes involving the meanings central to organizational perceptions.

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## ACKNOWLEDGEMENTS

First, and most importantly, I want to thank my wife Jen for showing me how its done and standing beside me no matter how difficult it got (or how flat and cold a place we may end up living in). You truly are my rock star. And to Bosley too; thanks for constantly reminding me that there are few things more important in life (a dissertation not being one of them) than a nice long walk and a good friend to share it with.

Almost as important was the support and guidance I received from my advisor and close friend Denny. I wasn't the first and I certainly won't be the last, but I hope I was the most fun. There is no way I would be where I am today without your mentoring. Thank you.

The lessons learned in childhood about perseverance and hard work also helped me get through, and I only have you, Mom and Dad, to thank for that. Thanks for hanging in there and seeing me through. I love you. And you too, Mo and Jim – thanks for taking care of me during Jen's globetrotting adventures.

I also want to thank my committee, both present and past members, for helping to guide my research career in the right direction and being the best role models a young researcher could have. The only thing I can offer in return is my promise to return the favor to the doctoral students I work with in the future.

And for my fellow Smeal doctoral students over the years, all I have to say is "M&O RULES!"

A heart-felt thanks also goes out to my contacts and key informants at "Bozkinetic." Without your cooperation and willingness to share your experiences with me, this dissertation would not have been possible. I hope my feedback to you during the course of the study was somewhat helpful and I look forward to working with you more as your company continues to grow in its new found independence.

Finally, I would like to thank Nirmal Pal and the e-Business Research Center at the Smeal College of Business Administration for financially supporting this research and aiding in the search for a suitable case organization.

## CHAPTER ONE: INTRODUCTION

Stability and constancy are no longer options for the modern organization. Given the fast-paced market changes confronting most industries, ever-accelerating technology cycles, society's insatiable desire for up-to-the-minute business news (Carlson, 2000), and gyrating capital markets, organizations are faced with tumultuous environmental relationships that require constant mindfulness and adaptability. Although there are numerous factors that contribute to an organization's ability to adapt in the face of such change, one of the more complex, yet least understood factors involves an organization's identity. Organizational identity is "the theory that members of an organization have about who they are" (Stimpert, Gustafson, & Sarason, 1998: 87). It represents insiders' perceptions and beliefs about what distinguishes their organization from others and provides the foundation for presenting the organization to external audiences.

Past theorizing concerning organizational identity has entailed speculation that because it involves answers to the fundamental question, "Who are we as an organization?," it should be inherently stable and enduring. This belief is reflected in the conventional wisdom that for a company to survive adversity it must establish a core set of beliefs and protect them against alteration or modification. Likewise, it has found its way into the managerial self-help literature in the form of Peters and Waterman's (1982) exhortation that companies "stick to their knitting" and Collins and Porras's (1994) recommendation that visionary companies are those that unwaveringly maintain their core ideologies. A problem arises, however, in trying to reconcile this wisdom with the realization that organizational identity does change over time (often over a relatively short period) and that, in fact, an adaptive identity is frequently the best hope an organization has to successfully manage turbulent external environments (c.f. Biggart, 1977; Marziliano, 1998; Morsing, 1999).

Take, for example, IBM and the necessary identity change it underwent to survive the emergence and meteoric rise of the PC. In the late 1970s and early 1980s, both internal and external perceptions of the organization held it to be a single-minded mainframe company. These perceptions, as well as the expectations that accompanied them, initially hindered IBM's ability to capitalize on the burgeoning PC market and led some analysts to speculate publicly about the continued viability of the company. Over a relatively short period of time, however, IBM successfully responded to its negative public impression as a massive giant unable to take advantage of a lucrative market exploited by smaller, more adroit companies. The company shifted its identity to that of a multifaceted technology organization ready to compete with smaller PC companies through advances in PC technology and expansion into businesses, such as network computing and management consulting. While IBM continued to think of itself as a leader in computing technologies, it purposefully undertook a substantially new way of approaching business and defining itself, which, in turn, altered how outsiders perceived it.

It is also important to note that not all identity change is proactive and managed because of an association with planned strategic change (Corley, Gioia, & Fabbri, 2000). Perhaps this is best illustrated in the flourishing "bricks-and-clicks" e-commerce strategy that has emerged from the burst dot.com bubble of 2000. As "old economy" companies attempt to catch the e-commerce wave and forestall being washed out to sea, the preferred method has been the development of a separate internet unit that is either gradually spun-off from the company or set-up as a tracking stock within the structure of the current company (Hamilton, 2000; McGee, 2000). These "child" internet units are purposefully created to function differently from the "parent" organization to take advantage of web-based logistics, marketing, and sales processes

alien to the traditional business, as well as to establish new cultures where creativity and innovation spur increased profits and market-share.

Unfortunately, as many bricks-and-clicks endeavors have revealed, this arrangement leads to new and complicated identity issues, as both internal and external audiences try to come to grips with who the organization is. Are the media stories about synergy between parent and child on the mark, or are the stories about conflict and jealousy true? Is it part of a stable, financially-secure traditional company, or is it an exciting, but untested e-commerce company? As the Chief Financial Officer for the internet unit of one Fortune 500 retailer lamented, “It all depends on your audience. When I go to a meeting, I have to ask ‘Who are we talking to? Do we have a core hat on or do we have an internet hat on?’” (Brown, Corley, & Gioia, 2001: 120). This identity conflict is often the source of subtle changes to the core business’s identity and the basis for identity development in the emerging internet business.

As the above examples illustrate, issues of organizational identity change are paramount for organizations facing turbulent environments in which stakeholder expectations can be ephemeral, and often conflicting images of the organization abound. Past research has provided insight into why identities change (and need to change) over time, as well as many of the outcomes of a changing identity. For instance, Gioia, Schultz, and Corley (2000) established that an organization’s identity is dynamic and malleable because of its interrelationship with various forms of organizational image and that this malleability can be adaptive for an organization.

Through their process model, Gioia et al. (2000) explain that images of an organization communicated by outsiders are noticed by organization members and spur a social comparison process similar to James’s (1918) “looking glass self” - members of the organization compare their shared sense of who they are as an organization (organizational identity) with their beliefs

of how outsiders perceive the organization (construed external image - Dutton, Dukerich, & Harquail, 1994). Discrepancies that arise from this comparison can lead to shifts in members' collective sense of who they are as an organization or in alterations to how the organization presents itself to external audiences. Either way, organizational identity changes (however subtly) and takes on an "adaptive instability" that affords the organization the ability to maintain its viability in the face of a changing environment. Recognizing the prevailing wisdom of maintaining core beliefs in the face of change, Gioia et al. (2000) further noted that this adaptive instability arises from the fact that the seeming stability of an organization's identity resides in the labels used to describe it, whereas the meanings associated with those labels shift over time to match external expectations and internal goals.

Although the theoretical model provides an understanding of *why* organizational identity change occurs, it does not provide adequate detail concerning *how* this adaptive instability process works. Understanding the hows of organizational identity change could provide organizational researchers valuable insight into processes of organizational change and renewal and arm managers with critical knowledge for their attempts to manage organizational transitions in the face of turbulent environments.

My aim in this dissertation was to provide this detail by answering a key question arising from our knowledge of why organizational identity change occurs: "How does organizational identity change over time?" Answering this question requires a more in-depth analysis of the dynamic relationship between organizational identity and image and the manner in which stability in identity is maintained through labels while change in identity occurs in meanings associated with the labels.

The following sections outline the theoretical and methodological underpinnings of the study, as well as detail the emergent findings, model, and their implications for our understanding of organizational identity change. Chapters Two and Three provide a theoretical frame by reviewing key literatures involving organizational identity change and building a conceptual foundation for examining the research questions guiding this study. Chapter Four then provides a methodological frame by outlining the inductive approach chosen for the study, as well as describing the data collection and analysis methods I used in the study. Chapter Five details the emergent data and a model of organizational identity change during a spin-off, while Chapter Six provides a thorough discussion of the findings and their implications for theory building, future empirical efforts, and practical application for the emergent model.

## CHAPTER TWO: REVIEWS OF RELEVANT LITERATURES

### Organizational Image

Discussing the history of organizational identity and its transformation from a conceptualization of being stable to one of it as dynamic and malleable requires that one understand what the term *organizational image* means. Although it sounds clear-cut to say that identity and image are interrelated, in fact, there is no single definition of organizational image. Researchers have conceptualized organizational image in multiple ways, mostly according to their ontological grounding or perspective. However, as becomes apparent in reviewing the literature on organizational identity, all of these forms of organizational image are important to understanding how the adaptive instability process works.

Dutton and Dukerich (1991) were the first management scholars to use the notion of organizational image in research. They argued that organizational image is the way that organization members believe others view the organization; however, Dutton, Dukerich, and Harquail (1994) appropriately relabeled this “construed external image” in their later work. In both cases, Dutton and her colleagues contended that how organization members think outsiders see an organization acts as a powerful image from which they make decisions regarding their own social identities, personal commitment to the organization, and emotional reactions to events.

Whetten, Lewis, and Mischel (1992) took issue with the definition above and preferred to define image as the way “organizational elites” would like outsiders to see the organization. This orientation highlights top management’s concern with projecting an image of the organization to external audiences. Such a “projected image” could be a bona fide attempt to represent essential features of the organization. It could also take the form of the projection of a

desired future image (Gioia & Thomas, 1996) that conveys to insiders and outsiders a vision to be achieved. Projected image, however, might also encompass attempts to convey a socially-desirable, managed impression that emphasizes selected aspects of identity; it could even conceal or misrepresent identity. In fact, Bernstein (1984) held that image should be defined as a construction of public impressions created to appeal to an audience and not necessarily the attempt to represent an ostensible reality. All these views take image to be essentially an internal conception, that is, as a perception held or projected by members of the organization.

Berg (1985) adopted a decidedly more external view by focusing on perceptions held by outsiders. He defined image as the public's perception or impression of an organization, usually associated with a given action or event (reabeled "transient impression" by Gioia et al. 2000). This definition relates to Fombrun's (1996) definition of reputation as the collective judgments (by outsiders) of an organization's actions and achievements. Reputation is distinguishable from transient impressions, in that the former implies a more lasting, cumulative, and global assessment rendered over a longer time period, whereas transient impressions are more limited, ephemeral, and often associated with a particular event or organizational action.

I have summarized these multiple forms of image in Table 2.1. These differing notions suggest that image is a wide-ranging concept connoting perceptions that are both internal and external to the organization, as well as perceptions that are both projected and received. In fact, Grunig (1993) has usefully explicated such divergent perspectives by making a distinction between image "as something that a communicator creates – constructs and projects or gives to other people...a message produced by the organization" (p. 126) and an alternative notion of image wherein "receivers construct meaning – images – from their personal observations of reality or from the symbols given to them by other people...image as some sort of composite in

the minds of publics” (p. 126). Both of these positions on image are important in understanding why and how organizational identity can change over time, as becomes apparent in reviewing the literature on organizational identity.

**TABLE 2.1 – FORMS OF IMAGE**

<b>Label</b>	<b>Definition in Literature</b>
Construed External Image	Organization members’ perceptions of how outsiders perceive the organization
Projected Image	Image created by an organization to be communicated to constituents; may or may not represent ostensible reality
Desired Future Image	A visionary perception the organization would like external others and internal members to have of the organization sometime in the future
Transient Impressions	Short-term impression constructed by a receiver either through direct observation or interpretation of symbols provided by an organization
Reputation	Relatively stable, long-term, collective judgments by outsiders of an organization’s actions and achievements

### **Organizational Identity**

Identity at the organizational level refers to self-reflective questions by organization members, such as “Who are we as an organization?,” or “What do we want to be as an organization?” In their influential work originally defining the concept, Albert and Whetten (1985) conceptualized organizational identity as those characteristics of an organization collectively understood by its members to be *central*, *distinctive*, and *enduring* with the intent of providing a way for researchers and organizational members alike to characterize and distinguish an organization on the basis of those aspects perceived to be most important by insiders. These defining aspects were presumably stable and resistant to ephemeral or faddish attempts at

alteration because of their ties to the organization's founding and history. Although Albert and Whetten acknowledged that identity could change, they also noted that change occurred slowly over long periods of time.

It was some time before other scholars subscribed to the conceptualization and used it empirically to any major extent. Dutton and Dukerich's (1991) examination of the New York/New Jersey Port Authority and its attempts to adapt to environmental changes provided an initial, empirically-grounded look at how identity interacts with individual level variables to help influence organizational sensemaking and behavior. Their analysis revealed a rather tight relationship that explained how members' sense of outsiders' perceptions of the organization (construed external image) interacted with identity to augment the links between individual cognition and behavior and subsequent organizational action.

Furthering the notion of a relationship between identity and image, Whetten et al. (1992) introduced the notion of "identity congruence" as embodying those occurrences when insider perceptions of the organization match the images projected by the organization and with how outsiders perceived the organization, or what Whetten et al. refer to as "reputation." This alignment of perceptions ostensibly increases the organization's effectiveness by reducing intra-organizational conflicts and improving inter- and intra-organizational communication (p. 10).

Dutton, Dukerich, and Harquail (1994) were also concerned with the alignment between internal and external perceptions of the organization in their theoretical examination of the impact various organizational images might have on member identification. Establishing a theoretical link of social identity theory (Ashforth & Mael, 1989; Tajfel & Turner, 1985) to organizational identity and construed external image, they empirically demonstrated strong ties between organizational images and how attractive organizational membership is for employees.

As a result of this study, Dutton and her colleagues were able to establish a solid foundation from which future researchers could empirically investigate relations between individuals and their organizations.

Elsbach and Kramer's (1996) examination of how members of top 20 business schools responded to reputational rankings provides an excellent example of empirical research based on these previous efforts. Building on Dutton et al.'s (1994) hypothesized link between organizational and social identities, Elsbach and Kramer used the threats to identity present in reputational rankings as an opportunity to explore how organization members responded to feedback about their organization that differed from their own perceptions. Their findings that insiders reframed the organization's identity on the basis of the perceived level of dissonance between the identity and the reputational feedback demonstrated the powerful influence that outsiders' perceptions have on organizational identity.

An additional line of inquiry more focused on organization-level outcomes than individual level outcomes explored the relationship between organizational identity and organizational change. In a detailed analysis of the theoretical aspects of implementing a total quality initiative, Reger, Gustafson, Demarie, and Mullane (1994) observed that such a fundamental change in the way an organization conducted its business also required a fundamental change in how the organization thought of itself. Only by bringing about changes in the organization's identity could a top management team successfully implement the often radical transformations that Total Quality Management initiatives required.

Theorizing about the relationship between organizational identity and change found support in Gioia and Thomas's (1996) empirical examination of a strategic change effort at a large public research university. Beyond finding general support for a relationship between

identity and change, Gioia and Thomas determined that it was the link between identity and image, specifically a desired future image projected by the top management team, that formed the conceptual foundation of strategic change within the university. By presenting an alternative perspective of what the organization could be, the top management team was able to bring about changes in the organization's identity and create support for the changes desired in the strategic effort. This study also offered the first solid empirical evidence that identity was not (and probably could not be) as stable as previously suspected. Their findings indicated that the university's identity was not only capable of relatively rapid change, but that it was fluid and malleable in its ability to adapt to environmental changes.

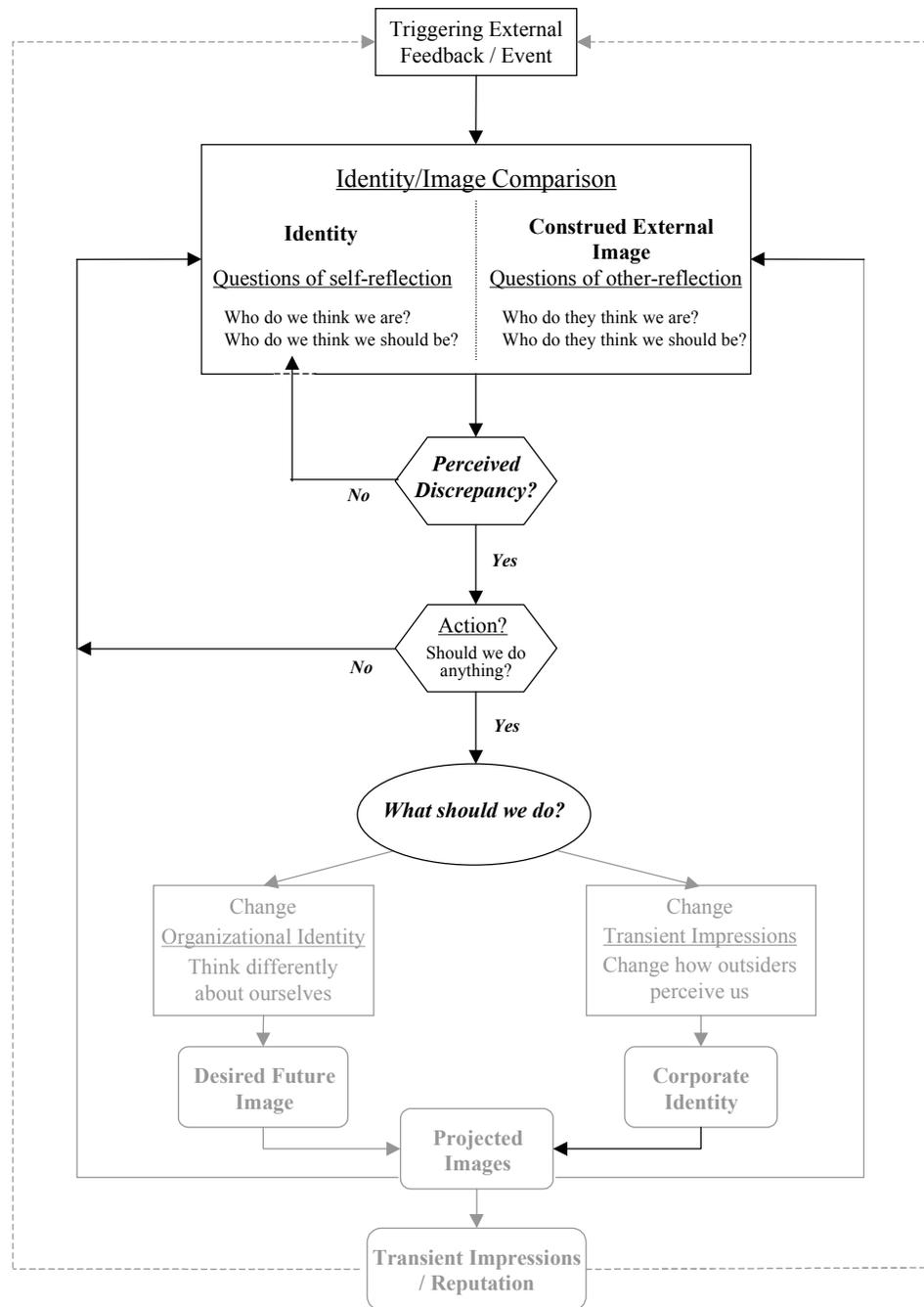
Both lines of inquiry came together in a series of conferences held in 1994, 1995, and 1996 on the topic of identity in organizations. These meetings afforded a diverse group of scholars the chance to interact and share their ideas concerning the identity of organizations, the identity of people within organizations, and people's identification with organizations as well. The end result of these conferences was a volume (see Whetten & Godfrey, 1998) documenting a number of the conversations that took place on a wide range of theoretical and empirical topics related to identity. These conversations, along with the articles in the Special Topic Forum on Identity and Identification published in the *Academy of Management Review* in 2000, provided an effective capstone to theory and research on identity in organizations during the 20<sup>th</sup> Century. For instance, Pratt and Foreman (2000) conducted a detailed review of work on the concept of multiple identities within organizations and suggestions for how future research should proceed in examining this phenomenon. Scott and Lane (2000) took a stakeholder approach and examined how the relationship between managers and stakeholders influences an organization's ability to manage its organizational identity and the identifications of its members.

In the same special issue of AMR, my co-authors and I expanded Gioia and Thomas's (1996) research by illustrating that organizational identity is more malleable than originally conceptualized and by providing a process model explaining why this was the case (Gioia et al., 2000). Past theorizing has posited that because organizational identity involves answers to the central question, "Who are we as an organization?," it was inherently stable and enduring. Building from previous work in the field, our central argument revolved around the notion that the apparent stability of an organization's self-concept resides in the durability of the labels used to describe identity, not in some fixed meaning associated with those labels. Thus, an organization may claim a relatively stable identity, for instance, as a service organization focused on "delivering the highest possible quality," but the significance of such words as "service," "quality," and "highest possible" can (and, in some circumstances, must) take on different meanings at different times for members of the organization. This allows for a comforting sense of consensus and continuity for interested parties both inside and outside the organization.

The traditional conceptualization of organizational identity as relatively stable tends to mask this complexity. We argued, instead, that, because of the interrelationship between identity and image, researchers should conceive an organization's identity as relatively dynamic so that we can better understand its role in organizational change. The key aspect to our process model (see Figure 2.1) involved external images of the organization sparking a comparison by insiders between identity and construed external image.

**FIGURE 2.1 – PROCESS MODEL OF IDENTITY-IMAGE INTERDEPENDENCE**

*(Adaptive Instability Model from Gioia et al., 2000)*



Specifically, members of an organization (especially top management team members) must assess how they see the organization (i.e., provide answers to such questions as, “Whom do

we think we are?” and “Whom do we think we should be?”) in relation to how they think outsiders see it (i.e., provide answers to questions such as, “Whom do they think we are?” and “Whom do they think we should be?”). Arising from this comparison, we observed, was either a sense of discrepancy (“How we see ourselves does not match with how we think others see us”) or a sense of alignment (“We see ourselves in a similar way to how we think they see us”). Alignment reinforces organizational identity, whereas discrepancy can either result in a sense that something must be done in response to the disparity or in an acceptance of the discrepancy if it falls within a “zone of indifference” (Barnard, 1938). Either way, identity is destabilized to some degree as members cope with the knowledge of how others view the organization and how aligned those perceptions are with their own.

This instability of identity is actually adaptive in allowing an organization to cope better with the demands of an environment that is continually undergoing change itself. That is, an organizational identity that adapts to changing perceptions and expectations of the organization, while still maintaining a comforting sense of continuity for the organization’s members, affords an organization the ability to cope with the constraints realized in interactions with a shifting environment (DiMaggio & Powell, 1983; Pfeffer & Salancik, 1978). Because adaptability is a direct outcome of the organizational identity change process, identity change can be of strategic importance to organizations facing turbulent competitive environments, uncertain government regulatory environments, and increasingly fast-paced advances in technological environments. As the organization’s identity adapts to shifts in these environments, it is better able to maintain its standing as a viable competitor and effectively manage its reputation for use in times of crisis or upheaval (Corley, Cochran, & Comstock, 2001; Mezner & Nigh, 1995).

Although a review of the organizational identity and image literatures provides a clear picture on *why* organizational identity changes and what the possible outcomes of this change are, we presently have little insight provided into *how* these changes transpire. A review of the organizational change literature provides an important piece to this puzzle and is necessary before we can begin examining the specific processes involved in organizational identity change.

### **Organizational Change**

Examining change in organizational identity raises the question, “How is organizational identity change related to the larger notion of organizational change?” In attempting to answer this question, it is possible to approach the notion of organizational change from multiple perspectives. For instance, Van de Ven and Poole provided an extensive review of organizational change research from the perspective of modes of change and units of change. *Mode of change* refers to “whether the sequence of change events is prescribed a priori by either deterministic or probabilistic laws, or whether the progression is constructed and emerges as the change process unfolds” (1995: 522). *Unit of change* refers to “whether the change in question focuses on the development of a single organizational entity or on the interactions between two or more entities” (1995: 521).

This perspective resulted in the explication of four ideal-types of change processes, or what they called change motors: (a) a *life-cycle* motor – prescribed change in a single entity; (b) an *evolutionary* motor – prescribed change involving multiple entities; (c) a *dialectical* motor – constructive change involving multiple entities; and (d) a *teleological* motor – constructive change in a single entity. Based upon this categorization theme, organizational identity change would seem to be classified best as either a life-cycle change or a teleological change given their focus on a single organizational entity (there is currently no research on organizational identity

change across organizations in a population or industry) and the potential for organizational identity change to be either prescribed or constructive (examples of both types exist in the current literature).

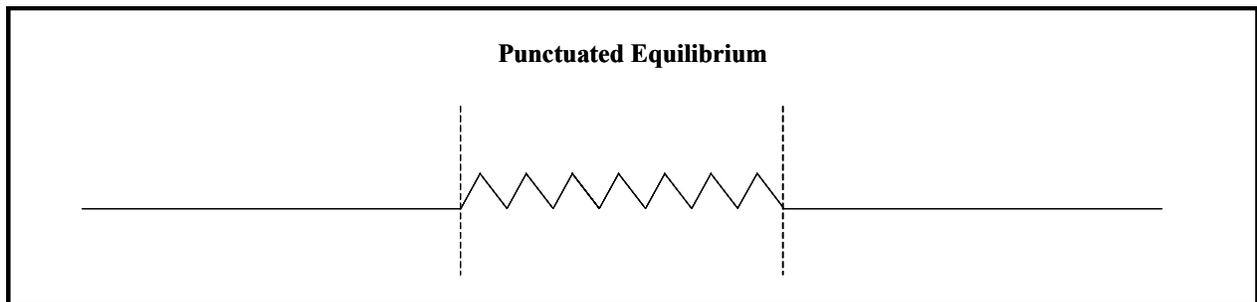
Van de Ven and Poole (1995) caution that most organizational changes are too complex to be categorized within a single ideal-type and that nesting of the motors can occur across levels of analysis (e.g., teleological change at an individual level and life-cycle change at an organizational level) and across time periods or timings (e.g., life-cycle change occurring until a certain phase sparks a teleological change process). Because no empirical research on organizational identity change has specified these inter-motor relationships, nor in fact ever used this typology to classify organizational identity change, it is unclear at this time which of Van de Ven and Poole's (1995) sixteen possible change motor combinations organizational identity change falls under.

Expanding Van de Ven and Poole's (1995) categorization of organizational change types beyond mode and unit, Weick and Quinn (1999) organized the organizational change literature according to the *tempo of change*. In this perspective of organizational change, it is possible to distinguish between change that is episodic in nature and change that is continuous in nature. Generally, episodic change involves periods of relative stability punctuated by episodes of change, while continuous change involves periods of change punctuated by episodes of perceived stability. A brief review of each follows before discussing where organizational identity change fits within this scheme.

Multiple forms of episodic change have been the focus of much of the organizational change research over the past several years. As depicted in Figure 2.2, episodic change involves periods of stability interrupted by episodes of change. One of the more well studied forms of

episodic change involves change arising from environmental disruptions or what researchers call “discontinuous change.” For example, the notion of “punctuated equilibrium” (Gersick, 1991) describes a situation in which the status quo of stability is punctuated by episodes of radical transformation, often arising from the introduction of a fundamentally new technology (Romanelli & Tushman, 1994; Tushman, Newman, & Romanelli, 1986). Other examples of second-order, episodic change include discrete change efforts strategically undertaken in response to environmental shifts (e.g., Dutton & Dukerich, 1991; Fox-Wolfgramm, Boal, & Hunt, 1998; Meyer, 1982) or proactively in attempts to maintain or strengthen sustainable competitive advantage (e.g. Biggart, 1977; Gioia & Thomas, 1996). These strategic change efforts involve purposeful organizational actions, usually supported by top management pronouncements and/or behaviors, that are aimed at achieving a certain end state that is seen as better than the current state (Lewin, 1951), as perceived by the members of the organization.

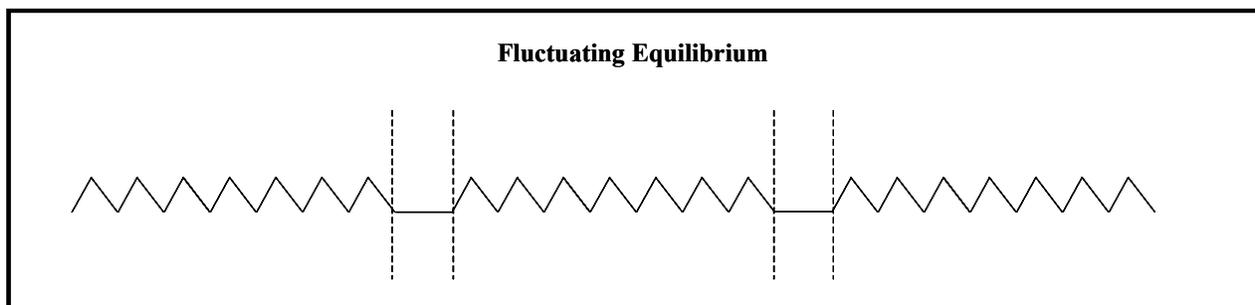
**FIGURE 2.2 – GRAPHIC DEPICTION OF EPISODIC CHANGE**



Less well studied, and therefore less well understood, continuous change can also be in response to shifts in the organization’s environment, although they are not necessary. In general, continuous change involves relatively uninterrupted periods of incremental adjustments punctuated by brief periods of perceived stability (as depicted in Figure 2.3), or what D’Aveni has referred to as a “fluctuating equilibrium” (1999: 133). Often, continuous change is

conceptualized as not involving strategic organizational interests and as being less critical to the bottom-line of the organization (Weick & Quinn, 1995). Several studies have shown, however, that long-term benefits accrue to organizations able to incrementally adjust to changes in their environments (c.f., Eisenhardt & Tabrizi, 1995; Fox-Wolfgramm et al., 1998), especially when those environments are constantly shifting (Brown & Eisenhardt, 1997). Continuous change is also less likely to result in observable differences in behavior (Orlikowski, 1996). Because of this, processes of continuous change are more difficult for researchers to capture and examine and, thus, have received less attention from organizational researchers than episodic change. Researchers who have captured continuous change have done so by studying events that “require an organizational response that is nontrivial” (Fox-Wolfgramm et al., 1998: 90), yet non-episodic as well.

**FIGURE 2.3 – GRAPHIC DEPICTION OF CONTINUOUS CHANGE**



Unlike the inability to accurately place identity change in Van de Ven and Poole’s (1995) typology, it is possible to place identity change within Weick and Quinn’s (1999) typology based on theorizing from past empirical and conceptual research. Based on what we know about organizational identity, it is possible to conceive of organizational identity change as being both episodic and continuous in nature because identity change can occur in one of two ways: (1)

when the labels used to express identity undergo change (episodic change) or (2) the meanings underlying those identity labels change (continuous change).

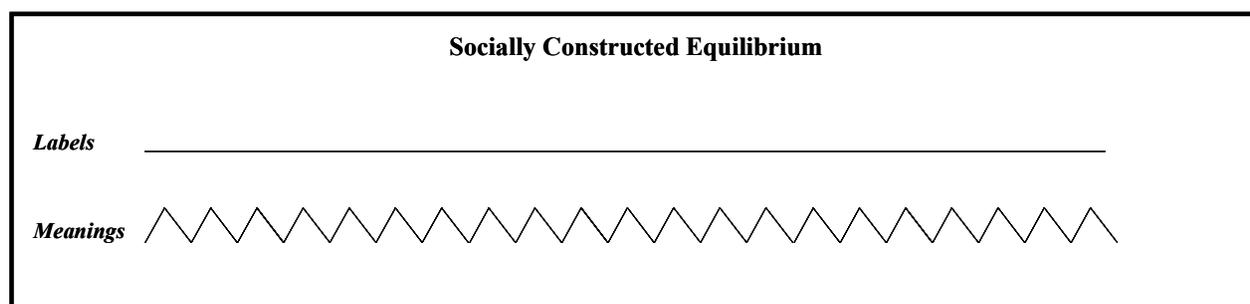
In the first instance, commonly used labels previously holding meaning for the organization's members are replaced with new labels (usually chosen in response to changes that have taken place within or around the organization) that have different meanings for who the organization is. For example, an organization's identity may change as its preferred self-describing labels shift from a "computer hardware maker" to a "technology solutions company." Because identity labels tend to be stable over time, any changes to those labels are likely to be labeled as episodic in nature and will be relatively recognizable to interested observers. This was the case with the IBM example provided in the introduction, as well as in the situation currently facing Arthur Andersen in the wake of its involvement in the Enron scandal. The potential for changes to organizational identity labels in both situations arose from an environmental jolt of some sort (for IBM it was the introduction of a paradigm breaking technology, while for Arthur Andersen it was a legal and public relations crisis) that led to a definitive shift in how members of the organization answered the question "who are we as an organization?"

In the second instance, the actual identity change is more continuous as the commonly used identity labels remain stable, but their underlying meanings shift or take on new significance for organization members. For example, the identity label "innovative" may shift in meaning from 'leading-edge science' to 'finding customer solutions regardless of cost' as what it means to be competitive shifts for the organization – the label (and sense of history and stability) remains but takes on a different significance in a competitive environment driven more by customer satisfaction than world-class technology. Because the change is subtle in nature (most social groups desire to maintain an aura of stability in their identity - Whetten & Godfrey, 1998)

and involves smaller shifts in meaning, not language, the change would be more difficult to discern and most likely labeled continuous if ever noticed.

Although research on continuous change acknowledges frequent small adaptations, it often does not specify what is changing and what remains constant in the face of these small adaptations. However, as illustrated in Figure 2.4, the type of identity change in which I am interested involves both stability and change simultaneously (for examples of this at the individual level, see Bateson, 1992; Leana & Barry, 2000).

**FIGURE 2.4 – GRAPHIC DEPICTION OF SIMULTANEOUS CHANGE & STABILITY**



Change in the meanings underlying identity labels is masked by the stability of those labels. Thus, while the organization is able to sustain a sense of continuity in its self-definition over time, it is also able to adapt to changes arising from its environments. While it is possible for these changes in meaning to be revealed, the important point is that change to organizational identity via incremental adjustments can occur without an environmental jolt or strategic effort that transforms the organization's identity labels and can remain relatively unnoticed by those involved – a state I refer to as a socially constructed equilibrium.

### **Other Organizational Changes Involving Meanings**

Because subtle identity change occurs at the level of meanings, theorizing about the development and change of collectively shared meanings found in the culture change literature

may be helpful in examining processes of organizational identity change. However, it is important not to confuse identity and culture. As Hatch and Schultz (1997; 1998) noted, organizational identity (“who we are as an organization”) is a distinct notion from organizational culture (“how we do things around here”) with distinct antecedents, processes, and implications, as well as because of its bridging role between internal and external audiences (organizational culture is purely an internal organizational phenomenon). Thus, identity change is most likely driven by different forces and follows a different change process than culture change.

Nonetheless, these two notions have enough similarities in the role played by meaning that insights gained from one process may be helpful for the other as well. For instance, Sathe and Davidson (2000) posit a framework of organizational culture change that distinguishes between discrete changes in meaning from one state to another (a form of episodic change) and continuous change involving incremental learning over time. Additionally, research on change in organizational culture has highlighted the importance of hierarchical levels in determining how meanings are developed and shared within an organization and how change in those meanings occurs over time (Silvester, Anderson, & Patterson, 1999). Finally, Hatch’s work on the dynamics of organizational culture (1993; 2000) highlights the importance of examining the interplay between visible signs of meaning and the underlying values and beliefs of those meanings as a way of more accurately gauging shifts in the meanings and understanding why they occurred as they did.

Similar to these findings concerning culture change, any study of subtle changes in organizational identity will have to be sensitive to hierarchy and other structural forces, as well as to the different levels at which meanings are held and transformed into visible signs. Likewise, because subtle identity change shares traits with continuous organizational change,

examining its process involves examining events that require action by the organization that are neither insignificant nor frame-breaking. Building on the insights gleaned from this literature review, the next section presents a conceptual framework for the current examination of how organizational identity change occurs.

## CHAPTER THREE: CONCEPTUAL GROUNDING & RESEARCH QUESTIONS

Before examining issues involving the interrelationship between identity and image, it is helpful to start from a foundation that provides conceptual, ontological, and methodological guidance. Given the topics central to this research effort, and my own inclinations toward the field, I have chosen a *sensemaking* perspective as the conceptual foundation for the study, as well as an *interpretive* perspective as the ontological foundation for the study.

### Sensemaking Perspective

Sensemaking involves giving meaning to the situations and events that constitute everyday life. The value in taking a sensemaking perspective in this study is evident in Weick's (1995) discussion of the seven properties of sensemaking in organizations. Five of those properties are especially important. First, the very notion of sensemaking is grounded in the recognition that in order to make sense of a situation, one must first have a sense of self. Yet, too, sensemaking is most often undertaken in the service of defining oneself in a situation or seeking continuity in self-definition across situations. This duality of knowing self and seeking self lies at the heart of identity change; thus, a sensemaking perspective provides a means to examine its processes.

Second, a sensemaking perspective focuses attention on the a posteriori aspects of interpretation and sense giving common in organizational life. Weick's (1979) celebrated invocation "how can I know what I think until I see what I say?" (p. 5) highlights the retrospective manner in which most sensemaking occurs. Meaning is attributed to an event or action only after its occurrence when the sensemaker is able to take the context into consideration. Thus, in examining the interrelationship between organizational identity and

image from this perspective, the researcher focuses on gathering retrospective accounts over time as an appropriate means of understanding how members make sense of an event or action.

Third, Weick stresses the fact that sensemaking involves not only making sense of the surrounding environment, but also the active creation of that very environment; much of what organizational members encounter in their daily routines they enact by means of cognitive bracketing and prior actions. Thus, the process of organizational identity change is as much a creation of the members' sensemaking efforts as it is a product of the environments they encounter. Being open to the possibility of enacted environments in member accounts is as important in this research study as accepting claims of compelled environments.

The final two properties of importance to this research are that sensemaking is a social endeavor and that it is an ongoing process. The social aspect of sensemaking exists at two levels. First, when focusing on an individual's sensemaking efforts, social ties and interactions, whether imagined or real, are important considerations in understanding the information gathering, interpretation, and actions of the individual. Second, a sensemaking perspective opens the possibility for collective cognitions (Glynn, 1996; Weick & Roberts, 1993) and shared frames of reference (Isabella, 1990; Weick & Bougon, 1986). Weick's point concerning the continuous nature of sensemaking efforts focuses on the process aspects of phenomena like identity change and less on point-in-time examinations. Both the social and continuous aspects of sensemaking are vital in discussions of observing and capturing aspects of organizational identity change.

### **Interpretive Perspective**

In the organizational sciences, there are essentially four paradigms a researcher can take in conducting an empirical examination: functionalist, interpretive, radical humanist, and radical

structuralist (Burrell & Morgan, 1979). Of these four, the two most common are the functional paradigm and interpretive paradigm, with the majority of published research emerging from the functionalist perspective.

The essential difference between functionalist and interpretive research is found in the ultimate goal of the analysis. For functionalists, that goal is replication; data should be collected and analyzed in such a way that another researcher collecting and analyzing similar data under similar conditions will find similar results. For interpretivists, replication is not the goal. In fact, “because interpretive research implicitly assumes that every person conducting a research study will have a unique interpretation of the results” (Labianca, Gray, & Brass, 2000: 241), data analysis can not be judged on whether or not the results can be replicated by another researcher. Instead, what is important is that the results are representative of the interpretations of those experiencing the phenomenon under study and that they embody a plausible interpretation of the phenomenon. Thus, the important criteria for assessing interpretive data analysis is its ability to provide reasonable and plausible insight into a phenomenon such that a deeper understanding of the phenomenon can be gained.

Furthermore, interpretive research is based on the belief that a deeper understanding of a phenomenon is only possible through understanding the interpretations of that phenomenon from those experiencing it. Multiple realities can exist around a single phenomenon because those involved have different interpretations of the phenomenon. This leads to different people reaching different conclusions about the causality of the phenomenon, the implications of the phenomenon, and the relationships other phenomena have with the focal phenomenon. It is the researcher’s responsibility to gather and understand these disparate interpretations and, in a systematic and informed manner, develop his/her own interpretations of the phenomenon that

make sense to the informants who experienced it first hand (accomplished through member checks), and that are plausible to uninformed others. By placing oneself in the context where the phenomenon is occurring and developing your own interpretation of the phenomenon based on personal experiences, as well as the experiences of those living it, a researcher can thus develop insights not possible through other methods of analysis.

Weick (1979) vividly highlights this belief in his retelling of a story by John Steinbeck (1941) about coming to understand the nature of the Mexican Sierra fish. As Steinbeck explains, it is possible to know the number of spines on a Mexican Sierra's dorsal fin in numerous ways. One of those ways is by sitting in a laboratory and counting the spines on a dead Mexican Sierra fish; "there you have recorded a reality which cannot be assailed – probably the least important reality concerning either the fish or yourself... {because} the fish is not that color, that texture, that dead, nor does he smell that way" (p. 3; quoted in Weick, 1979: 29). An alternative understanding emerges from experiencing the Mexican Sierra in its native habitat (Sea of Cortez), wrestling with the line that you are using to capture the fish, watching the fish struggle and writhe in pain on the boat deck and counting the dorsal fin spines while realizing they are only one aspect of the fish's nature and way of life. In this manner, "a whole new relational externality has come into being – an entity which is more than the sum of the fish plus the fisherman" (Steinbeck, 1941: 2; quoted in Weick, 1979: 29). Organizational researchers using an interpretive approach seek out this "whole new relational externality" in the belief that the knowledge gained through its understanding, while not necessarily replicable by others who did not directly experience it, provides insight to organizational life beyond what we gain from a functional approach to scientific data collection and analysis.

This is not to say that functionalist research is not a useful approach to studying organizations (or fish), just that different research paradigms have different aims and thus must be assessed along different criteria. The insights provided by taking a more objective, context-free approach to organizational study are extremely helpful in their own way, just as the insights gained through a more subjective, context-rich approach are extremely helpful in their own way (Morgan & Smircich, 1982). Neither one is better than the other, each is just more appropriate given a particular research interest and setting.

### **Research Questions Concerning the Identity Change Process**

In light of Gioia et al.'s (2000) model explaining why organizational identity changes (because of its interrelationship with organizational images), there are two conceptual levels of examination necessary to understand the how's of the adaptive instability process. The first is general and provides a gestalt view of the identity change process. The second is detailed and focuses on specific sub-processes within the larger identity change process. Examining identity change at two conceptual levels afforded me the opportunity not only to position better "the black box of identity change" within the context of organizational adaptation, but also to open the box and explore it in detail. Because we know little about the sub-processes involved in the identity change process, we do not fully understand how organizations can make the most of the dynamic relationship between organizational identity and image and possibly even take steps to manage it. By understanding how these sub-processes function and how each relates to the larger process of organizational identity change, one can derive practical guidance for organizations faced with turbulent external environments and shifting organizational images.

## High-level Conceptualization

Achieving a better understanding of how organizational identity changes subtly over time involves a general understanding of how the meanings associated with identity labels change. Research Question 1 focuses on the general aspects of the change process and provides a foundation for the more detailed examination arising from Research Questions 2 through 7:

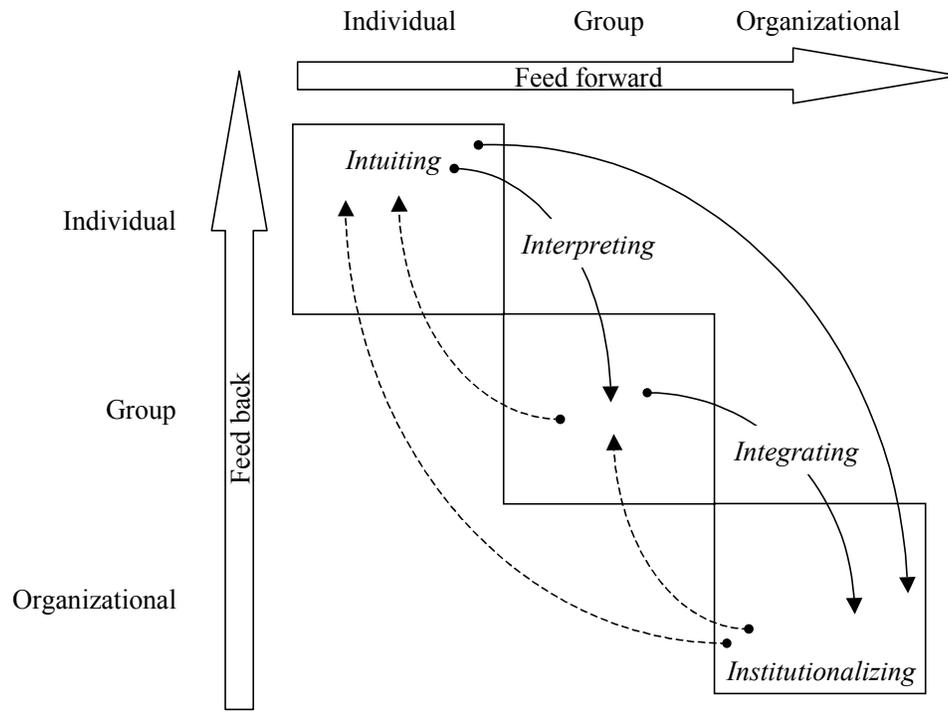
RQ1. How do the meanings associated with organizational identity labels change over time?

Although no direct research has been conducted on identity labels and their corresponding meanings, past research on organizational identity has implicitly provided guidance for their examination. Perhaps the best guidance comes from Gioia and Thomas's (1996) study of strategic change in an academic institution. These researchers empirically demonstrated that labels describing how the organization sees itself, as well as labels describing two key forms of organizational image (construed external image and desired future images), arise from individual perceptions and interpretations (often those of top management team members) and are subsequently shared and institutionalized throughout the organization. Thus, tracking these labels and meanings from their origin in individuals' minds through to their collective acceptance as "who the organization is" and "how others think of us" would seem to require an understanding of how individual insight, knowledge, and/or meaning can become shared and accepted within a collective.

Although there are multiple models in the organizational culture (Peterson & Smith, 2000; Schein, 1992) and social contagion (Krackhardt & Brass, 1994; Monge & Contractor, 2001) literatures matching this requirement, Crossan, Lane, and White's (1999) theorizing on the multi-level processes involved in organizational learning provides the most applicable model to this study (see Figure 3.1).

**FIGURE 3.1 – MODEL OF ORGANIZATIONAL LEARNING**

(Crossan, Lane, & White, 1999)



Their model involves four interrelated processes of knowledge development and sharing (intuition, interpretation, integration, and institutionalization) occurring at three different levels within an organization (individual, group, and organizational). Knowledge creation begins at the individual level with the *intuiting* process: individuals' perceptions and interpretations of events and issues develop into abstract ideas that individuals use as the basis for making sense of and describing their world. The second process involves explaining, through words or actions, these abstract ideas to one's self and to others. This *interpretation* of the new information occurs at both the individual and the group level and results in dialogue focused on the intuited ideas and the metaphors used to describe them.

The third process involves developing shared understanding among individuals and of taking coordinated action through mutual adjustment. This *integration* of individually gathered information to the group level occurs via continued communication at both the group and the organizational level and often results in the development of labels generally accepted as representative of the shared information. Finally, organizational knowledge is created when the group level knowledge is *institutionalized* and becomes part of the organization's routines and memory. It is at this point that knowledge can be used throughout the organization regardless of where the information was initially intuited.

The model also provides for feedback loops whereby institutionalized knowledge acts to constrain the intuition of new information at the individual level, as well as the integrating and interpreting processes occurring at the group level. The integrating and interpreting processes are also seen as feeding back into the intuition process as a constraint on how the individual interprets future events and issues.

Thus, this model provides insight into how knowledge comes into an organization, how it is used, how it becomes institutionalized, and how this institutionalized knowledge can influence future knowledge creation, all of which are important parts of understanding processes of change inside organizations (Bontis, 1999; Hurst, 1995). Under the assumption that identity/image labels and their associated meanings can be treated as knowledge (an assumption supported by Gioia & Thomas, 1996), this model can serve as a guide in empirically following the development and change of identity/image labels and their meanings over time and across levels of the organization.

### Detailed Level Conceptualization

While Research Question 1 represents the main focus of the dissertation, it is necessary to explicate two additional sets of research questions that provide necessary detail in understanding the processes of organizational identity change. Research Questions 2 and 3 focus on the role played by current identity labels and meanings in organizational identity change. Understanding how the current identity labels and meanings developed provides the wherewithal to examine recent changes in the meanings by providing a historical and contextual ground on which to observe the change. Therefore, more than just identifying the current identity as a methodological necessity of capturing identity change, understanding the role played by the current identity, as well as past identities, is theoretically interesting itself and will help to explicate how the identity change process occurs.

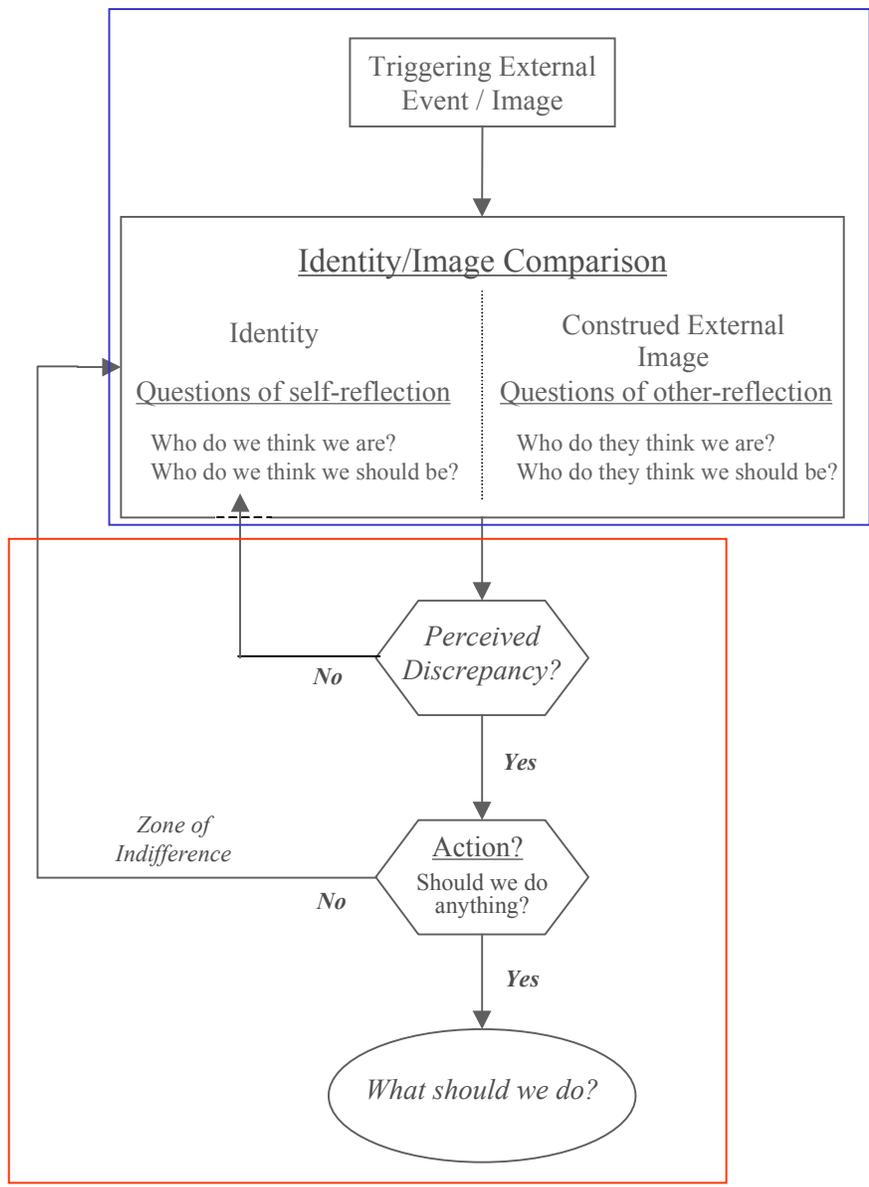
RQ2. What role, if any, do current identity labels and their meanings play in organizational identity change?

RQ3. How do past changes in organizational identity labels or meanings influence current organizational identity change?

At an even deeper conceptual level, we know little about the numerous sub-processes involved in how organizational identity changes. Two sub-processes in particular could provide valuable insight for both researchers and practitioners attempting to understand how organizational identity change occurs and what its consequences are for the organization (see Figure 3.2): (1) the comparison between identity and construed external image (triggered by an external event or image) (*blue box*); and (2) the determination of a discrepancy from this comparison and subsequent decisions of action/indifference around a discrepancy (*red box*).

**FIGURE 3.2 – SUB-PROCESSES OF ORGANIZATIONAL IDENTITY CHANGE**

*(Detail of Adaptive Instability Model - Gioia et al., 2000)*



The following research questions address gaps in current understandings of how image and identity relate in the comparison and discrepancy determination processes. Thus, answers to them serve the dual purpose of providing insight into the black box of organizational identity

change, as well as the detail necessary to examine fully the issues of identity change in Research Question #1 above.

Identity/Image Comparison Process:

RQ4. What types of external events and images act as triggers for the comparison of organizational identity and construed external image?

RQ5. How does the process of identity/image comparison unfold among members of an organization?

Discrepancy Determination and Action Process:

RQ6. How does the process of discrepancy determination unfold among members of an organization?

RQ7. How does the process of choosing action or indifference in response to a perceived identity/image discrepancy unfold among members of an organization?

## CHAPTER FOUR: METHODOLOGY

In conjunction with taking an interpretive perspective on this research effort, I also adopted an inductive (or theory-building) approach to the collection and analysis of data in this study. I collected data collected via (1) semi-structured interviews with key informants whose organization is undergoing an identity change, (2) non-participant observation of interactions among members of that same organization, and (3) internally and externally targeted identity and image artifacts (memos, symbols, news articles, etc.) from that organization. I relied on prior theory and research as general guides during the development of initial interview protocols, the initial collection of artifacts, and in determining what aspects of the memberships' actions would be best to observe in greater depth (Strauss & Corbin, 1990). The purpose of the study was to develop an emergent model of how organizational identity change occurs, such that an empirical test of the model would be possible as a follow on to the study.

### Research Design

An embedded, explanatory case design was the fundamental format for this study. According to Eisenhardt (1989), a “case study is a research strategy which focuses on understanding the dynamics present within single settings” (p. 534), which is similar to Yin’s (1989) definition of a case study as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context” (p. 13). The use of an explanatory case study is most appropriate for investigating dynamic processes when the research interest involves “how” questions. An “embedded” case design incorporates multiple levels of analysis (Yin, 1989), such as this study’s interest in the organization as a whole, different groups within the organization, as well as different hierarchical levels within the organization.

Although case studies are often criticized for producing only idiosyncratic models, one must consider what Weick (1979) referred to as the “research tradeoffs” inherent in Thorngate’s (1976) postulate of commensurate complexity – that no theory can be simultaneously general, accurate, and simple. A maximum of only two of these virtues can exist at any one time, with the third being sacrificed for the other two. McGrath (1982) framed the situation somewhat differently in his discussion of the three-horned dilemma of research desiderata; that is, although it is desirable to maximize the generalizability, precision, and realism of a research strategy, only two can be optimized at the cost of the third (and only one can be maximized to the detriment of the other two). These research-based dilemmas illustrate that all research entails restrictive choices because no single research approach can meet every requirement.

This holds true for inductive-based case studies as much as it does for other qualitative approaches and functionally-based quantitative approaches. Most important is to choose the research approach on the basis of the research questions and the goal of the study. The fact that case studies often do not result in “general” theories is not a critical concern because that is not their purpose. Rather, their purpose is to maximize realism and focus on accuracy of interpretations (what Cronbach, 1975 refers to as “interpretation in context”) so as to provide detailed insight into a phenomenon from the perspective of those closest to it; that is, capture the phenomenon as it is experienced by the informants in a given context. Given the nature of the phenomenon I examined, organizational identity is heavily context-dependent (Whetten & Godfrey, 1998), as well as the fact that little prior empirical work exists on its dynamism, maximizing realism and precision over generalizability seemed most appropriate for this study.

This focus on realism and precision does not exclude, however, the possibility for inductive-based case studies to provide insights that are transferable (Lincoln & Guba, 1985) to

other contexts and domains. The notion of transferability refers to the case where a researcher uncovers insights that cut across local domains. For instance, even though the current project utilizes a single case study of a corporate spin-off, it could still result in some essential elements of the spin-off process that cut across local contexts, not only in similar industries, but in any occasion where spin-offs occur. Thus, the hope was that this project would not generate merely idiosyncratic findings about this one organization, but uncover insights that have broader implications for domains beyond the focal organization. As the following sections detail, the data collection and analysis techniques for this study maximized the potential for transferability to contexts beyond that of my case study organization.

### **Research Context**

To aid in the maximization of realism and precision, it is important for any inductive research effort to include a detailed contextual description of the entity/domain under study. This contextual description not only helps provide the reader with a better sense of why the theoretical relationships emerged the way they do, but also provides an important step in the transferability of inductive research to broader domains (Lincoln & Guba, 1985). Following Eisenhardt's (1989) guidance, I focused my inquiry on a single organization where issues of organizational identity change were a key part of the organizational context.

Because of the desire by most social groups to maintain an aura of stability in their identity (Whetten & Godfrey, 1998: 35), observing change in organizational identity (and getting insiders to talk it) can be difficult. To aid in understanding this process, then, it was necessary to identify an organizational context in which issues of identity change were open and apparent and, thus, make it possible for insiders to acknowledge and discuss them. An ideal context meeting these criteria is the process of an organization spinning off from its parent organization.

When a new organization emerges from an old one, it is evident that questions of identity are apt to be a major concern for both insiders and outsiders of the new organization. As Reger (1998) explained in her discussion of the strategic aspects of organizational identity, “spin-offs, especially spin-offs of long-held and previously core businesses, present the challenges of loss of corporate identity and the need to forge a new identity appropriate for the changed circumstances” (p. 166). Likewise, Miles and Woolridge (1999) note six principles for a successful spin-off, the first of which is simply “Understand who you really are” (p. 16). Because both identity and image are at the forefront of member cognitions, behavior, and social interactions in this context, an inductive approach to data collection and analysis should provide rich data for theory building on the processes of organizational identity change.

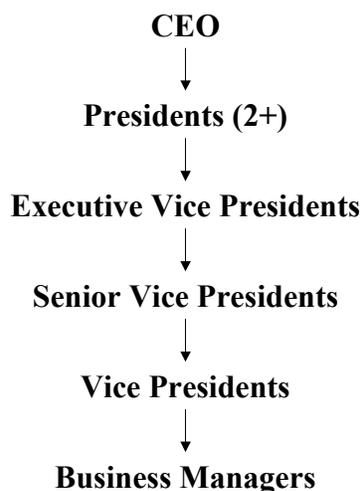
The organization used for the current study was a global technology service provider being spun off from its long-time parent organization (data was only collected in the spin-off, not in the parent). The company spinning-off had approximately 30,000 full-time employees at the time of the restructuring, with 95% of those employees located within the United States. At the time of the spin-off, the focal organization<sup>1</sup> (referred to hereafter as “Bozkinetic” and its parent company as “Bozco”) had a seven-to-nine level hierarchy (depending on the specific part of the organization) and a nine-member top management team (although the number and membership of this group changed as the study progressed). At the time of the spin-off, this top management team consisted of five ex-parent executives and two outsiders (one of whom was from outside the industry as well) and was responsible for all strategic decisions within the company. The top management team had a vice-presidential structure below it of about 700 people (see Figure 4.1),

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<sup>1</sup> The main condition of my entry into this organization was the agreement that all results of the research would maintain a strict anonymity concerning the company’s name, as well as the names of its members.

although a core group of twenty people participated in regular meetings concerning strategic and financial issues.

**FIGURE 4.1 – LEADERSHIP STRUCTURE AT THE TIME OF THE SPIN-OFF**



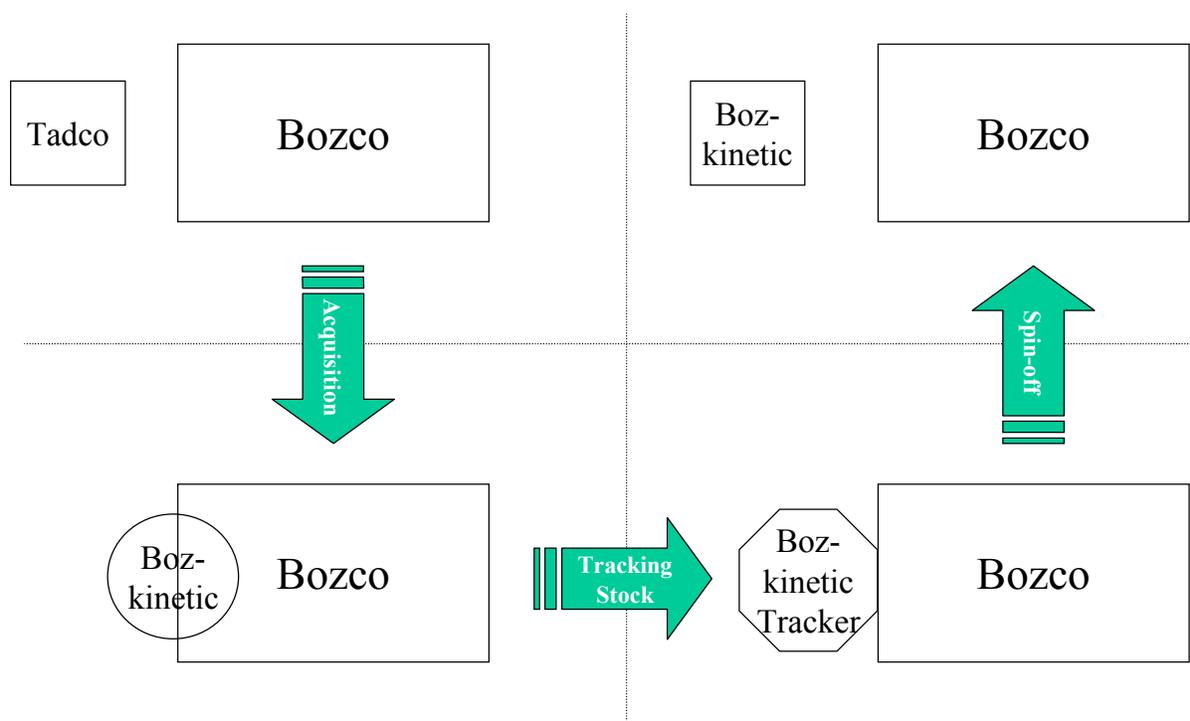
Bozkinetic’s work culture was highly “virtual” in nature with every aspect of the company’s planning and operations spread across multiple geographical locations (a total of 500 offices throughout the U.S.). This virtual nature included the executive team, which was split between a headquarters building on the West Coast and an office building on the East Coast. Travel between the two locations was intense, with video conferencing and electronic meetings used when travel was not possible. Bozkinetic’s history helps explain this virtualness, as well as provides insight into why the company approached its spin-off the way it did.

### **Bozkinetic’s History**

Bozkinetic began life as an entrepreneurial venture (referred to hereafter as ‘Tadco’) led by a charismatic founder intent on making an impact on how business was done by global technology service companies. The company was quite successful and after a number of years as an independent entity, the founder decided to sell the company to a larger technology

conglomerate for a substantial profit. Bozkinetic became a separate division of the larger company, while largely maintaining its structure and culture and enjoying relatively autonomous operational discretion. As the industry changed over time, the Bozkinetic division became the most profitable and well-run part of Bozco and helped maintain Bozco's stock price and reputation during tough stretches for the other divisions. After nine years as part of Bozco, the success of the Bozkinetic division and the popularity of its industry sector on Wall Street led Bozco to create a tracking stock for the Bozkinetic division's earnings. Nine months after its initial public offering (IPO), Bozco announced that Bozkinetic would be spun off into an independent entity again, with complete strategic, financial, and operational freedom from Bozco. Figure 4.2 provides a graphical representation of this history.

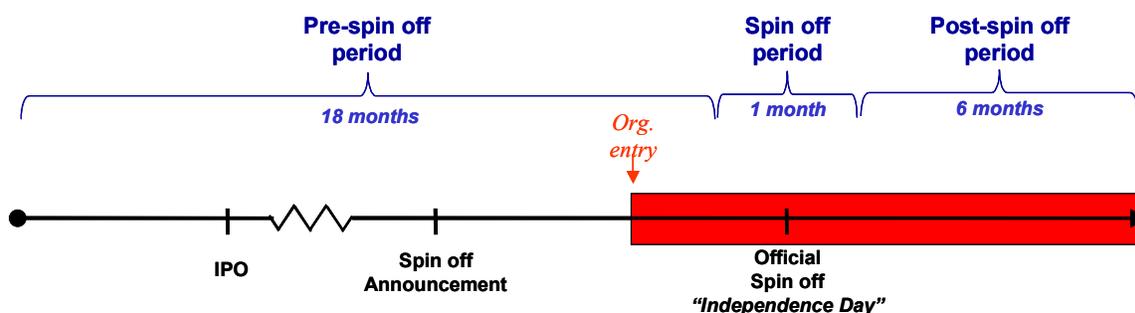
**FIGURE 4.2 – BOZKINETIC'S HISTORY AS A COMPANY**



## Methodological Phases

Bozkinetic’s path to independence took just over 18 months from the parent’s initial decision to create a tracking stock for the eventual independent entity to its “Independence Day” (the official term used by Bozkinetic’s top management team to describe the actual spin event). This path included the IPO for the initial tracking stock, the formal announcement that the spin-off would occur, and then the actual spin-off event itself. For data collection and analysis purposes, I broke this timeline into three distinct periods: (1) the pre-spin off period; (2) the spin-off period; and (3) the post-spin off period (see Figure 4.3).

**FIGURE 4.3 – TIMELINE OF THE BOZKINETIC’S SPIN-OFF**



The pre-spin off period involved the time from the initial tracking stock announcement up to the last official hurdle the organization had to clear before the spin-off could actually proceed (this hurdle was the IRS’s final ruling declaring the spin-off could proceed as a tax-free restructuring). The spin-off period followed this event and lasted just over one month. This second period concluded with the last all-employee meeting where the company’s top management explained to every employee (in numerous face-to-face meetings) the strategic and operational details of the spin-off and outlined their vision for the company’s future. The post-spin off period lasted for six months and was intended to capture the immediate implications of

the spin-off event. This last period concluded with the spin-off's year-end analysts' meeting about earnings and an all-employee teleconference summarizing the past year's performance and view ahead for the coming year. My entry into the organization occurred with approximately two and a half months remaining in the pre-spin period and lasted until the end of the spin-off period (red/shaded box in Figure 4.3).

### **Sampling**

Following Lincoln and Guba's (1985) guidelines for purposeful sampling, past research and my research questions suggested that sampling should begin with top managers who play an important role in the strategic aspects of the spin-off. Past research has identified top managers as critical players in the perceptions regarding change in organizations (Daft & Weick, 1984; Isabella, 1990; Kiesler & Sproull, 1982). As active participants in the changes associated with a spin-off, these managers represent key informants (Kumar, Stern, & Anderson, 1993) who have important insight into the organization's identity and image, as well as unique access to knowledge of organizational structures, strategies, and actions. In addition, because of their roles as leaders within the organization, they are in a good position to recommend additional informants at all levels and departments within the organization.

This process of allowing the data collected from prior informants to guide the selection of future informants and the information sought from them is what Lincoln and Guba (1985) refer to as purposeful sampling. This approach to sampling is an integral part of the constant comparative technique involving an iterative process of collecting data, analyzing the data, and seeking new informants on the basis of information deemed important by previously interviewed informants. It results in an emergent sample with a continuous focusing until the researcher achieves data redundancy, or what Glaser and Strauss (1967) call "theoretical saturation."

## **Data Collection**

I collected data from three main sources in this project: (1) semi-structured, one-on-one interviews, (2) non-participant observation, and (3) written and electronic documents. I relied on the interviews as the main source of data concerning the identity change process, with the observation and documentation data serving as important triangulation and supplementary sources for understanding discrepancies among informants and gaining additional perspectives on key events and issues.

### **Semi-structured Interviews**

I conducted multiple in-depth interviews with organizational members before, during, and after the actual spin-off event. Initial interviews were with key informants determined through discussions with my contacts in the organization. These initial interviews involved members at all levels of the organization; however, members of the top management team who were responsible for the strategic aspects of the spin-off were especially important early on. These interviews served as a way to learn more about the business and strategic context of the spin-off, details about the organization, plans regarding the spin-off, and initial indicators of organizational identity and image, as well as to gain guidance concerning additional informants within the organization.

I used semi-structured interviews at the beginning to provide as wide a scope as possible to the data collection (see Appendix A for the interview protocol used in the initial interviews with key informants). These semi-structured interviews varied in duration as a function of the conversation, but fell in the range of 45-90 minutes each (initial interviews all lasted at least 60 minutes). The formality of each interview was left up to the informant's desires. Secondary and tertiary interviews with informants became progressively more structured as themes began to

emerge in the data (Appendix A also contains example protocols from these follow-up interviews, as well as the protocol used in the debriefing meetings with executives at the end of the project). This repeated focusing of the interviews allowed for targeted data collection in my attempts to identify consistencies and inconsistencies in perceptions and opinions. Interviews continued until no additional data fit a category that could be used to develop properties of that data further.

A total of 80 interviews were conducted with 38 different informants throughout the organization (see Table 4.1 for quantitative details). All but 13 of the interviews were audio-recorded (with the informant's permission – all informants permitted audio-recording) and then transcribed verbatim. The 13 non-recorded interviews were informal conversations with key informants in which I took detailed notes as soon after the conversation as possible.

**TABLE 4.1 – QUANTITATIVE DETAILS OF THE INTERVIEW DATA**

	<i>Methodological Periods</i>			<i>Totals</i>
	<b>Pre-Spin</b>	<b>Spin</b>	<b>Post-Spin</b>	
Participants in interviews	13	21	30	-
New informants for period	13	20	5	<b>38</b>
Interviews	17	23	40	<b>80</b>

The 38 informants varied in both functional area and hierarchical level, although the majority of informants were considered to be in the management ranks. I interviewed five of the original seven-member top management team, as well as two of the new executives who joined after the spin-off. The other 31 informants ranged from senior vice-president level down to the lower-middle of the hierarchy (people in positions such as HR trainer, local sales manager, and marketing assistant). Functional areas captured in the sampling frame included Marketing, Corporate Communications, Operations, Information Technology/Network Services, Human

Resources, and Strategic Planning. Appendix B contains information about the hierarchy level of each informant and the phases during which their interviews took place.

### **Documentation**

In addition to these interviews, I collected documents pertaining to the organization and its situation as a form of unobtrusive data (Webb & Weick, 1979). These documents took three forms: (1) identity artifacts, (2) image artifacts, and (3) background material. Not only did these documents provide a secondary source of data (Jick, 1979) about the organization's identity and spin-off process, but they also proved helpful in my interviews as a tool (Forster, 1994) to engage informants in discussions of how specific identity claims and images related to the ongoing process of identity reconstruction.

The first type of documents I collected involved identity artifacts, or paper and electronic representations and descriptions of the organization's identity. Such artifacts included intranet web pages, internal memos, annual reports, internal placards, consulting reports, and other texts and images used by organization members to express their sense of current or desired organizational identity. Identity artifacts originate from within the company and include documents published for the express intent of making a claim or statement about the organization's identity, as well as documents where the identity claims/statements were unintentional or not the primary purpose of the document.

We also know from prior research that organizational identity is closely tied to various images of the organization – those projected by the organization, as well as those “refracted” back to the organization by outsiders (Rindova & Fombrun, 1998). Thus, in addition to collecting identity artifacts, I gathered image artifacts about the new company and its spin-off from Bozco. These image artifacts originated from both inside and outside the company and

included such items as news stories, external correspondence, and analysts' reports and comments. Collecting these image artifacts was especially important in light of the prominent role of construed external image (insiders' perceptions of how outsiders view the organization - Dutton et al., 1994) in the identity change process.

Finally, I collected documents related to strategic, operational, financial, and cultural aspects of the organization, even if they did not contain identity or image artifacts. I found these to be useful as I attempted to understand various issues the company was dealing with and in gaining a sense of the historical and cultural foundations for the organization's decisions and actions around the spin-off. Some of these background documents obviously had identity and image references in them and, as such, were coded separately from the background information.

Table 4.2 provides quantitative details about the documentation data, including the number of documents collected in each period (split out by whether the source of the document was inside or outside the company and the intended audience for the internal source documents).

**TABLE 4.2 – QUANTITATIVE DETAILS OF DOCUMENTATION DATA**

<b>Source / Audience</b>	<b><i>Methodological Periods</i></b>			<b><i>Totals</i></b>
	<b>Pre-Spin</b>	<b>Spin</b>	<b>Post-Spin</b>	
External / External	32	21	25	<b>78</b>
Internal / Internal	26	18	31	<b>75</b>
Internal / External				
Press Releases	40	5	33	78
Advertisements	0	6	9	15
Web pages	11	3	3	17
Executive Speeches	4	5	0	9
<i>Sub-Total</i>	<i>51</i>	<i>14</i>	<i>45</i>	<b><i>119</i></b>
<b><i>Total</i></b>	<b><i>109</i></b>	<b><i>53</i></b>	<b><i>101</i></b>	<b><i>272</i></b>

## **Observation**

Finally, I engaged in direct, non-participant observation of organizational actions, member routines, and social interactions (e.g., internal meetings and employee information sessions) to uncover potentially insightful data pertaining to personal and interpersonal issues of identity change. These observations occurred during the time I spent with organizational members as they went about their activities in establishing the organization's presence in the marketplace and attempting to secure its viability as an independent entity. When possible, I took detailed field notes during the observation and, in the process, captured not only those items of relevance to the research questions, but also noted cultural and structural aspects of the organization to aid in understanding the organizational context of the spin-off. When note-taking was not possible during the observation, I took time after the observation to record my thoughts and take note of key passages/interactions from the event. Key observations included strategic meetings about marketing, branding, and technology change issues, celebrations around the actual spin-off event, and all-employee meetings held during and after the spin event to communicate strategic and operational information to employees.

## **Data Management**

Huberman and Miles (1994) emphasize, "A good storage and retrieval system is critical for keeping track of what data are available..." (p. 430). Given their recommendation, I utilized three data management computer programs. First, I used Microsoft Excel as a contact management system to keep track of all contact information, interviews dates, and information pertaining to the informants' job titles, hierarchical position, and company tenure. Second, I developed and utilized a custom-built Microsoft Access database to manage all documentation collected during the project. This database allowed me to track project documents, any

relationships among these documents, as well as capture notes on the documents' content and relationship to codes and emerging themes. Finally, I used ATLAS.ti, a qualitative data management and analysis tool, to manage and code interview transcripts and electronic documents. The program allowed for electronic storage of all transcribed material, provided on-line methods for coding the data, and relatively easy data search and retrieval functions. Additionally, it permitted me to create memos related to specific theoretical and methodological aspects of the data analysis process.

### **Data Analysis**

As I collected the data, I also inductively analyzed it via the naturalistic inquiry method (Lincoln & Guba, 1985) and the constant comparison technique (Glaser & Strauss, 1967). These approaches provide a rigorous strategy for collecting and analyzing qualitative data. In particular, they call for simultaneous data collection and analysis to assist the researcher in determining the sampling and content foci of future data collection efforts. Additionally, they provide a clear technique for analyzing data by: identifying initial concepts within the data and grouping them into themes (open coding); searching for relationships among these themes (axial coding); and further reducing these themes into aggregate dimensions (Gioia & Thomas, 1996). These techniques are not linear, but instead form a “recursive, process-oriented, analytic procedure” (Locke, 1996: 240) that is explained in more detail below.

### **Analysis Procedures**

My analysis aimed at delineating themes and aggregate dimensions through the examination and comparison of key events (Isabella, 1990) and ideas discussed by the informants. I began open coding by reading a transcript or document, noting passages in which identity and change issues were discussed, and writing general comments and theoretical memos

about the language and perspective used by the informant. After this initial review of the data, I read the transcript a second time, but with a focus on individual sentences as my unit of analysis. I conceptually coded each sentence by using “in-vivo” codes (language used by the informant) (Strauss & Corbin, 1990) whenever possible or a simple descriptive phrase when no in-vivo code was available. I compared each sentence to the sentences before it to determine whether or not it reflected the same *concept*, or a different concept. If the sentence reflected the same concept, I labeled it with the same code; if it reflected a different concept, I labeled it with a distinct code.

During this process of conceptual coding, I also searched for relationships among the concepts that would allow me to assemble them together into *categories* or collections of “concepts that seem to pertain to the same phenomena” (Strauss & Corbin, 1990: 65). Thus, for example,<sup>2</sup> informant descriptions, such as statements detailing ‘why they could no longer compare themselves with their ex-parent’ and ‘why executives explicitly invoked specific competitors in discussions regarding strategy changes, were coded as distinct concepts and placed into separate categories because of a lack of similarity. In this example, those coded passages were included in the categories (respectively) “Loss of parent company as direct comparison” and “Shift in focus to comparisons with competitors” (see Appendix C for full set of concepts, themes, and dimensions that emerged from the data).

As this process of open coding continued, I also began the process of axial coding, or searching for relationships among the categories that would allow me to collapse them into *themes*. I relied on Spradley’s (1979) semantic relationship questions (e.g., “X is a kind of Y,” “X leads to Y,”) to help determine similarities and differences among the categories in this theme development process. This resulted in an initial set of themes that formed the basis for the

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<sup>2</sup> Note: The following running example is drawn directly from Table 5.3 and Figure 5.5 in the Findings chapter.

coding of subsequent interviews. During the analysis of these subsequent interviews, I also developed new themes related to identity and change that did not fit previously identified themes. I then reviewed previously coded transcripts and documents to determine if these new themes were evident in those transcripts. If new themes were evident, I coded them as such. I then completed a third pass over each transcript or document to ensure that all codes accurately reflected the themes developed during the analysis. Following along with the above example, I combined the categories “Loss of parent company as direct comparison” and “Shift in focus to comparisons with competitors,” along with “Media attention shifts away from parent and to industry/competitors,” to represent the theme “Change in Social Referents” because of their interrelationship with the social comparisons used in determining the organization’s identity.

As I identified themes within the data, I also began the process of searching for theoretical relationships among the themes in order to cluster them together into broader *aggregate dimensions*. I again used Spradley’s (1979) semantic relationship questions (e.g., “X is a kind of Y,” “X leads to Y,”), this time to facilitate the development of the aggregate dimensions. These questions enabled me to consider multiple possible relationships among the themes and systematically determine the strongest relationships. While those themes that were most closely related to each other were combined into aggregate dimensions, other relationships among themes provided insight into how the aggregate dimensions themselves were related. Thus, I combined the interrelated themes “Change in Social Referents,” “Temporal Identity Discrepancies,” and “Construed External Image Discrepancies” into the aggregate dimension “Triggers of Identity Ambiguity,” but I found the relationship between the theme “Change in Social Referents” and the theme “Identity Ambiguity” to be more causal and, thus, not the basis for grouping into an aggregate dimension.

I used two main decision rules to determine when an emergent code was important enough to pursue in subsequent interviews. First, I used a rule that if two or more informants, not in a direct chain of command relationship with each other, referred to the same topic (e.g., the importance of the company's stock price to their perceptions of the company), the same event (9/11), or the same concept (ambiguity), it was worth exploring with other informants in member checks and future interviews. This was a rather inclusive rule that insured that I captured all codes that might be relevant to later analysis, as well as all concepts that might be collapsed into a given category in support of a theme. It also helped increase confidence that codes could be eliminated if they did not receive adequate support in later interviews and member checks or did not converge across time and informants. If other informants spoke in a similar fashion about that topic or confirmed its importance to the phenomenon of interest in member checks, however, it was coded as a concept worthy of inclusion in the model and subsequent interviews.

The second decision rule was one based on intensity or expertise. This rule was that if a topic was talked about intensely by a key informant (e.g., my primary informant continually stressing the importance of the parent company to internal perceptions) or a subject-area expert intensely or insightfully discussed a topic he/she had special awareness of (e.g., the executive vice-president of marketing discussing the role the company's brand played in media stories of the company), it was worth exploring in future interviews. Again, if other informants also spoke in a similar fashion about that topic during member checks or subsequent interviews, it was coded as a concept worthy of pursuit in future interviews and possible inclusion in the model if it continued to receive support over time and from multiple informants. If other informants did not confirm the importance of that topic, it was subsequently dropped from the analysis.

I continued this iterative process until I felt I had a solid grasp of the emerging theoretical relationships and additional interviews failed to turn up new data or relationships. In this way, I became increasingly confident that I had accurately captured the interpretations of my informants and that the emerging framework was grounded in actual data collected directly from those closest to the phenomena. Three additional aspects of the analysis process are important to discuss even though they were not unique to the above analysis techniques. They are first-order vs. second-order data, trustworthiness, and assessment of the study.

### **First-order vs. Second-order Data**

Van Maanen (1979) draws a distinction between first-order and second-order data in his discussion of organizational ethnography. This concept is important for interpretive research because it helps distinguish terms, concepts, and categories originating from the language of the informants or that are adequate at the level of meaning for the informants (first-order data), from those categories and themes originating from the researcher's (theoretical) interpretations of the informants' words and actions at a higher level of abstraction (second-order data). This distinction allows a researcher to keep track of those findings that arose directly from the context of the data collection, and are, thus, completely grounded in the data, and those findings that may be tinged with a priori knowledge of other theories, previous work, or even other contexts. This is not to say that first-order data are necessarily better than second-order data. On the contrary, it is often the case that the connections and abstractions made by the researcher provide insight beyond what informants may feel is commonplace or ordinary.

Additionally, distinguishing between first-order and second-order data facilitates the theory-building process by providing a theoretical structure from which the researcher can build a model based on the emergent data, as well as facilitating the presentation of the data in an

easily understood manner for readers. Thus, building on my coding techniques and following the lead of Van Maanen's (1979) first-order/second-order distinction, my theoretical model is based on an analytical framework using first-order *categories*, second-order *themes*, and second-order *aggregate dimensions* (as illustrated in Table 4.3), excluding the minutiae of the first-order concepts on which the first-order categories emerged. Appendix C contains the entire analytical framework for the study.

**TABLE 4.3 – TEMPLATE FOR ANALYTICAL FRAMEWORK**

• First-order Category	Second-order Theme	Aggregate Dimension
• First-order Category		
• First-order Category	Second-order Theme	
• First-order Category		
• First-order Category	Second-order Theme	
• First-order Category		

### **Trustworthiness**

The separation of first-order and second-order data helps to develop a sense of trustworthiness about the emergent theory and the data on which it is based. Lincoln and Guba (1985) offer a thorough discussion of the fact that because interpretive research is based on a different set of ontological and epistemological assumptions than functionally-based research, the traditional notions of validity and reliability do not apply in the same fashion. This is not to say, however, that interpretative research is free from the potential for criticism of method and analysis.

Instead, Lincoln and Guba (1985) furnish an alternative set of criteria that provide just as rigorous a test as functionally-based research for being deemed acceptable, as well as specific actions a researcher can take to help meet each criteria. In the current study, I implemented a number of these steps, including, but not limited to: (1) achieving triangulation of data types, (2)

conducting member checks on interview data and emerging categories and themes as often as possible (a few informants were either not available or not interested in participating in member checks; in these cases, data were checked with others in similar functional and hierarchical positions), (3) discussing emerging theoretical insights with research peers, (4) collecting and providing a detailed description of the organizational context, (5) stringently maintaining informant confidentiality, and (6) conducting an external inquiry audit of the study. Table 4.4 lists the four criteria offered by Lincoln and Guba (1985), along with a listing of all steps taken in the current study to meet those criteria.

**TABLE 4.4 - TECHNIQUES TO ENSURE TRUSTWORTHINESS**

*(based on Lincoln & Guba, 1985)*

<b>Traditional Criteria</b>	<b>Trustworthiness Criteria</b>	<b>Trustworthiness criteria met through:</b>
Internal Validity	Credibility	<ul style="list-style-type: none"> <li>• Extended engagement in the field</li> <li>• Triangulation of data types</li> <li>• Peer debriefing</li> <li>• Member checks</li> </ul>
External Validity	Transferability	<ul style="list-style-type: none"> <li>• Detailed (thick) description of organizational context</li> </ul>
Reliability	Dependability	<ul style="list-style-type: none"> <li>• Purposive and theoretical sampling</li> <li>• Informants confidentiality protected</li> <li>• Inquiry audit of data collection, management, and analysis processes</li> <li>• Inter-coder assessment of 1<sup>st</sup> order and 2<sup>nd</sup> order codes</li> </ul>
Objectivity	Confirmability	<ul style="list-style-type: none"> <li>• Explicit separation of 1<sup>st</sup> order and 2<sup>nd</sup> order findings</li> <li>• Meticulous data management and recording               <ul style="list-style-type: none"> <li>- Verbatim transcription of interviews</li> <li>- Careful notes of observations</li> <li>- Clear notes on theoretical &amp; methodological decisions</li> <li>- Accurate records of contacts &amp; interviews</li> </ul> </li> </ul>

## **Assessing the Study**

Finally, multiple steps were taken to assess the plausibility of the study's findings to help strengthen the trustworthiness of the emergent model. The decision to conduct an inquiry audit was based directly on Lincoln and Guba's (1985) distinction between the nature of functionalist (or positivistic) research and naturalistic (or interpretive) inquiry, and thus the natural differences in how studies from each perspective must be assessed to determine their value. Additionally, a more functionalist-based coding assessment was also undertaken to help demonstrate the plausibility of the emergent findings through a quantitative measurement of inter-coder agreement. This inter-coder assessment measured the percent agreement achieved between the researcher's coding efforts and those of three independent, post-hoc coders.

**Assessment via inquiry audit.** An inquiry audit involves a systematic review of the techniques and methods used for data collection and analysis, the emergent findings of the analysis, and the conclusions drawn by the researcher based on those findings to assess their reasonableness and plausibility (Lincoln & Guba, 1985). The inquiry audit typically occurs after the study's completion and is based on audit trail materials developed by the researcher during the project. As explained at the beginning of Chapter 3, because interpretive research assumes that involving oneself in the context under study and attempting to understand the interpretations of those living the focal phenomenon are key to gaining insight about the phenomenon, the inquiry audit process is appropriate for interpretive research because it focuses on the plausibility of the researcher's interpretations and the care taken to capture and accurately reflect the interpretations of the informants in developing the emergent model.

An inquiry audit was performed at the end of the current study by a researcher familiar with the interpretive perspective, trained in inductive methods, but not directly involved in the

project. This inquiry audit was performed using materials gathered and utilized by the researcher during the study's data collection and analysis phases. Lincoln and Guba described six categories of audit trail materials, all of which were used in this study's audit: 1) "raw data" – e.g., interview transcripts and notes of interviews and observations, as well as any survey data, 2) "data reduction and analysis procedures" – e.g., write-ups of field notes, preliminary coding of data, and summaries of notes as well as any theoretical notes and speculations, 3) "data reconstruction and synthesis products" – e.g., relationships between categories and themes, second-order interpretations of the data, and the final report of the data, including its relationship to other research, 4) "process notes" – e.g., notes on methodological decisions, 5) "materials relating to intentions and dispositions" – e.g., personal notes and journal entries, and 6) "instrument development information" – e.g., the development of interview protocols, how observations were made, and the development of any surveys (1985: 319-320). The auditor examined the audit trail materials, as well as questioned the researcher regarding the data collection, method choices and analysis decisions made during the study. Any concerns expressed by the auditor were then addressed by the researcher and discussed between the researcher and auditor until agreement was reached.

**Assessment via inter-coder agreement.** To help further build the trustworthiness of the data and demonstrate the plausibility of the emergent findings, a coding assessment was undertaken using three assessors not involved in the research effort. These three assessors, a professor of organizational communication and two organizational behavior doctoral students, were asked to independently verify the plausibility of the emergent codes by attempting to replicate the coding of a representative sample of the study's data. Each assessment was done separately so as not to introduce bias into the process.

The assessment procedure was modeled on a Q-sort technique where participants were given a set of cards and asked to sort them into categories based on pre-defined criteria. In this case, each assessor was asked to conduct three separate Q-sorts: (1) the sorting of representative informant quotes collected during the pre-spin and spin phases of the project into their appropriate first-order Categories, (2) the sorting of representative informant quotes collected during the post-spin phase of the project into their appropriate first-order Categories, and finally (3) the sorting of first-order Categories into their appropriate second-order Themes. The selection of categories for use in the assessment was done using a stratified random selection process whereby at least one Category from each of the 11 Themes was selected. A total of 17 Categories out of the possible 34 used to develop the model were chosen in this manner.

For each phase of the coding assessment, the assessor was shown a list of definitions for either (1) the first set of Categories, (2) the second set of Categories, or (3) the set of Themes, depending on the particular phase of assessment in process. These working definitions were drawn directly from the notes and coding materials used by the researcher during the original data coding process. Once the assessor understood the Categories/Themes and their definitions, he/she was then asked to match the quote/Category to the appropriate Category/Theme using only the definitions as a guide. The researcher was present during this process and answered only process questions or clarifications of words not familiar to the assessor. Thus, after reading over the first set of Category definitions, each assessor was asked to match 18 representative quotes to one of the 7 Categories he/she felt it best resembled. The matching continued until all 18 quotes were matched with a Category. The assessor then moved on to the second set of first-order Categories (26 quotes needing to be matched to 10 Categories), and finally on to the second-order Themes (17 Categories needing to be matched to 11 Themes).

Determination of the percent matched correctly was done only after all three matching processes were completed. As Table 4.5 illustrates, the inter-coder agreement percentages were well within a range demonstrating plausibility. However, more important than the agreement percentages is the information conveyed by the discussions around the disagreements that did arise. All disagreements were discussed by the assessor and researcher at the end of the assessment exercise. These discussions involved the researcher making sense of the decision-making of the assessors and gauging their levels of confusion about, guessing on, and understanding of the codes. These discussions revealed a number of helpful insights. For example, the discussion with assessor #1 about disagreements in the Q-sort of the Themes resulted in clarifications to the Theme definitions that proved helpful to assessors #2 and #3 (an improvement from 70% agreement to 100% agreement). Likewise, discussions with assessors #2 and #3 about disagreements in the Q-sort of the second set of Categories revealed alternative perspectives on the data that were helpful in the explanation of the emergent model in Chapter 6.

**TABLE 4.5 – RESULTS OF THE INTER-CODER ASSESSMENT**

	<i>Categories #1</i>	<i>Categories #2</i>	<i>Themes</i>	
<i>Assessor #1</i>	89%	89%	70%	<b>83%</b>
<i>Assessor #2</i>	89%	69%	100%	<b>86%</b>
<i>Assessor #3</i>	89%	77%	100%	<b>89%</b>
	<b>89%</b>	<b>78%</b>	<b>90%</b>	<b>86%</b>

## CHAPTER FIVE: FINDINGS

### Preview of Emergent Model

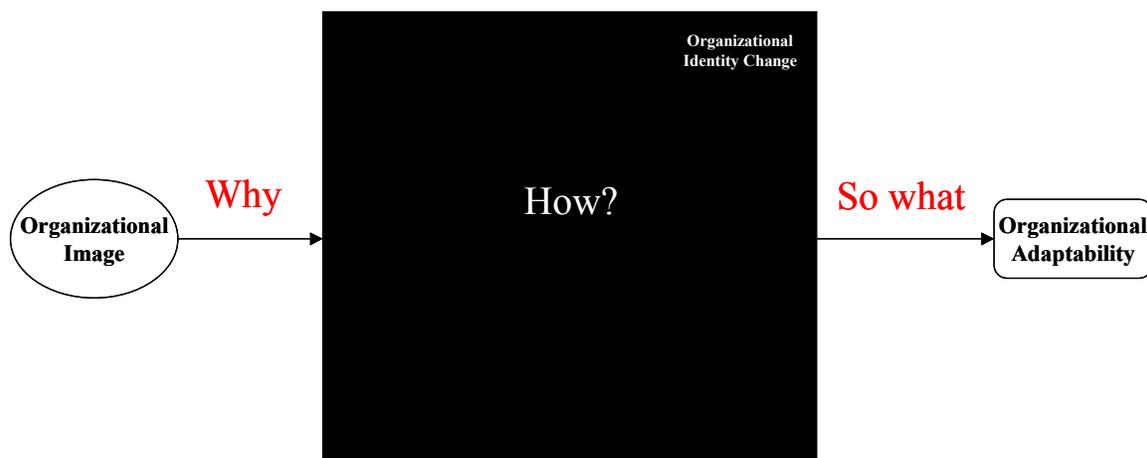
As is customary with inductive research, I will begin the discussion of the findings with a preview of the emergent model that arose from my analysis of the data. Thus, instead of jumping straight into the raw data underlying the themes in the emergent model, this section begins with a summary of the themes themselves and how they interrelate to form an emergent model of organizational identity change during a spin-off. This summary provides a context for the reader to understand the specific first-order and second-order data discussed in the sections and tables that follow the preview. The final emergent model of organizational identity change during a spin-off is graphically depicted in Figure 5.5 and the entire analytical framework for this study's findings is found in Appendix C.

To position this emergent model, it is important to reiterate the overarching purpose of this study. Based on prior research into organizational identity, we know that organizational identity change can arise because of its interrelationship with organizational images and results in increased organizational adaptability. As explained in Gioia et al.'s (2000) model of adaptive instability (and discussed in-depth in Chapter 2), images of an organization communicated by outsiders are noticed by organization members and spur a social comparison process similar to James's (1918) "looking glass self" - members of the organization compare their shared sense of who they are as an organization (organizational identity) with their beliefs of how outsiders perceive the organization (construed external image - Dutton et al., 1994). Discrepancies that arise from this comparison can lead to shifts in members' collective sense of who they are as an organization or in alterations in how the organization presents itself to external audiences. Either way, organizational identity changes (however subtly) as internal perceptions of what it means

“to be us as an organization” shift, affording the organization an adaptive instability that provides the wherewithal to maintain its viability in the face of a changing environment.

In contrast, what we do not understand is how organizational identity change occurs and the many details of this important process. The purpose of this study was to open that black box of organizational identity change (as illustrated in Figure 5.1) by providing insight into the factors and sub-process involved in an organization’s identity changing as a result of its spin-off from a long-time parent.

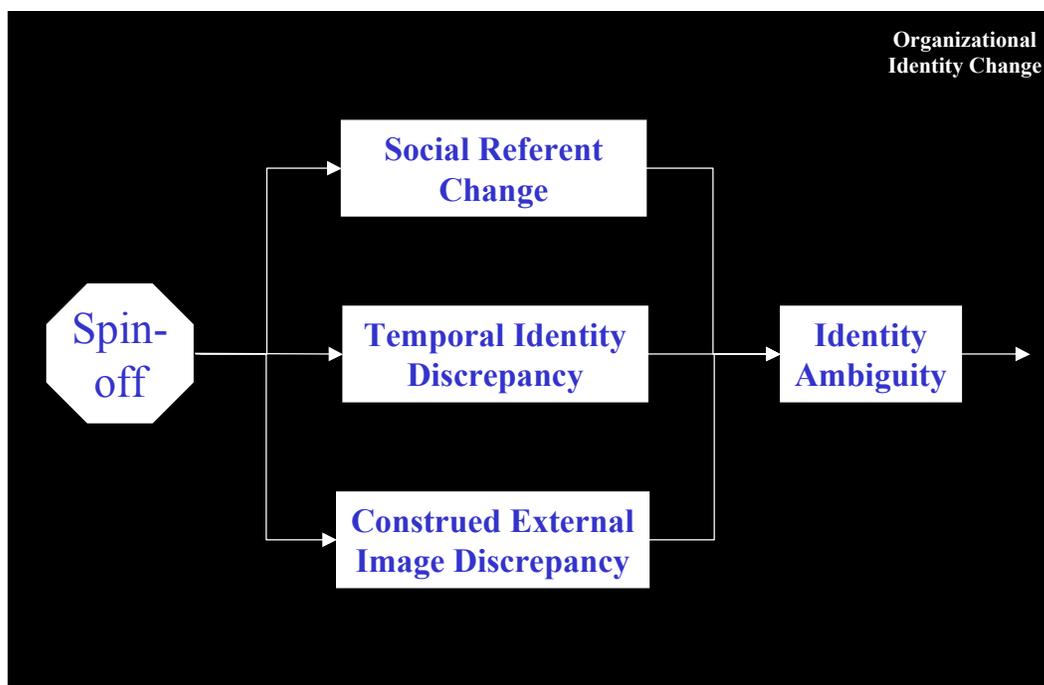
**FIGURE 5.1 – THE “BLACK BOX” OF ORGANIZATIONAL IDENTITY CHANGE**



The first insight arose during the pre-spin and spin phases of the project as the spin-off experienced a growing “identity ambiguity” arising from several factors (see Figure 5.2). These factors included (1) a *change in the social referents* used by organizational members in determining who they were as an organization; (2) a set of what I termed *temporal identity discrepancies* that arose from internal comparisons between “who the company used to be” and “who the company will be” after the spin-off; and (3) a set of *construed external image discrepancies* based largely in impressions projected about the company and its spin-off by the media and financial analysts that were construed by organization members to be inconsistent

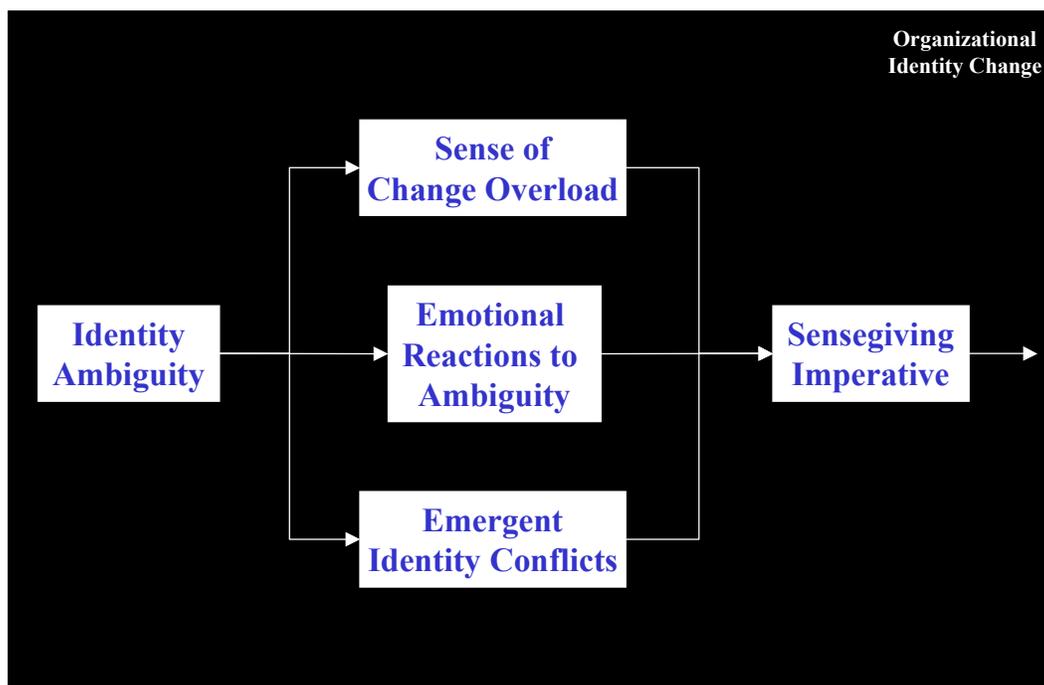
with the perceptions of the company held internally. These three factors acted as triggers for the identity ambiguity felt among organization members and reflected in internal documents.

**FIGURE 5.2 – THE EMERGENCE OF IDENTITY AMBIGUITY**



The second source of insight emerged during the post-spin phase of the study as the company dealt with the effects of the growing (yet largely unrecognized) identity ambiguity and events in the external environment forced the top management team to acknowledge the presence of the identity ambiguity. Again, three factors were involved, including a *sense of change overload*, *emotional reactions* to the identity ambiguity, and a gradually emerging *identity conflict*. The eventual recognition of the identity ambiguity resulted in a *sensegiving imperative* where top management felt the need to take actions in response to the identity ambiguity (see Figure 5.3).

**FIGURE 5.3 – OUTCOMES OF THE IDENTITY AMBIGUITY**

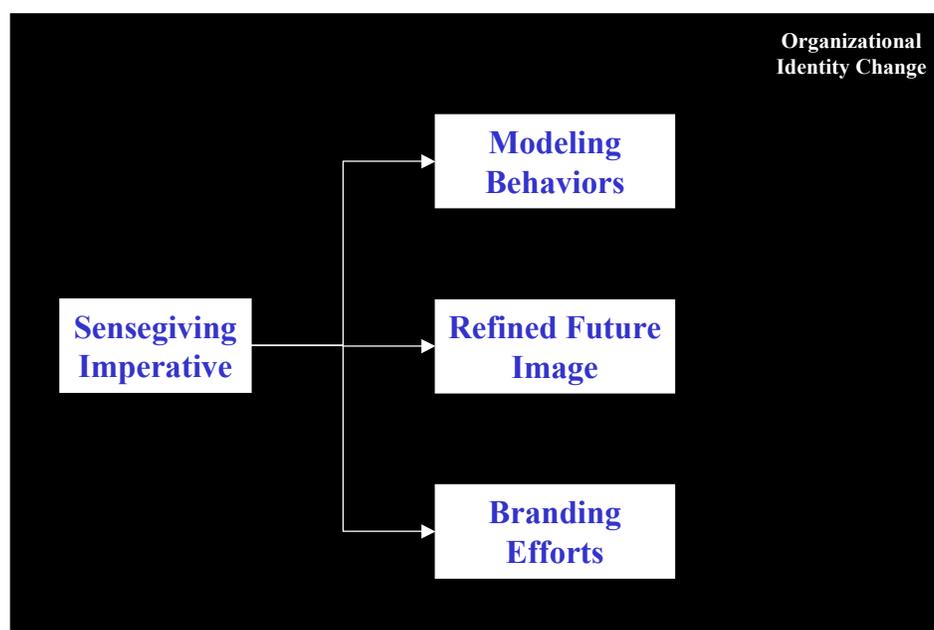


The three important factors here were: (1) a growing *sense of change overload* among the members of the organization as they dealt with changes stemming not only from the cultural and structural aspects of the spin-off, but also from increased competitive pressures arising from being an independent entity. These overload feelings were exacerbated by the identity ambiguity because members found it harder to identify with and buy into the need for change without having a clear sense of who the organization was or where it was going; (2) a strong *emotional reaction* by members to the actions taken by the company during and after the September 11<sup>th</sup> terrorist attacks. Organizational members strongly identified with the extremely caring and unselfish way the top management team immediately donated the company's time, money, and technology to assist with the victims and the government agencies involved in the attacks, to the point at which insiders recognized that those actions more clearly defined who the new company was than anything undertaken around the spin-off or in the ensuing 2 months; and finally (3) an

emerging *identity conflict* centered in three identity-based tensions: a continuing tension between aspects of the business focused on consumers and those focused on business customers, an ever-present tension between the company's past and its future, and a growing tension between two key technology paradigms the company was attempting to straddle.

The top management team's responses to the emergent sensegiving imperative form the final insight into the black box of organizational identity change (see Figure 5.4). Near the conclusion of the project, top management began taking conscious steps to manage internal and external perceptions in response to the feedback received in large part around the September 11<sup>th</sup> attacks. These steps were intended to, and actually began to, minimize the identity ambiguity within the company, although the ambiguity was still present at the end of the project.

**FIGURE 5.4 – LEADERSHIP RESPONSES TO SENSEGIVING IMPERATIVE**

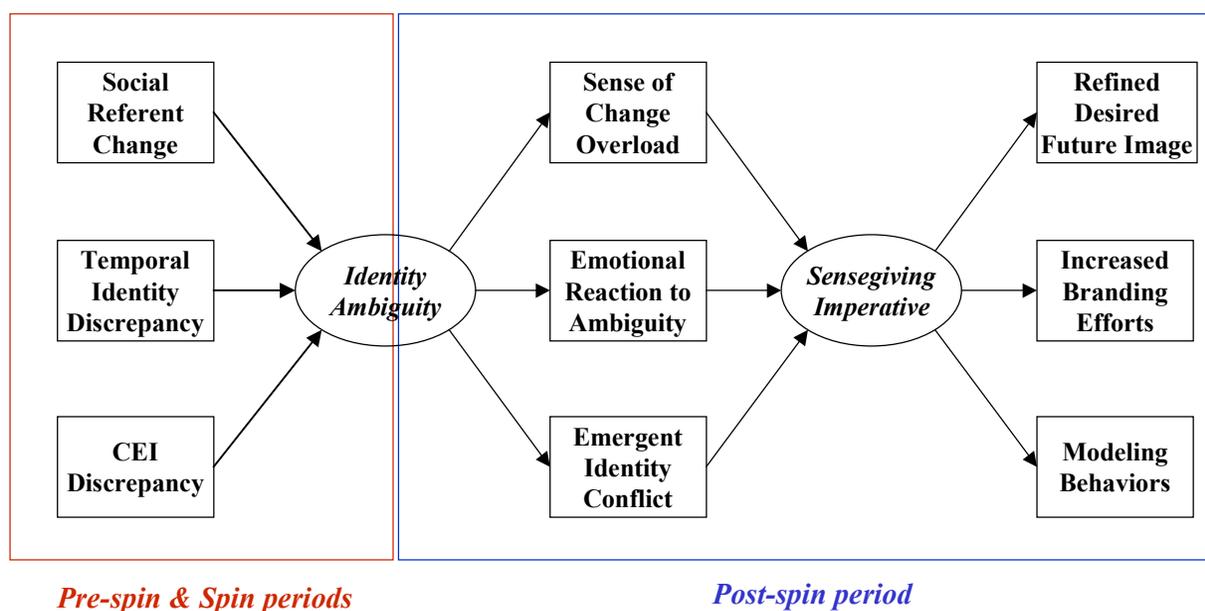


The specific reactions consisted of (1) *leaders modeling certain behaviors* that exemplified “who the company was trying to become” (a direct response to the success of the

company's actions around September 11<sup>th</sup>), (2) a *refined desired future image* updated for where the company stood 4-5 months after the spin-off, and (3) *increased branding efforts* aimed at reducing construed external image discrepancies and managing insider's perceptions of the company's image efforts.

Figure 5.5 represents a graphical depiction of how these themes interrelate to form the final emergent model for this spin-off's organizational identity change process. I have overlaid the methodological periods during which each theme emerged to help the reader understand the progression of change at Bozkinetic. The remainder of the chapter begins with a brief discussion of Bozkinetic's pre-spin identity (for baseline comparison purposes) and then provides more detail concerning the raw data and first-order categories underlying each of the themes in the model. Chapter 6 provides in-depth discussion of the theoretical and practical implications of the model.

**FIGURE 5.5 – EMERGENT MODEL OF ORGANIZATIONAL IDENTITY CHANGE DURING A SPIN-OFF**



## **Emergent Data**

Before examining the first-order categories and representative quotes that comprise each second-order theme in the emergent model, it is important to gain a sense of Bozkinetic's organizational identity as it existed prior to the spin-off period. One of the key aspects to the research design was the opportunity for me to gain entry into Bozkinetic far enough in advance of the actual spin-off event to capture a sense of the organization's identity before any formal changes occurred. This enabled me to develop a basis for comparison with future data on the organization's identity during and after the spin-off. The following account of Bozkinetic's pre-spin identity thus emerged from early interviews with my initial contacts, as well as archived documentation available in both company archives and external databases.

### **Pre-spin Identity**

Prior to the events surrounding the spin-off, Bozkinetic's organizational identity was one fashioned more as an "anti-identity" than a "pro-identity." What this means is that in response to the question "who are we as an organization," most answers involved a statement about how Bozkinetic was not like either Bozco<sup>3</sup> or Tadco (the original venture company swallowed by Bozco more than seven years prior). Aspects of the pre-spin identity, thus, included such claims as "We are an innovative company compared to {Bozco}," "We are a younger, more agile competitor than {Bozco}," and "We are more of a stodgy, bureaucratic mess than {Tadco} used to be." Other, non-comparison based identity claims also surfaced, including references to the organization's preferred view of itself as an industry leader in technology development and as a ground-breaking marketer within the industry. However, these claims usually arose only after my informants had described the comparison-based identity claims.

Regardless of the specific aspect of identity mentioned, members seemed quite sure of who they were and what that meant in regard to the company's positioning in its marketplace, especially if it was in comparison to either Bozco or Tadco. This basis for comparison was also reflected in internal documents and externally-focused documents that used Bozkinetic's place near the top of the parent organization's numerous divisions as a morale booster for employees and a positive image projected to outsiders (rarely did official documents refer back to Tadco, except in reference to historical roots).

This stable sense of identity was generally seen internally as a positive factor for Bozkinetic in its upcoming split with Bozco. However, as Bozkinetic became accustomed to its independence and the realization emerged among members that things were going to be different as an independent company, my data analysis began to reveal subtle shifts in thinking about who the organization was and, more importantly, where it was going. Although most employees did not see notable changes in their day-to-day jobs or in their reporting/working relationships, they did begin to notice and comment on changes in perceptions about, and a confusing array of images and rhetoric around "who they were going to be" as an independent company. This was reflected in the first significant theme to emerge from my comparisons of Bozkinetic's pre-spin identity with its spin and post-spin identity claims, a growing sense of *identity ambiguity* among members of the organization.

### **Identity Ambiguity**

This sense of identity ambiguity within Bozkinetic surfaced in all three phases of my data collection. It was a topic of conversation in interviews during the spin and early post-spin phases, it was evident in internal and external documents released during those periods, and it

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<sup>3</sup> These identity claims emerged without priming from the interviewer, as no questions in the initial protocol were

was even evident in my observations of meetings and social gatherings as members attempted to define their newly independent company (or, more accurately, struggled to define their newly independent company). As illustrated in Table 5.1, four first-order categories emerged from the data that I subsumed under the second-order theme “Identity Ambiguity.”

**TABLE 5.1 – DATA STRUCTURE FOR THEME: *IDENTITY AMBIGUITY***

1st Order Categories	2nd Order Theme
<ul style="list-style-type: none"> <li>• We don’t even know who we are right now</li> </ul>	Identity Ambiguity
<ul style="list-style-type: none"> <li>• Understand the labels, but what do they mean?</li> </ul>	
<ul style="list-style-type: none"> <li>• Sense of missed opportunity that spin was not taken advantage of better for internal communication purposes</li> </ul>	
<ul style="list-style-type: none"> <li>• Multiple, often conflicting, labels used to describe company during spin &amp; early post-spin periods</li> </ul>	

This theme first began to emerge in the latter days of the spin-off period as my informants talked about the struggles they were facing as part of the spin-off process. Regardless of whom I talked with, some variation on the feeling of “We’re not sure who we are right now” usually emerged during the discussion (see Table 5.2 for representative data for this theme). These statements did not come across in an emotional way, but more as matters of fact concerning an important issue for the company to deal with during the spin-off.

When probed further, my informants indicated that there were a number of internal descriptions of the company available for them to choose from, but they were not sure what those claims meant or how they applied to who the company was becoming. Examples of these internal identity claims included “the largest independent {technology} company,” “the {technology} company with the strongest management team,” and “the most financially-sound company in the industry” – all claims in which my informants failed to see much meaning or

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directed at understanding Bozco’s role in Bozkinetic’s identity (see Appendix A for these early protocols).

how they helped define for members what it meant to be the new Bozkinetic. This lack of clarity about the organization's identity was supported in my analysis of internal documents collected during the spin and early post-spin phases, as I found no consistency in the labels used by the top management team and other executives in describing who the company was or who it would be after it gained its independence from Bozco (see last row in Table 5.2 for examples of this lack of consistency in internal documents).

I also included in this theme statements regarding the spin-off as a "missed opportunity" for the company to define itself, a category supported by informants who indirectly (and retrospectively) blamed their ambiguity about the company's identity on lack of internal "spin communication" directed at defining the company. The executive team did issue a set of what it referred to as the company's "Cornerstones," which included a vision, mission, strategy, and commitments statement, going so far as to print up "Independence Day" flyers explaining the cornerstones and wallet-sized cards containing the four cornerstone statements. However, this did not seem to have the desired effect on employees, as most people with whom I spoke (formally and informally) either did not find much meaningful in the statements or forgot about them when they did not seem to affect their day-to-day responsibilities.

As I began reaching the point of theoretical saturation for this theme (early in the post-spin phase), it did not easily roll up into an aggregate dimension with other themes. Yet, it was clearly central to what the members' of this organization experienced as their identity necessarily shifted from being part of a larger entity to that of an independent entity. I, therefore, began collecting (asking my informants about and coding documents for) data related to two important aspects of this identity ambiguity: (1) what was causing it and (2) what were its implications.

**TABLE 5.2 – REPRESENTATIVE DATA<sup>4</sup> FOR THEME: *IDENTITY AMBIGUITY***

1 <sup>st</sup> -Order Categories	Representative Data
We don't even know who we are right now	<ul style="list-style-type: none"> <li>• “We just don't know who we are right now.” (#23 - Marketing manager)</li> <li>• “I think it's unclear what we are to a lot of people who are in the management ranks.” (#17 - VP)</li> <li>• “I think most employees basically are still wanting more clarification around who we are. Because we did go through so many years when we were part of {Bozco} and there were almost like two identities. Now it's kind of like "Who are we?" That {Bozco} identity should be gone with the spin, should be totally wiped out. We had an old {Tadco} identity, so do we revert to that? Who was that? Is there something new? If so, make it easy for me to remember.” (#20 - VP)</li> </ul>
Understand the labels, but not clear on what they mean	<ul style="list-style-type: none"> <li>• “No one is stepping up to display behaviors that will help define who we are; they're not even taking the time to explain these new terms to us.” (#31 - HR trainer)</li> <li>• If you get down to the worker bee level, even my own direct reports would say they haven't heard anything meaningful about those descriptions since the spin. Well, they've heard a little bit about the colleague part of it because HR presented it to them one day on a conference call. But for the most part, they are still feeling like they don't understand it and are not getting as much information as they would like to have. (#9 - Sr. VP)</li> <li>• “We are still grappling with what it means to be an independent company” (#15 - VP)</li> </ul>
Sense of missed opportunity that spin was not taken advantage of better for internal communication	<ul style="list-style-type: none"> <li>• “I think that if we had handled Independence Day better, then some of the ambiguity that's out there would probably not be an issue.” (#18 - VP)</li> <li>• “To be perfectly honest, this hasn't gone how I would have liked. I think there was an opportunity to drive deeper and do more of an interactive participative kind of approach. We missed the opportunity, so now it is what it is.” (#3 - Exec VP)</li> </ul>
Multiple, often conflicting, labels used to describe company during spin & early post-spin periods	<ul style="list-style-type: none"> <li>• <i>Internal documents during the spin and post-spin periods show 15 different (often conflicting) labels for who the company is or who it will be once the spin takes hold for key stakeholders, including: “independent” “financially sound” “premier {technology} service provider” “leading innovator in our industry” “number one in customer service” “safe and reliable” “best place to work” “stable company” and “exploring new boundaries.”</i></li> </ul>

### Triggers of Identity Ambiguity

What emerged from the informants' experiences were three themes involving the origins of this organization's identity ambiguity. These three themes, *Changes in Social Referents*, *Temporal Identity Discrepancies*, and *Construed External Image Discrepancies*, each emerged

<sup>4</sup> As with all data tables in this chapter, each quote is followed by an informant number and his/her position title.

from first-order categories directly experienced by my informants (see Table 5.2) that helped me establish the nature of what I came to refer to as the triggers for Bozkinetic’s identity ambiguity (Tables 5.4 – 5.6 contain representative data for each of the three themes).

**TABLE 5.3 – DATA STRUCTURE FOR DIMENSION: *TRIGGERS OF IDENTITY AMBIGUITY***

<b>1st Order Categories</b>	<b>2nd Order Themes</b>	<b>Aggregate Dimensions</b>
<ul style="list-style-type: none"> <li>• Loss of Bozco as internal comparison</li> <li>• Shift in focus to comparisons with competitors</li> <li>• Media attention shifts away from parent and to industry/competitors</li> </ul>	Change in Social Referents	Triggers of Identity Ambiguity
<ul style="list-style-type: none"> <li>• Who we are going to be / How we will see ourselves</li> <li>• What it will mean to be independent</li> <li>• How do we get there from here?</li> </ul>	Temporal Identity Discrepancies	
<ul style="list-style-type: none"> <li>• Misperceptions and false data reported in the media</li> <li>• Quiet periods constrain our internal communications</li> <li>• Stock price does not adequately reflect who we are</li> <li>• Customers don’t know we’re independent</li> </ul>	Construed External Image Discrepancies	

**Change in social referents.** The first trigger involved a natural consequence of the spin-off itself, the loss of Bozco as a social referent. In terms of organizational identity, the notion of a social referent alludes to other companies that organization members use as a comparison to help determine who they are as a company. For the almost seven years since the merger of Bozco and Tadco, Bozkinetic had a convenient, and mostly positive, comparison point: Bozco. Even when the comparison was not necessarily a positive one, it was still relatively easy for Bozkinetic members to define who they were as long as they could point to Bozco and say either “we are like them,” or “we are not like them.”

After the split, this comparison was no longer easily available. No longer could employees use Bozco as a point of reference for describing aspects of their identity or in trying to understand what a particular change meant to the company. And this loss of social reference was reinforced in the media as the business press stopped comparing the two, such as was found in prior references to Bozkinetic as the “darling of {Bozco’s} divisions” or the part of Bozco “that was doing well.” Bozkinetic simply became another one of many technology service companies in America and around the world. Finally, in the period immediately following the spin-off event, no apparent replacement referent strongly emerged among Bozkinetic’s competitors; internal documents and media reports referred to different companies when that was convenient and none were as strong as past comparisons to Bozco.

One contributing factor that hurt Bozkinetic’s ability to establish new referents effectively was the decision to retain the company’s name and brand, both of which were closely associated with the parent. This was not an easy decision for the top management team and not one that necessarily went over well with the members of the organization. However, the top executives felt the current brand had too much equity and that the costs of establishing a new brand were prohibitive given their impending independent status. This decision led some outsiders who were less knowledgeable about the spin-off (like customers) to continue to associate Bozkinetic with Bozco. This made it harder for insiders to break away from those (usually favorable) comparisons.

**TABLE 5.4 – REPRESENTATIVE DATA FOR THEME: *SOCIAL REFERENT CHANGE***

1 <sup>st</sup> -Order Categories	Representative Data
Loss of Bozco as internal comparison	<ul style="list-style-type: none"> <li>• “We can’t hide behind their difficulties anymore.” (#2 - Exec VP)</li> <li>• “I think there's been a lot of emphasis on differentiating us from {Bozco} that in my view is unnecessary and wasted energy. I think that instead of getting hung up on the fact that you want to be so different than {Bozco} you are supposed to be differentiating yourself from your competition. Who cares if you are different from {Bozco}. I think you really should be</li> </ul>

	focused on differentiating yourself from your competition and {Bozco} is not your competition, it's your x-parent. But people just can't give it up even though it doesn't work anymore." (#28 - Sales manager)
Shift in focus to comparisons with competitors	<ul style="list-style-type: none"> <li>• "When we do compare ourselves to {competitor A} for example, its not as pretty as comparing ourselves to {Bozco}. Also, there's a lot less certainty around those comparisons. It was easier to know what was going on inside {Bozco}. You have no idea what's going on inside of {competitor A}. All you see is the results and maybe they are dying somewhere else because of this, but it's not evident yet." (#12 - Sr. VP)</li> <li>• "I think some people think we are really at the top, but they don't know enough. I think as you go higher up in the corporation with people who have broader perspectives and are more into this stuff, I think you'll find that they know we're in a real fight with a few, not a lot, three maybe four major competitors. And it's unclear at this point who's going to win or even exactly where we are." (#14 - Sr. VP)</li> </ul>
Media attention shifts away from parent and to industry / competitors	<ul style="list-style-type: none"> <li>• "You've got {competitor A} joining the industry, and {competitor B} is kind of a new way of doing business, and {competitor C} has this huge {network} built from the ground up. All that stuff is getting attention in the media. It's kind of like, 'We're doing all those things too. How are we different from them?' Gee, I don't think we are different from them. Yet, they just write about how we're not the jewel of {Bozco} anymore because now we're up against all these big companies." (#15 - VP)</li> <li>• <i>Pre-spin – media stories focus on Bozkinetic being the jewel of Bozco, "carrying {Bozco}" and being the analysts' favorite part of Bozco</i>  <i>Spin – media stories now focusing on Bozkinetic being "the third largest in the industry," "faced with tough technical issues that competitors have already worked through," and "Wall Street questioning its ability to compete with the players in the industry"</i></li> </ul>

**Temporal identity discrepancies.** Temporal Identity Discrepancies represent instances in which organization members recognize an inconsistency between the organization's current identity and claims of who the organization will be or would like to be in the future. Thus, temporal identity discrepancies arose for members of Bozkinetic as they tried to cope with who they knew the organization to be currently versus expectations (both expressed and implied) for the spin-off and perceptions of who the organization would be in the future, especially post-spin.

One of the earliest examples of a temporal identity discrepancy arose in the interview data collected coincident with the spin-off event and involved what it meant to be an independent company. While the enticing image of being independent from the parent was motivating for

many employees since the original announcement nine months earlier, the reality was a little more sobering. Some informants discussed how the company was already receiving increased scrutiny of its finances and operations from the outside and how parts of the business press seemed unwilling to give them much of a “honeymoon” period. Others talked about how there was no real sense internally of what it meant to be independent since so many of the top managers were from Bozco and had never lead an independent company before. Still others struggled with the uninspiring realization that “everything has changed for us as a company” and yet “I’m still doing the same thing I used to do with the same people I used to do it with.”

Perhaps the strongest form of temporal identity discrepancy expressed in my interviews involved how members saw themselves as a company compared to descriptions they heard about who the company was becoming. As with any major organizational restructuring, the rhetoric surrounding the spin-off was intense and had mostly positive overtones. Expectations were high for being an independent company (especially among those higher up in the organization and those who had direct working relationships with the parent organization), even though senior leadership included “reality checks” in most statements (e.g., “We have a long road ahead of us” and “There is still a lot of work that needs to be done before we get there”). The discrepancy arose not because people believed the future images were undesirable or incorrect, but rather because of a subtle doubt about whether the company could actually achieve those visions.

This subtle doubt arose in my interviews as people would conclude their thoughts about the future with statements in some form of “Can we actually become that?” or “How will we get there from here?” Some even talked about the possibility of a future merger or large acquisition that would radically change the company’s direction. All of this uncertainty about the future

identity of the company initially helped trigger the feelings of identity ambiguity expressed by members and eventually helped reinforce and sustain the identity ambiguity over time.

**TABLE 5.5 – REPRESENTATIVE DATA FOR THEME: *TEMPORAL IDENTITY DISCREPANCIES***

1 <sup>st</sup> -Order Categories	Representative Data
Who we are going to be / How we will see ourselves	<ul style="list-style-type: none"> <li>• I think six months after the spin we will have a little bit more of a self-identity that's not as focused on {Bozco}...we currently have some things that are considered {Bozco} stuff and I hope there's going to be a better understanding of who we're trying to be. (#7 - Sr. VP)</li> <li>• We're excited about being our own separate company. But I think, and I hear this echoed a lot, that we feel that we need to be more nimble and aggressive and organized more efficiently to be who we want to be. Its just a matter of figuring out how to be that from where we are now. (#16 - VP)</li> </ul>
What it will mean to be independent	<ul style="list-style-type: none"> <li>• Suddenly some people have to remember what it's like to be a independent company. Even for some of the {Tadco} people who are still here, they weren't in senior enough positions then to really know what it means and others are just not sure what it means to begin with. So now we are going through this growth cycle and there is going to be some ruffled feathers because we don't necessarily have all the skills we need. (#10 - Sr. VP)</li> <li>• You almost have this cognitive dissonance where you are trying to say you were different but you really weren't that different. So maybe it's better to accept who you are and try to be the best at that, than to try and really totally change. But we are different, it just doesn't seem like it. It can all get very confusing. (#29 - Business manager)</li> </ul>
How do we get there from here?	<ul style="list-style-type: none"> <li>• I don't necessarily see how we are going to get there or what we are doing right now to lead us to this vision that supposedly is guiding us. There is maybe ambiguity as well in the sense of what's really going on. Is it stable? Do we have a good future? Those sorts of things. (#26 - HR manager)</li> <li>• I mean, I think things are going to be great three years from now, but we got to get there and I don't see how yet. (#24 - Business manager)</li> <li>• We want to be more about recognizing employees, customer focused, trying to be less bureaucratic. We have gotten a lot more bureaucratic over the last several years. We want to be or, at least, we want to see ourselves as not as bureaucratic. So I think we're going to try to be a little bit less bureaucratic than we are, I just don't know how. (#22 - VP)</li> </ul>

**Construed external image discrepancies.** The identity ambiguity experienced by members of Bozkinetic after the spin-off was also triggered by incongruities between how they saw their own organization (i.e., organizational identity) and their perceptions of how outsiders saw the organization (i.e., construed external image). For the most part, Bozkinetic employees

believed the spin-off was a positive thing for the company, that the company was headed in the right direction, and that the company was in a strong position to be a leader in the technology economy. Unfortunately, this did not always correspond with what they heard from the business media, the stock market, or even their customer contacts. It was a frequent theme in my interviews to hear employees explain how they believed the media misrepresented the company and sometimes even how inaccurate information was reported in various articles and columns. This was exacerbated by some informants' beliefs that the company did not do enough to counter misinformation in the press or try hard enough to get its side of a story out.

They also expressed their belief that the spin-off did not receive as much attention as it should have and that the company was not given its due as the technology/marketing leader they thought it was. These feelings of misunderstanding were also evident in the perceptions industry analysts had of the company, most often seen as being reflected in the dropping stock price (as one informant explained, "They often drop your stock price when they don't think you have strong management and its pretty obvious we do"). Concurrently, many felt that the lack of knowledge current and potential customers had of their independence from Bozco was also negatively affecting external perceptions and the company's stock price (everyone's favorite story was of a family member continuing to ask them questions about service only offered by Bozco and no longer supported by Bozkinetic).

Discussion about this discrepancy often included dissatisfaction with the company's efforts at external communication (marketing, investor relations, etc.), which further served to heighten employees' ambiguity about who the company was and what it was becoming. Unfortunately, one of the direct consequences of the spin-off was an external regulatory constraint on their ability to communicate with key stakeholders in the form of a government-

mandated quiet period until the financial and equity aspects of the spin-off were completely settled. This quiet period is mandated too ensure the company does not do anything to hype its own stock unduly while investors are determining the specifics of the restructuring deal. Unfortunately, when Bozco issued a tracking stock for Bozkinetic prior to the spin-off announcement, all employees received shares in the company, which made them shareholders and, thus, targets of the quiet period. As a result, Bozkinetic found itself in the difficult position of not even being able to communicate with its own employees about future announcements, breakthroughs, and strategic moves, a condition my informants described as severely limiting the company's ability to manage impressions and counteract discrepant feedback received from outside sources.

These perceptual discrepancies and the company's inability to effectively counteract them served to weaken and obscure employees' sense of who the company was and where it was going. Even though they firmly believed that the company was better off being independent from the parent and that it was better than it externally portrayed, the mounting feedback still undermined their confidence that the company could actually be something that the outside world did not see it as being. This belief was, perhaps obviously, strongest among those who had direct contact with people outside the company as part of their job, and those who had been with the company the longest.

**TABLE 5.6 – REPRESENTATIVE DATA FOR THEME: *CONSTRUED EXTERNAL IMAGE DISCREPANCIES***

<b>1<sup>st</sup>-Order Categories</b>	<b>Representative Data</b>
Misperceptions / false data reported in the media	<ul style="list-style-type: none"> <li>• Oh, we are treated extremely poorly in the media. If you read Business Week, I mean they just beat us up whenever they get the chance. Plus, I think we are very poor in terms of media response. (#28 - Sales manager)</li> <li>• We view ourselves, at least in the large business space, as the market leader. But that's not how we are viewed in the press. (#13 - Sr. VP)</li> <li>• And I see things written all the time that are just blatantly false. There's a lot of things that we don't say or we don't even rebuttal. We also are just a</li> </ul>

	<p>company that doesn't give out info, we don't put out as many press releases as some other companies. So I feel that our name and what we're doing isn't always out as much as some of our competitors. (#19 - VP)</p>
<p>Quiet periods constrain our internal communications</p>	<ul style="list-style-type: none"> <li>• It will be very nice to be out of the quiet period. The employees will appreciate that. One of things that's been hard with the quiet period is that even our employees, because they became shareholders last year with the tracking stock, can't be told things that might be seen as hyping the stock. So we've had to do a lot less employee communication because of the quiet period than we normally would have, which has been frustrating to employees. It's been frustrating to the leadership team too. (#9 - Sr. VP)</li> <li>• You can't tell them...some things you wouldn't tell them anyway, competitive details, but we can't even tell them the small stuff. Even on the {ground breaking technology} stuff you can't tell them anything because that would be perceived as hyping the stock. Well, telling them about all the wonderful capabilities of some of the new technology would be very helpful right now, but you can't tell them because it's considered hyping the stock and because they are shareholders... so the presentations we're giving to employees are very vanilla. (#21 - VP)</li> <li>• We actually haven't pushed it very hard. When we did the {strategic partnership} we announced there would be a wholly owned subsidiary as part of a strategic deal. That's about all the announcements we could do, and the reason for that is until we spin from {Bozco} we actually are in a government-mandated quiet period. So a lot of the forward looking statements we're prohibited from doing, especially externally because we can't do anything that hypes our stock or positions our stock in a way that you would normally do, just because of the risk. (#5 - Exec VP)</li> </ul>
<p>Stock price does not adequately reflect who we are</p>	<ul style="list-style-type: none"> <li>• "I don't think they totally understand what it is we are and what it is we have. I think they are undervaluing what we have. You can look at {Bozco's} stock performance relative to their financials and then you turn around and look at our financials and our stock performance and the two things just don't make any sense. Stock prices are linked but performance isn't linked." (#12 - Sr. VP)</li> <li>• "I mean, you're looking at your own personal wealth. Everybody internally told me this was a wonderful thing, that they should spin off and I believe them because I read a lot of the internal propaganda and PR. But externally the only measure I have on how we're doing is the stock price, and they think we suck. So it creeps in the back of your head, "Gee, maybe these people are either lying to me or they are spinning the story in such a way that they didn't tell me the whole story and maybe it's not so good." So there's that self-doubt." (#27 - Business manager)</li> </ul>
<p>Customers don't understand us / know we're independent</p>	<ul style="list-style-type: none"> <li>• "I think from a customer perspective that we're definitely good at taking care of our existing customers. We've got good systems and operations and people want to do business with us because of that. But I think that they view us...I don't think they view us as the nimble, aggressive company that we are." (#14 - Sr. VP)</li> <li>• "Probably not tooting the horn as well as we should. That's one thing I think everybody internally believes, 'why don't we ever get any credit with our customers for all those things because we are doing all the same things and we've done it either longer or we got there first, yet we don't get that credit.'" (#24 - Business manager)</li> </ul>

	<ul style="list-style-type: none"> <li>• “I think we will see that it's hard to establish our identity because we will think of ourselves as truly separate but our customers' and the publics' unaided awareness is going to be extraordinarily low. ‘You're haven’t changed your name, right, so you're still part {of Bozco}?’ Well no, now we're a separate company. ‘Well, why haven’t you changed your name?’” (#10 - Sr. VP)</li> </ul>
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### Outcomes of Identity Ambiguity

As one might expect, the identity ambiguity did not exist in Bozkinetic without having an effect on the organization’s internal processes and external interactions. As illustrated in the model depicted in Figure 5.5, three themes emerged during the post-spin period that provided insight into the outcomes of the identity ambiguity for the organization and its members (see Table 5.7 for this dimension’s data structure). A strong theme emerged during the early post-spin period as members struggled with all of the changes associated with the spin-off, their newly gained independence, and the normal pressures of their highly competitive industry. I named this theme *Sense of Change Overload*. What made this aggregate dimension truly compelling, however, was the emergence of the second theme, *Emotional Reactions to Ambiguity*, from a rather large and significant environmental jolt in the middle of the post-spin period, the terrorist attacks of September 11<sup>th</sup> and their societal and economic aftermath. Finally, an *Emergent Identity Conflict* theme was a consistent undercurrent in the data throughout the project, but strongly emerged near the end of the post-spin period as identity issues came to the forefront after the events surrounding September 11<sup>th</sup>.

**TABLE 5.7 – DATA STRUCTURE FOR DIMENSION: *OUTCOMES OF IDENTITY AMBIGUITY***

1st Order Categories	2nd Order Themes	Aggregate Dimensions
<ul style="list-style-type: none"> <li>• Too much going on to put full effort behind anything</li> </ul>	Sense of Change Overload	Outcomes of Identity Ambiguity
<ul style="list-style-type: none"> <li>• Hard to keep up with everything going on in company</li> </ul>		
<ul style="list-style-type: none"> <li>• Being independent means more work than people to do it</li> </ul>		
<ul style="list-style-type: none"> <li>• Company's reactions to 9/11 really demonstrated who we are</li> </ul>	Emotional Reactions to Ambiguity	
<ul style="list-style-type: none"> <li>• Company's reactions provided a common bond for employees</li> </ul>		
<ul style="list-style-type: none"> <li>• 9/11 was more influential than anything around the spin</li> </ul>		
<ul style="list-style-type: none"> <li>• Consumer vs. enterprise aspect of business</li> </ul>	Emergent Identity Conflict	
<ul style="list-style-type: none"> <li>• Who they were in the past vs. who they will be in the future</li> </ul>		
<ul style="list-style-type: none"> <li>• Tulux technology vs. Jenix technology</li> </ul>		

**Sense of change overload.** The first theme, *Sense of Change Overload*, involved a growing impression among my informants that all of the changes taking place within the organization, both planned and unexpected, were creating an overload among its members. In addition to the normal business-related changes associated with being part a rapidly changing and highly turbulent competitive environment (e.g., shifting technological bases, changing customer desires, new entrants, tightening profit margins, etc), the organization was also dealing with structural and cultural changes related to their breaking away from the parent organization.

These changes included such things as creating and filling new functional positions to replace what the parent organization used to do (and dealing with the power struggles accompanying this sort of structural tinkering), implementing new human resource and internal

accounting procedures (including revising the long-standing performance feedback process), trying to implement a “cost-conscious” culture (to help maintain the company’s financial viability without Bozco’s deep pockets), and developing and rolling-out of new vision, mission, and strategy statements intended to help create a sense of “direction and focus” for the new company. The sense of overload developed as members of the organization attempted to juggle their usual job responsibilities with additional assignments to planning committees, change implementation teams, and cross-functional project teams, along with adjusting to the new procedures and policies being implemented to turn the company into a fully functioning independent business entity.

The identity ambiguity only exacerbated these feelings of overload because it was more difficult to commit to and identify with the changes, not to mention the accompanying increases in work, when the employees could not see how the changes were helping to make the company become who it wanted to be. Without a clear sense of who the company was or where it was going, employees were less motivated to “go the extra mile” for their company (as one informant told to me off tape, “If I knew why this mattered so much, I might care more” ). Additionally, without a clear sense of identity, internal perceptions were more easily swayed by external feedback (which often said the company needed to be focusing its energy in places other than it currently was), and thus led to even more questioning of why all the changes were necessary.

**TABLE 5.8 – REPRESENTATIVE DATA FOR THEME: *SENSE OF OVERLOAD***

1 <sup>st</sup> -Order Categories	Representative Data
Too much going on to put full effort behind anything	<ul style="list-style-type: none"> <li>• “We understand all of this new stuff, but we can’t do it all unless we stop some of the things we’re doing now.” (#8 - Sr. VP)</li> <li>• We can’t do all of this stuff unless we get some help.” (#27 - Business manager)</li> <li>• “I just think that there's so many people who are spending a lot of time communicating with other employees about what they're doing different and less time on actually getting things done and taking care of customers. Everybody's really busy but the busy things people are</li> </ul>

	involved in aren't necessarily the most productive.” (#28 - Sales manager)
Hard to keep up with everything going on in company	<ul style="list-style-type: none"> <li>• “As things change, you know, it’s a very different environment to work in and our strategies change and so that changes priorities and depending on if we have to be reactive to something in the marketplace, that might change something and it just gets to you after awhile.” (#22 - VP)</li> <li>• “Many of you said that as we put all of our effort into reducing customer losses, making the transition to {a new technology base}, and building a cost-conscious culture you are being pulled in too many directions.” (exec memo)</li> <li>• It just seems non-stop. I mean, I expect a reorganization of some sort every six months now. (#24 - Business manager)</li> </ul>
Being independent means more work than people to do it	<ul style="list-style-type: none"> <li>• “Now the jobs tend to be narrower in scope but a lot deeper because you are not responsible for one customer now, you are responsible for 10,000 customers and you just feel overwhelmed sometimes. We need deep functional experts because the scale that we are operating at is much greater, but we just don’t have them yet.” (#29 - Business manager)</li> <li>• “One of the things that we’ve discovered in being independent from {Bozco} is it is much more difficult to get things done without some support from their administrative functions, and we are less efficient in some ways than when we were all together. So in {Bozco} you had the luxury if you needed to make a decision you hadn’t made before, you just simply walked out the door from your office to someone else who had and asked them.” (#21 - VP)</li> </ul>

**Emotional reactions to ambiguity.** As with many organizational phenomena, the presence of identity ambiguity within the organization went largely unnoticed until an unexpected external event occurred that provided the wherewithal for members to take notice of the context within which they were living and working. On September 11<sup>th</sup>, just a few months after Bozkinetic’s Independence Day, three terrorist attacks occurred on American soil, one in New York City, one in Washington D.C., and the other involving the crash of a hijacked plane in southwest Pennsylvania. In addition to the social and economic upheaval these events caused throughout the United States and elsewhere in the world, the events of that day also had immediate and long-term consequences for Bozkinetic and its members.

Although no Bozkinetic property or lives were lost in the attacks, the nature of the ensuing crisis lent itself to Bozkinetic's intense involvement from both a technological and a human resources perspective in the resulting rescue and cleanup efforts at all three locations. The organization took immediate and extraordinary actions on September 11<sup>th</sup> (referred to hereafter in the informants' language of "9/11") to assist local and federal agencies in their response efforts, provided a high-level of continued assistance in the weeks following the attacks, had to cope with numerous personnel issues arising from the proximity of many of their offices to all three crises sites, and needed to manage multiple customer issues arising from the direct and indirect impacts the attacks had on their customers. Unbeknownst to anyone in the organization, these actions and the manner in which they came about resulted in a significant impact on Bozkinetic's organizational identity throughout the remainder of the post-spin period.

More so than any other theme, there was tremendous agreement among my informants that the way the organization reacted to 9/11 was a bona fide representation of "who we really are as a company." They talked about their collective pride in the decisiveness with which their leadership had offered the company's assistance, with no apparent concern for the cost or profit implications of their actions. They also spoke of the empowerment they felt from knowing that they were part of a company that "did the right thing when the chips were down" (#24 – Business Manager), even when it had no obligations to do so. Finally, my informants felt that the organization's decision not to publicize these actions or use 9/11 to their advantage in any way, even in terms of advertising or media, customer, or investor relations, was an extraordinary gesture driven by altruism and a laudable sense of community that crystallized personal and organizational identities. In effect, my informants felt that these actions constituted the clearest examples "of the type of company we want to think of ourselves as being" (#8 - Sr. VP).

These shared feelings that the company had “done the right thing” further helped to create a common bond among its members, especially in the immediate days and weeks following 9/11. This bond centered around the feeling that regardless of what happened, Bozkinetic members “were in this together” and the company would strive to do what was necessary to prevail. This emotional bond was evident both at the individual level (e.g., informants talking about their own self-identities getting a boost from being a part of the company and their renewed commitment to the company) and the collective level (e.g., informants talking about the heightened emotional climate within the company and increased pride shared among employees). Far and away, this theme and its first-order categories captured the most emotional aspects of any of my interviews concerning the organization’s identity.

However, these emotions were not just positive ones relating to how the organization’s identity was molded and revealed by 9/11. More importantly, they highlighted the presence of ambiguity about “who the company was” prior to the terrorist attacks and heightened their emotional response to that recognition. Everyone with whom I spoke to after 9/11, from the CEO to the at the lowest ranks, mentioned something about 9/11 being more closely tied to defining and/or revealing who they were as a company than anything that occurred during the spin-off. The CEO explained this reaction as arising because “what we did on 9/11 touched something visceral within our employees, something the more intellectually focused spin-off did not.” It was clear that, among other things, 9/11 provided a release for organization members concerning the (lack of) development of their organization’s identity, a release that proved to be “healthy” for the organization through its crystallizing effects on internal perceptions of the company.

I chose to label this theme “Emotional reactions to ambiguity” for two reasons. First, it was clear that the reactions members had to the organization’s responses to the crisis and the subsequent recognition that the company really had not known who it was prior to those responses went beyond the realm of cognitive or behavioral reactions. Beyond my informants’ labeling of it as being an emotional reaction (which they did by referring to the organization as a whole, not just themselves as individuals), it was clear that something deeper was felt by the organization’s members as a collective. It was this shared affective reaction that helped uncover the identity ambiguity more than any prior cognitive or behavioral reactions had done.

Second, these emotional reactions were as much about the organization’s clear demonstration of its members’ desired identity for the first time as they were about the crisis itself. Thus, it was not just people emotionally reacting to the terrorist attacks and loss of life, but also to their individual and collective feelings about who they were as an organization. For instance, it was clear that emotions relating to the terrorist attacks themselves were felt much more strongly in the East Coast offices closest to the actual attack sites than those in other offices on the West Coast and in the Midwest. The emotions involving the clear demonstration of Bozkinetic’s identity, however, were fairly consistent across geographical locations and there was no East Coast bias. Thus, it became evident that two different emotional reactions had occurred, one involving the crisis itself and the other involving the identity ambiguity. The second of these was of direct interest to understanding Bozkinetic’s identity change process.

**TABLE 5.9 – REPRESENTATIVE DATA FOR THEME: *EMOTIONAL REACTIONS TO AMBIGUITY***

1 <sup>st</sup> -Order Categories	Representative Data
Company’s reactions to 9/11 really demonstrated who we are	<ul style="list-style-type: none"> <li>“So I think people are real happy that we are building our own identity out of this and moving ahead. I think that with {the CEO’s} leadership, the way we handled the 9/11 kind of stuff, the way we made those decisions pretty quickly, they are all just positive messages that I think have really meant a lot to the employees as far</li> </ul>

	<p>as the integrity and identity of this company, but it's still in flux in my opinion. It's still being formed.” (#16 - VP)</p> <ul style="list-style-type: none"> <li>• “I think in some respects we'll look back and it will be a milestone where we took a stand in terms of identifying and defining who we are.” (#25 - Technology manager)</li> <li>• “I think the events around September 11th gave us a new perspective on what is or isn't important to who we are. I don't believe that it necessarily changed the fundamentals of that, but it changed some weighting of some things. It forced us all I think to reevaluate lots of things.” (#18 - VP)</li> </ul>
<p>Company's reactions provided a common bond for employees</p>	<ul style="list-style-type: none"> <li>• “It really binds these people more to know that we're doing the right thing and caring about this and committing our technology to helping people and consider ourselves to be stewards of something special than what they responded to on our Independence Day and running up to it.” (CEO)</li> <li>• “I think it gives a personality to the company in a sense of pride and citizenship. Here's a company that cares, that didn't try to make money off of that. And I think people felt great about it because they were doing something to help.” (#4 - Exec VP)</li> </ul>
<p>9/11 was more influential than anything around the spin</p>	<ul style="list-style-type: none"> <li>• “We are the same company I wanted to be before and after September 11th, but September 11th made it visceral and gave us a most unfortunate opportunity to demonstrate what it meant to be one of these companies instead of just use the words.” (CEO)</li> <li>• “For all the excitement we tried to build around the spin, independence, unfettered growth, unaffiliated, fully-funded, fast-growing company, great technology, for all of that excitement and wonderful pitch that we gave, we got some take up but it wasn't lasting on the spin itself, on Independence Day. Especially nothing like how they reacted to our 9/11 actions.” (CEO)</li> <li>• “How do we think 9/11 impacted employees? There's more of a focus. There will be more of a focus I believe long term on the connectiveness of employees needing to feel that they are part of something that does good as opposed to just I turn up to work everyday.” (#2 - Exec VP)</li> <li>• “I think you are going to have more people questioning, ‘Why do I come to work everyday? Why do I work here as opposed to there?’ And to the extent that we can say, ‘Because we're a company that cares. We're a company that will treat you well. We're a company that's doing something good.’ It's those broader, more societal impacts that I think will long term have an impact.” (#6 - Sr. VP)</li> </ul>

**Emergent identity conflict.** Despite the fact that 9/11 and its aftermath helped ease aspects of Bozkinetic 's identity ambiguity (i.e., there was some sense that “we know who we are right now”), there was still significant identity ambiguity involving “who we are going to become as a company” and “who we will be” in the future. This remaining ambiguity formed

the basis for a subtle, but mounting, identity conflict as multiple perceptions about who the company was becoming competed for pre-eminence among Bozkinetic members. This conflict was heightened by the post-9/11 recognition that there was ambiguity in “who the company was” (despite doing the right thing with the 9/11 crisis) and “who it was going to be,” which established the political grounds on which different parties could attempt to gain control of members’ perceptions.

The fault lines of this evolving conflict were evidenced by three emergent tensions involving different aspects of the organization’s current and future identity: (1) a continuing tension between the *consumer* and *enterprise* aspects of the business, (2) an ever-present tension between *the past* and *the future*, and (3) a growing tension between *two different technology paradigms* at the core of Bozkinetic’s products and services. I refer to these as identity-based tensions, not identity conflicts themselves, because none of these reached the stage of actually taking on the designation of identity claim. The official rhetoric surrounding the company’s identity never reflected any of these tensions; instead, they were manifest only in the organization’s structure, in its business processes, and in its resource allocation decisions. In this way, they were present for members to see and experience, but they had not yet reached the status of (or been used by someone as) a claim of ‘who we are as an organization.’ However, it was clear that if these tensions were not properly managed, they would form the foundation of an identity conflict filling the void erected by the identity ambiguity. In addition, while no one tension was strong enough to do significant damage to the organization by itself at the time, together, they represented a perceived threat to the company’s near- and long-term future.

*Consumer vs. enterprise.* As with any business involved in both the individual consumer and the small- and large-enterprise domains, there was a difference in opinion concerning which

market was most important and where the major resources should be allocated. This tension was not new for the members of Bozkinetic. However, my informants did see this tension as gaining strength within the company as Bozkinetic began to re-assert itself through externally-projected images as the largest independently operated business in the industry. Informants at all levels expressed concern that from their perspective, either the enterprise side or the consumer side was not receiving enough attention in advertising, offers, promotions, analyst reports, news stories, etc. Regardless of whether this was true, perceptions existed that there was a split and that the split was not being handled effectively, either internally or externally. This tension not only created competing identity claims and visions of the company's future, it also prevented necessary coordination among supporters of the two sides.

*The past vs. the future.* There was a continuing tension between who the company used to be, what its values used to be, and what it used to be like to work for the company, and what the company was becoming, what its new values were going to be, and what it would be like to work for the company in the future. This tension originally emerged within Bozkinetic in comparisons between “the {Tadco} days” (as some people called them) and the growing influence of Bozco. In the post-spin period, this tension was most evident in concern among employees about changes to core values, increases in bureaucracy and red-tape, and a growing distance between them and their leaders. Those of my informants who were not part of the senior leadership team expressed a fondness for “the way the company used to run” (even if they had not been in the company for long) and the “ease with which we could interact with our leaders.” Perhaps the most common example cited by my informants was the leadership's decision to stop implementing a long-used and employee-favorite feedback survey because of financial and time management reasons. The firestorm caused by this decision caught senior

leaders off guard and resulted in their repositioning their decision as merely a postponement until next year so that they could improve the survey and make it even better.

These comments and examples, while not usually offered in an accusatory manner, did highlight a subtle heightening of this on-going tension based on the intense changes undertaken since Bozco's original announcement that Bozkinetic would be tracked as a separate financial entity. It was clear from my informant's perspective that employees believed this tension would persist until the company's identity and future image stabilized and could then provide some comfort for employees during times of change.

*Tulux technology vs. Jenix technology.* Finally, the last identity-based tension centered on two competing technology paradigms, one representing Bozkinetic's past and current situation (Tulux) and the other the future (Jenix). While this could have been coded as part of the past-future tension discussed above, my informants' characterization of it as a distinct tension led me to set it apart as its own first-order category. More so than the other emergent tensions, the split between Tulux and Jenix seemed to be the one with the greatest potential to do significant damage by itself. Part of this tension existed because Bozkinetic was forced into creating an artificial structural separation between the Tulux group and the Jenix group based on a strategic alliance with another Jenix company. Despite the fact that there were reporting and liaison relationships in place to help with coordination, this structural separation helped feed the growing perceptual split at the heart of this tension, one that was a natural result of the spin-off.

One natural tendency in a spin-off is to focus heavily on the future, not only because the new company wants to impress on others its belief in a positive outlook, but also because, in this case, it would help distinguish the new company from Bozco and those that it is now competing with exclusively. Thus, an increased focus on Jenix was natural because it helped Bozkinetic

strengthen its desired reputation as an “innovator” and a “technology leader.” However, it also led to internal perceptions that the use of Tulux (which signified the past identity elements of “reliable and safe,” “conservative,” and “industry founder”) was being downplayed, even though people recognized that senior leadership knew it could not attain its desired future without maintaining what they were currently known for (i.e., the company could not become a leader in Jenix if it fell behind in Tulux).

**TABLE 5.10 – REPRESENTATIVE DATA FOR THEME: *EMERGENT IDENTITY CONFLICT***

1 <sup>st</sup> -Order Categories	Representative Data
Consumer aspect of business vs. business customers	<ul style="list-style-type: none"> <li>• Our leaders just don't seem to understand that these two customer groups have different expectations for us and its causing problems internally. Its even leading to different beliefs about what we should focus on and do going forward, especially from a resource allocation perspective. (#23 - Marketing manager)</li> <li>• So {one analyst's focus} has caused more attention to be put onto the enterprise side of the business. I still think that when you look at the weight of the resources and when you look at how decisions are made, it's still very consumer centric, but the balance is shifting a little bit and there's anxiety about that. (#26 - HR manager)</li> </ul>
Who they were in the past vs. who they will be in the future	<ul style="list-style-type: none"> <li>• That's the only reason that {a long used internal survey} was postponed is that we needed to modify it and take a look at it and say, "Does this fit with who we are becoming?" But people are pretty jumpy about changes to what we've done in the past right now, so that was why there was such a firestorm around that. (#5 - Exec VP)</li> <li>• An economic reality of the spin is that it causes you to do things like adjust medical benefits because of rising costs. It shouldn't effect how you talk about recognition or whether you mention employees hard work occasionally, or even in getting rid of the {long used internal survey}. I actually heard our senior leaders say we've spent too much time recognizing employees in the past. Now, tell me how a company can recognize employees too much? But that's what the future seems to holds for us. (#27 - Business manager)</li> </ul>
Tulux technology vs. Jenix technology	<ul style="list-style-type: none"> <li>• So you'll see all this stuff growing, but we've got to put the infrastructure in place to handle the large ramp that's expected next year for {Jenix}. At the same time, we got most of our customers using {Tulux}. We can't take our eyes off of that because that's where all the money is coming from right now. So we're definitely schizophrenic right now and I don't know anyway around it. (#25 - Tech manger)</li> <li>• And yet with the {Jenix} group now coming along {that tension} could replicate itself, you know, that same struggle. Even down in the trenches I think that people have the sense that its starting, that its</li> </ul>

	<p>{Tulux} versus {Jenix}. (#11 - Sr. VP)</p> <ul style="list-style-type: none"> <li>• What could be done about this {Tulux}-{Jenix} tension that's building? Well, I think there are many people who are key who are seeing it. Whether {the CEO} and his team see it or what his thoughts are I don't know. But I've had some of my employees come back from doing interviews with some of the leaders in various parts of the business and they talk about it. But what will be done? I don't know that we are going to see a whole lot soon because these are very strong, very egocentric, very powerful people as you often have at the top of a company, so I don't know how we're going to it play out. I don't see them going to Camp David together on this. (#13 - Sr. VP)</li> </ul>
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Collectively, these three themes – sense of change overload, emotional reaction to identity ambiguity, and emergent identity conflict – provide insight into the possible outcomes of identity ambiguity for the organization, outcomes that play an important role in the day-to-day business and image-making of the company. Because of this potential impact, they also apparently combined to create a sense among the senior leadership that steps had to be taken to stabilize the company's identity and images, and help reduce the identity ambiguity present in the organization. As illustrated in Figure 5.5, all three outcomes were related to the emergence of this sensegiving imperative among senior leaders, which in turn prompted specific actions from the leadership team.

### **Sensegiving Imperative**

Near the end of the post-spin period, data collected from members of the top management team began to indicate not just a growing awareness of the state of the organization's identity, but also a recognition that steps needed to be taken to actively manage it. Instead of being another direct outcome of the identity ambiguity, however, it was clear that this awareness and recognition arose from the outcomes of identity ambiguity and not from the ambiguity itself; that is, the top management team did not recognize the need to respond to the identity ambiguity until employees' sense of overload, emotional reactions, and the emerging identity conflict signaled to them the need for action. I labeled this theme *Sensegiving Imperative* because of its focus on

senior leadership taking active steps to provide sense around the organization's identity. As illustrated in Table 5.11, this theme consisted of three first-order categories.

**TABLE 5.11 – DATA STRUCTURE FOR THEME: *SENSEGIVING IMPERATIVE***

1st Order Categories	2nd Order Theme
<ul style="list-style-type: none"> <li>• Recognition that people are not making connection between vision and their day to day responsibilities</li> </ul>	Sensegiving Imperative
<ul style="list-style-type: none"> <li>• Need to build off Sept. 11<sup>th</sup> feelings with renewed messages</li> </ul>	
<ul style="list-style-type: none"> <li>• Executive meetings specifically to determine internal communications plan</li> </ul>	

Perhaps the strongest indication picked up by senior leadership was the emotional reactions employees had to finally feeling like they knew who their company was based on the company's reactions to 9/11. This recognition began with the CEO who very early after 9/11 realized that the 9/11 crisis had afforded his team the opportunity to connect with its employees on an emotional level, something the spin-off had not accomplished. Furthermore, he shared his personal revelation that it was through this emotional connection that he could best get the employees to see who their company was and why they should commit to its goals and larger purpose. A trickle-down effect seemed to occur after this in that subsequent interviews with members of the executive vice-president, senior vice-president, and vice-president level reflected the CEO's thoughts and resulted in a growing consensus among the top executives that something had to be done to build on this.

Aiding this growing feeling was the second realization that employees had not been able to connect their jobs and daily responsibilities with the Cornerstone statement provided during the spin-off to help guide the company. This was especially true with the vision and mission statements, which were seen more as "corporate speak" than guiding principles. As this

realization took on more importance for the senior team, it sparked conversation about how that connection could be made and what the organization could do to help employees gain a better sense of who the company was and why each of the employees was an integral part of its vision.

A series of executive meetings were held, the result of which was the creation of a temporary steering committee designed to look into how the company could sustain employees' positive feelings for their company post-9/11 and what the company should do to better communicate its messages to internal and external audiences alike. This committee developed a three-stage process the company would follow (immediate steps, short-term actions, long-term plans), with four key goals for their internal efforts: (a) invest in our most valuable asset, our employees, (b) understand our identity post-spin, (c) create our culture, and (d) cascade goals and objectives tied to company mission and vision.

**TABLE 5.12 – REPRESENTATIVE DATA FOR THEME: *SENSEGIVING IMPERATIVE***

<b>1<sup>st</sup>-Order Categories</b>	<b>Representative Data</b>
Need to build off Sept. 11 <sup>th</sup> feelings with renewed messages	<ul style="list-style-type: none"> <li>• “This sounds incredibly crass, but thank God for 9/11. I wouldn't say we would have had to invent it if it didn't happen, but it really brought home the need to connect with our people in an emotional way, unlike our intellectual attempts around the spin.” (CEO)</li> <li>• “What nobody in this company had seen was whether I was willing to {forgo revenues} to do the right thing for a bunch of traumatized people. We did and now we have to build on that with our people.” (CEO)</li> <li>• “September 11th was an object lesson. Nothing intellectually is different except that we are spending more time with {customer offers} with this segment than we are over here. But what we stood for and what the technology can do and where we wanted to take people, that is the same. The values that we wrote down on Independence Day are exactly the same. They just have more meaning for people now.” (#3 - Exec VP)</li> </ul>
Recognition that people are not making connection between vision and their day to day responsibilities	<ul style="list-style-type: none"> <li>• “The effort for a lot of last year was focused on the split and then I think we've been kind of quiet and relatively low profile since. So I think we really need to ratchet that up and really position ourselves internally. What I have my team working on internally is a plan that really looks at what is the strategy and the vision kind of going forward and try to develop a kind of multimedia approach to what it means for the individual.” (#4 - Exec VP)</li> <li>• “What do we tell our employees? Well, we have to tell them they are</li> </ul>

	<p>part of a great company. But more than that, I now understand, is that we've got to get beyond that, we've got to find that emotional attachment for what we are doing. If we don't get our message out soon, it may not matter." (CEO)</p> <ul style="list-style-type: none"> <li>• "When you get down to the worker bee level, even my own direct reports would say they haven't heard anything about {the Cornerstones} since July. For the most part, they are still feeling like they are not getting as much information as they would like to have. They still don't see the relevance to their jobs." (#6 - Sr. VP)</li> </ul>
Executive meetings specifically to determine internal communications plan	<ul style="list-style-type: none"> <li>• <i>Special committee of senior leaders and their direct reports established to look at sustainability of 9/11 morale boost for organization's employee relations and communication</i></li> <li>• <i>Development of a 3 phase effort directed at changing internal and external perceptions of the company, including specific employee efforts such as: (a) Invest in our most valuable asset, (b) Understand our identity post-spin, (c) Create our culture, and (d) Cascade goals and objectives tied to company mission &amp; vision</i></li> </ul>

### Leadership Responses to Sensegiving Imperative

Even though senior leadership began planning for and taking steps to deal with the sensegiving imperative late in my data collection efforts, three different themes still emerged in the data (as illustrated in Figure 5.5) that provided preliminary insight into the formal organizational responses to the identity ambiguity (see Table 5.13 for these second-order themes). Each of these responses were specifically targeted at managing internal perceptions of the organization's identity and future image, although some were coupled with other initiatives such as on-going attempts to change the organization's culture or improve their external public relations and advertising efforts.

**TABLE 5.13 – DATA STRUCTURE FOR DIMENSION: *LEADERSHIP RESPONSES TO SENSEGIVING IMPERATIVE***

1st Order Categories	2nd Order Themes	Aggregate Dimensions
<ul style="list-style-type: none"> <li>• Shift from ‘independence’ and ‘innovative’ to ‘doing the right thing’</li> </ul>	Refined Desired Future Image	Leadership Responses to Sensegiving Imperative
<ul style="list-style-type: none"> <li>• Providing more to work life than just a paycheck</li> </ul>		
<ul style="list-style-type: none"> <li>• Proactive management of internal and external perceptions</li> </ul>		
<ul style="list-style-type: none"> <li>• Using branding efforts to change external perceptions</li> </ul>	Increased Branding Efforts	
<ul style="list-style-type: none"> <li>• Branding efforts can help employees with disconnects</li> </ul>		
<ul style="list-style-type: none"> <li>• Our brand is even more valuable now post-9/11</li> </ul>		
<ul style="list-style-type: none"> <li>• Leadership behavior is what people reacted to on 9/11</li> </ul>	Modeling Behaviors	
<ul style="list-style-type: none"> <li>• Behaviors more influential than words</li> </ul>		

**Refined desired future image.** One of the first responses to the sensegiving imperative, and one that developed directly from insiders’ reactions to how the organization responded to 9/11, was a refinement of the desired future image projected by top management. Although most senior leaders with whom I spoke did not feel that 9/11 had changed anything about who the company was, they all agreed that it had been a “crystallizing moment” that had uncovered what was already there but had not yet surfaced explicitly. Additionally, most believed that it had brought forth a clear example of who the company could be when it really mattered – a company that cared for its employees and customers and that did the right thing, regardless of cost. This notion of “being something special” was at the heart of senior leadership’s revising of their future image of Bozkinetic, a revision that they felt would take some time to finish.

In discussions about how best to communicate a new vision, it was telling that the CEO believed that who they had been trying to be was not necessarily wrong (it just had not clicked

with employees), so they should not do it in a way that invalidated that prior image. Instead, it was important to note that the world had changed and therefore different aspects of the company were now more important and needed to be the focus of the company's efforts going forward. The company did not need to change who it was, as much as it needed to shift its focus to other strengths. Initial attempts at this shifting involved stressing the deeper purpose behind what the company was doing for customers, and therefore the deeper purpose behind each employee's job, as well as stressing that the technological efforts of the company were helping to make the world a safer, more convenient, and more comfortable place to live.

It was also very important for the members of the senior leadership team, especially those who had been members of the parent organization prior to the spin-off, that certain discrepancies between external perceptions and reality (as they saw it) be fixed, as well as to manage discrepancies between internal and external perceptions. Most felt that the effective buy-in of this refined desired future image by employees would go a long way toward managing some of the more nagging image-based discrepancies. If employees felt an increased commitment to Bozkinetic because it was a company that did the right thing and helped make the world a better place, then not only would they be more likely to ignore discrepant feedback from outsiders, but their increased commitment might also change external perceptions of the company, and, thus, decrease the discrepant feedback. This logic helped explain the belief among senior leaders that any efforts at changing internal perceptions had to match with external efforts at branding and public-relations.

**TABLE 5.15 – REPRESENTATIVE DATA FOR THEME: *REFINED DESIRED FUTURE IMAGE***

<b>1<sup>st</sup>-Order Categories</b>	<b>Representative Data</b>
Shift from 'independence' and 'innovative' to 'doing the right thing'	<ul style="list-style-type: none"> <li data-bbox="540 1801 1421 1900">• “We still have to make our quarterly numbers, no matter how ordinary that makes us, just to be the most reliable executor on the street, which we have been for the last {several} quarters. But being financially</li> </ul>

	<p>sound is not good enough for our employees and neither was being the most competitive. Neither was being the most innovative. Neither was being an independent, fast-moving company. It doesn't work for them. What counts is the most caring company that delivers to its customers. I'm not doing better than something special right now. But everybody knows what it is viscerally and we have to connect with that.” (CEO)</p> <ul style="list-style-type: none"> <li>• “You get different answers {to who we are}. I've heard people in this company say, "Do we really understand what we are about or not?" Well it's pretty simple to say, "We're the best {technology services} company in North America." I mean that's pretty focused, but I'm not sure that everybody could repeat that back to you or even understand what it means to them. We've got to bring it to them emotionally and make them feel it and doing the right thing could be it.” (#5 - Exec VP)</li> </ul>
<p>Providing more to work life than just a paycheck</p>	<ul style="list-style-type: none"> <li>• “There will be more of a focus I believe long term on the need of employees to feel that they are part of something that does good as opposed to just turning up to work everyday. So how do you do that? Well, it just reinforces the importance of having a clear vision and a mission and strategy that they buy into, and having the communications to spread that image.” (#2 - Exec VP)</li> <li>• “They want to be winners. They want to be innovative winners, but I mistook that. We mistook that for the thing that drives them most, but you've got to put that level of humanity and values and caring underneath it.” (CEO)</li> </ul>
<p>Proactive management of internal and external perceptions</p>	<ul style="list-style-type: none"> <li>• “I believe very strongly, and I've seen it proven time and time again, that people like to work for a company that they can be proud of, that they think is operating from a position of good character, however that person defines it. If you can personify a company that way, then some of these external inconsistencies will not matter as much.” (#19 - VP)</li> <li>• “I think we have some perceptions to change. There's a negative lingering perspective about our technology out there that's really not deserved if you look at the {independent rating service} and a lot of other stuff. But I think you got to put a campaign, not an ad campaign, but a media campaign to really get the facts out there. Because a lot of times, as we all know, perceptions become reality and there's some negatives out there that I think we need to manage. I think we kind of really need to hone down further in a way that may be translated slightly differently than what they're doing now.” (#12 - Sr VP)</li> <li>• “I think that we know who we are more now, but I think that customers are still very confused. For instance, I think a lot of people, I won't say a lot, but some people outside the company I've talked to still don't realize that we have spun off from {Bozco}. But I think we're much more sure of who we are and that's what counts.” (#20 - VP)</li> </ul>

**Increased branding efforts.** Another response to the sensegiving imperative involved the leadership team undertaking a revamped approach to their external communication efforts, with special emphasis in the area of branding. The leadership felt strongly that their brand was

an important asset that was currently being underutilized. This belief grew out of external research that showed their brand (still shared with Bozco) had increased in value because of the strong patriotic sentiment following 9/11. In fact, this belief was so strong among senior leaders that a previously planned sub-brand rollout (based on the new technology Y) that had been in the works since the spin-off event was scrapped because it involved the sub-brand's taking prominence over the company's brand name. With the increased public interest in long-standing American brands, the senior leadership company scrambled to revise the campaign to make better use of the company's main brand and turn the new sub-brand into a catch slogan for advertising purposes only. As one Senior Vice-president (#8) told me, "We'll pull this off because luckily {the sub-brand} symbolizes our new identity pretty well."

The seniors leaders spoke of using their brand equity to help manage both internal and external impressions of the company. For starters, they believed that an increased brand presence, accompanied by a number of strategic actions demonstrative of the identity that began to emerge post-9/11, would help change some of the negative perceptions held by analysts and customers. Additionally, as noted in the previous theme, this increased brand presence would also have a positive impact on internal perceptions as employees saw their company publicly demonstrating the values and identity expressed internally during the 9/11 crisis. While no specific branding actions occurred during the course of the data collection, steps were already underway to implement this revised branding plan and communicate its purpose to employees.

**TABLE 5.14 – REPRESENTATIVE DATA FOR THEME: *INCREASED BRANDING EFFORTS***

1 <sup>st</sup> -Order Categories	Representative Data
Our brand is even more valuable now post-9/11	<ul style="list-style-type: none"> <li>• "Remarkably our brand has actually gotten stronger since 9/11. All of a sudden, patriotism is cool now. Recognizable American brands are cool as opposed to being old and stodgy. The {Bozco} brand has suddenly gained even more appeal and it's not inconsistent with our message to customers." (#4 - Exec VP)</li> </ul>

	<ul style="list-style-type: none"> <li>• “When you look at the post-9/11 research, which is significantly different than it was before, there's a real return to people in the industry thinking it's pretty sustainable to have an American, familiar, trustworthy brand. There's a lot of value in our brand and we're going to use that to help out here.” (#11 - Sr. VP)</li> </ul>
Using branding efforts to change external perceptions	<ul style="list-style-type: none"> <li>• “But that's what we are working through with {our new branding agency}. How do you express yourself as the stewards of this technology? As the one who is most likely, because of your brand and your innovation and your caring, to bring it to life and make people more secure, and more comforted, and more assured, and more productive, and more fun.” (CEO)</li> <li>• “I think we need to be communicating that to the media and the investment community. My sense is we've had some connection, but each thing could be kind of ratcheted up a little bit or focused a little bit. There's some great community stuff, maybe 20 different things going on across the country, and it's memorable stuff and has more of an impact if it's a shorter list of things and you're doing it very consistently. But the key is to get our brand attached to it so we can turn some of these perceptions around.” (#5 - Exec VP)</li> </ul>
Branding efforts can help employees with disconnects	<ul style="list-style-type: none"> <li>• “Our branding efforts will also impact employees. I think you want what you are saying internally to match what they are saying about you externally unless it's not true externally obvious. But I think if you're very consistent in what you are saying you're much better off. I think what our employees saw was this unbelievably negative stuff and then it doesn't match up with what they might have been told internally, and you just get a major disconnect and then you sort of spread a lack of trust. We want to correct that with this branding effort.” (#2 - Exec VP)</li> <li>• “Again, we can do a lot better than we did on the spin. Frankly, the new advertising will help us because previously we had forgotten that you are speaking to your own employees when you advertise as well as to your customers.” (CEO)</li> </ul>

**Modeling behaviors.** The final response by senior leadership was that each and every leader within the organization needed to begin modeling the behaviors that were representative of how they wanted employees to perceive the organization. Along with the implementation of these behaviors they planned an increased effort to communicate the meaning behind those behaviors to internal audiences. This decision to focus on modeling behaviors illustrative of their desired identity arose from the leadership team's recognition that it was their behaviors around the 9/11 crisis that people responded to, more so than any of the words used to describe the type of company Bozkinetic was trying to be. While it was still necessary to continue

communicating with employees and “talk a good talk,” without behaviors to backup those words the refined desired future image would gain little traction. Again, because this theme emerged so late in the findings there was no evidence that the tactic had worked. However, those employees with whom I spoke about this plan agreed that it was the leaders’ behaviors during and after the 9/11 crisis that had restored some of their faith in company and that they were looking forward to this continued visible behavior.

**TABLE 5.16 – REPRESENTATIVE DATA FOR THEME: *MODELING BEHAVIORS***

1 <sup>st</sup> -Order Categories	Representative Data
Leadership behavior is what people reacted to on 9/11	<ul style="list-style-type: none"> <li>• “It’s situations like September 11th where you really see if the company has values. How did we really behave? And it tends to be driven primarily by the leadership, not by tent cards or slogans. At that moment of truth people look to their leadership and they say, ‘Okay, so what are we going to do now?’ This is the moment. If there is a hesitation or some holding back when there shouldn’t be it’s those moments of truth that you really understand who you are as a company.” (#4 - Exec VP)</li> <li>• “I think that with September 11th there was a very thoughtful, deliberate effort to do the right thing for employees, for our customers who were affected, for the general public. You know, actions directed at respecting people’s feelings and honoring our commitments. I think that prompted the demonstration of some things that may not have been so visible otherwise.” (#21 - VP)</li> </ul>
Behaviors more influential than words	<ul style="list-style-type: none"> <li>• “I think my point is that by acting very clearly, you help create an identity for yourself. By making those decisions you create an identity, as opposed to sitting around and saying, ‘How do I want to convince people of our new identity?’ They will observe it when they see what we are doing. You can say you want to be known as a decisive company all you like and put it on a tent card or you can actually be decisive.” (#2 - Exec VP)</li> <li>• “I think as long as we the leadership team makes sure we’ve got the linkage, so that the way these people do their job is linked into supporting the vision, then that’s the thing that’s really important more than somebody memorizing what the vision is. It’s really how do they see it enacted by us? How do they see us walk the talk?” (#3 - Exec VP)</li> <li>• <i>So you’re starting to see much more of a connection between the present and the future?</i> “Absolutely. I thought it before because I was confident that they would do it, but I’m even more so now that they’ve proven they can do it. So its less based in faith and more based in action and behavior now.” (#30 - Marketing representative)</li> </ul>

### **Summary: A Model of Organizational Identity Change During a Spin-off**

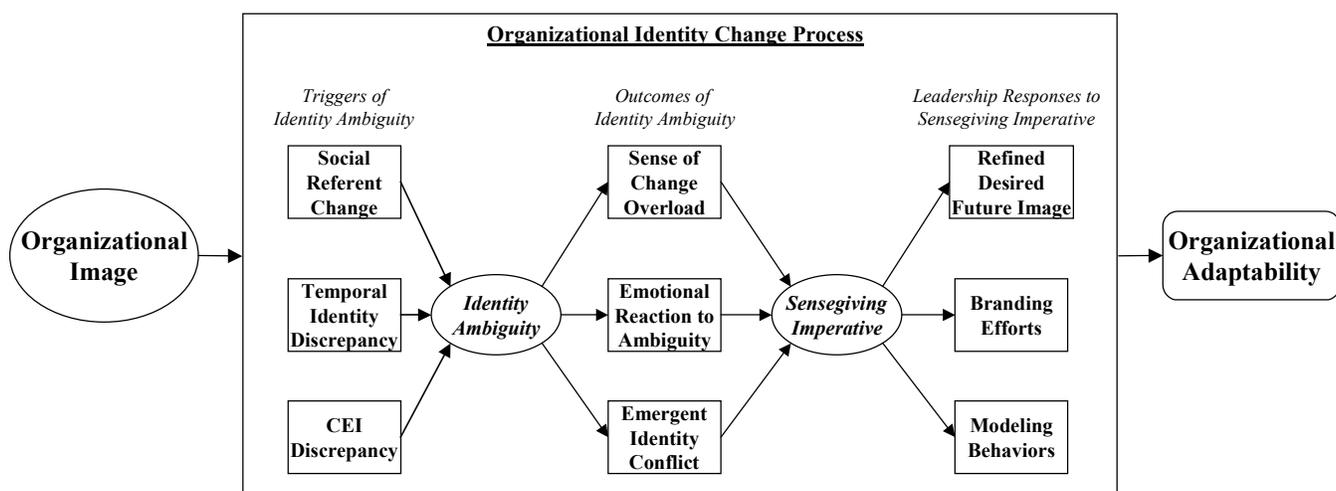
The sections above have detailed the data that emerged from my analysis of Bozkinetic's spin-off experience, data that provide insight into the process by which an organization's identity changes during a spin-off. As illustrated in Figure 5.5, this process involved an emergent identity ambiguity that developed from three discrepancy-based triggers: changes to the organization's social referents, incongruities in perceptions about who the company was currently and who it was going to be in the future, and inconsistencies arising from the comparison of members' sense of who the organization was and their perceptions of how outsiders saw the organization.

This identity ambiguity resulted in three outcomes that affected Bozkinetic's day-to-day business functioning and its members' social interactions: a growing sense of change overload, as members found it difficult to stay committed to a high level of internal change without a clear sense of the organization's identity; a strong emotional reaction by members to the presence of identity ambiguity when an external jolt brought recognition of that ambiguity; and the emergence of identity conflict as tensions arose from competing visions of the company's future identity attempting to fill the void created by the ambiguity. These ambiguity outcomes produced their own effect, the emergence of a sensegiving imperative among senior leadership that eventually led executives to take specific steps to manage the organization's identity ambiguity.

The key to this emergent model is the discovery and detailing of the notion of identity ambiguity, a heretofore unspecified variable in the organizational identity literature. The presence of identity ambiguity inside Bozkinetic's spin-off process provides the basis for understanding how the organization's identity subtly changed over the course of the three data

collection periods. As is quite evident to the reader when looking at Figure 5.5, however, nowhere in any of the model's themes or relationships do the words *identity change* appear. The reasoning behind this is that Bozkinetic's identity change was not an event, nor a "one or the other" type situation, but rather a process that unwound as the organization's identity became ambiguous, the organization recognized this ambiguity and subsequently took steps to bring the identity back to a state of certainty. Hence, identity change is not represented as a box in the model because the model itself is representative of the identity change. Thus, it is possible to add our new insight to Figure 5.1's illustration of the 'black box' of organizational identity change and arrive at Figure 5.6, an 'opened box' of the organizational identity change process.

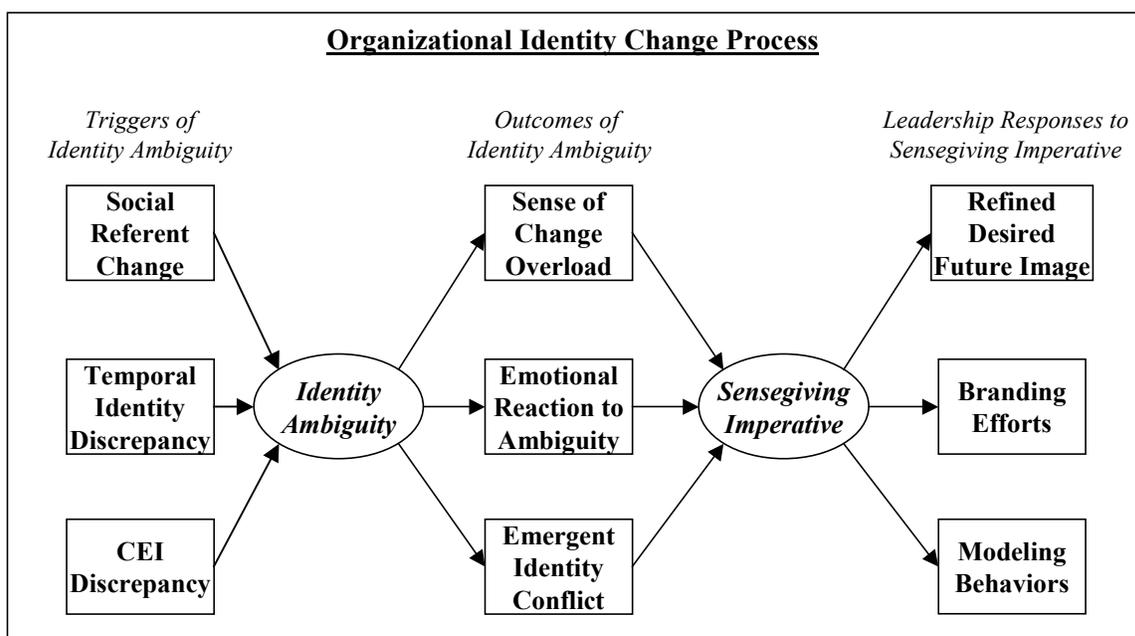
**FIGURE 5.6 – THE “OPENED BOX” OF ORGANIZATIONAL IDENTITY CHANGE**



## CHAPTER SIX: DISCUSSION

Building on the presentation of emergent data, this chapter provides an in-depth examination of how the emergent data and model (re-illustrated in Figure 6.1) provide insight into the study's overarching question, "How does organizational identity change over time?" This examination begins with an in-depth discussion of the key concepts and relationships in the emergent model, with specific attention to identity ambiguity and its importance in the process of organizational identity change. Next, I use these concepts and relationships to answer the guiding research questions outlined in Chapter 3 explicitly and, thereby, explicating further the identity change process. A discussion of the study's limitations and its implications for future research conclude the chapter and provide the appropriate bridge to follow-up studies from this dissertation research.

**FIGURE 6.1 - MODEL OF ORGANIZATIONAL IDENTITY CHANGE DURING A SPIN-OFF**



## Key Concepts and Relationships Within the Emergent Model

### Identity Ambiguity

Perhaps the most significant theme to emerge from the data was the notion of identity ambiguity. The term ambiguity signifies “an ongoing stream that supports several different interpretations at the same time” (Weick, 1995: 91) or “a property possessed by any stimuli of having two or more meanings” (Levine, 1985: 8). In organizational settings, it often takes a form similar to the notion of *information equivocality* discussed by Daft and his colleagues (Daft & Lengel, 1986; Daft & Weick, 1984; Daft & Macintosh, 1981), who define it as “the multiplicity of meaning conveyed by information about organizational activities” (Daft & Macintosh, 1981: 211). Accordingly, as applied to organizational identity, the type of ambiguity uncovered at Bozkinetic involves a shared sense that there are multiple interpretations about who the organization is and, because of this, the organization’s identity is generally undefined.

Identity ambiguity can transpire for different reasons, as in the ambiguity that arose from Bozkinetic’s transformation from being part of a larger organization into an independent entity (vagueness arising due to a change) or in the ambiguity experienced by a new organization yet to establish an identity for itself (vagueness arising due to creation). At Bozkinetic, this ambiguity was evident in the language of the organization’s members (e.g., no clear labels available to describe the organization’s identity or confusion about which labels best describe the organization), in the organization’s formal and informal projected images (e.g., lack of consistency in expressed identity labels or multiple identity labels used to describe the same attribute), and in a lack of clarity behind what the expressed identity labels meant as well.

This notion of identity ambiguity does not currently exist in the organizational identity literature, or any other organizational science literature either.<sup>5</sup> A quick review of various organizational literatures, however, reveals that this should not be a surprise because organizational ambiguities of any form are hard to find. As Meyerson (1991a) has explained, ambiguities are often difficult phenomena to detect empirically because of the negative connotations they hold for members of the organization (and in our society in general) and the unwillingness of members to divulge feelings of self-doubt to outsiders.

In the case of ambiguity about organizational identity, especially after a transforming organizational event, the vagueness of self-definition is even more evident because the ambiguity emerges in contrast to a sense of stability experienced before the event. Thus, it comes somewhat as a shock and, as Weick (1995) explains, initiates sensemaking processes of those involved. That is, the presence of an emergent ambiguity serves as a trigger for sensemaking activities aimed at producing a more structured understanding. When that sensemaking revolves around a collective notion of “who we are,” talk and actions in response to the ambiguity can be expected, which makes this ambiguity more evident than other ambiguities that are more constant and subtle, as in Meyerson’s (1990; 1991b) research on cultural ambiguities. For instance, the ambiguities experienced by Bozkinetic’s members after their spin-off were noticeable and noticed because of their contrast to the feelings of certainty and stability experienced prior to the spin, a contrast members felt open to talk about because of its evidence within the organization.

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<sup>5</sup> The notions of ‘self-clarity’ and ‘self-certainty’ exist in the social psychology literature, almost exclusively in relation to an individual’s self-esteem and depression (Baumgardner, 1990; Campbell, 1990; Setterlund & Niedenthal, 1993). However, there have been no successful transfers of either notion to the organizational-level.

In specifying a new theoretical concept, it is often helpful to compare it to previously delineated theoretical concepts to assist with future operationalizations and development of measures (Hinkin, 1998). These comparisons should accomplish at least two things: (1) highlight its similarities with related concepts so that additional details of its function and structure can be determined (Morgeson & Hofmann, 1999) and (2) distinguish it from similar concepts it may overlap with so that a clearer picture of the concept's theoretical bounds can be ascertained. Four current theoretical concepts provide the wherewithal to accomplish these aims for the concept of identity ambiguity: (1) decision-making ambiguities and cultural ambiguities, (2) role ambiguity, (3) identity conflict, and (4) identity crisis.

**Identity ambiguity and other organizational ambiguities.** The nature of the identity ambiguity that emerged from Bozkinetic's spin-off experience does correspond with the little we know about other organizational ambiguities from prior research, although there are differences as well. One of the most frequently cited treatments of organizational-level ambiguity comes from Cohen, March and Olsen's research on ambiguity and choice in the realm of decision making (Cohen, March, & Olsen, 1972; March & Olsen, 1975, 1976a). These authors premise their discussion on the specification of four types of "opaqueness" in organizations: 1) the ambiguity of intention (ill-defined or inconsistent objectives), 2) the ambiguity of understanding (lack of clarity about causal connections in the world), 3) the ambiguity of history (disagreement about the interpretation and effects of historical events), and 4) the ambiguity of organization (vagueness and instability about patterns of participation in decisions) (March & Olsen, 1976b: 12). The identity ambiguity uncovered at Bozkinetic has aspects of the ambiguity of intention and the ambiguity of understanding, especially in terms of comprehension about what the organization should be doing and how it should be doing it (Feldman, 1991). Also, the identity

ambiguity experienced at Bozkinetic occurred during a time of change, a condition March and Olson note is well suited for the emergence of ambiguities.

Another frequently cited line of ambiguity research is Myerson's (1990; 1991a; 1991b) work on ambiguities that exist within organizational and occupational cultures. Meyerson argued that most cultures experience ambiguity in some form, but its interpretation and legitimacy vary depending on the particulars of the focal culture. Thus, one organization may value ambiguities for the opportunity of growth and learning they bring, while a similar organization with different cultural values will react negatively to those same ambiguities. Meyerson argues that it is more appropriate to conceptualize ambiguity as a natural aspect of organizational life, not as "an exogenous state that is experienced to greater or lesser extents" (1991b: 143) as in more traditional treatments. However, Meyerson also points out that ambiguities generally do not create pleasant environments for work and social relations and thus individuals and organizations often go to great lengths to manage or remove ambiguities from the work experience.

The same holds true for identity ambiguity, especially under conditions of change; it should be thought of as a natural occurrence in the dynamics of organizational identity, but it is also a state that most individuals and organizations do not enjoy experiencing. Thus, organization members tend to take steps to minimize or remove it when the ambiguity becomes apparent or emotionally overwhelming for the organization's members. In addition, like other forms of organizational ambiguities, depending on the organization, its values, and its preferences for equivocality, identity ambiguity can be interpreted differently.

Even though identity ambiguity shares characteristics with these previously researched organizational ambiguities, it is also distinct and, thus, provides insights beyond these views.

For instance, even with Meyerson's (1990; 1991b) insight into the relationship between culture and ambiguity, the cultural ambiguities Meyerson focuses on are distinct from the notion of identity ambiguity. One important difference has already been discussed, the continuous nature of cultural ambiguities versus the emergent nature of identity ambiguity. For the most part, people like to feel that their organizational identities are understood and relatively stable over time. However, as Gioia and his associates (2000) have explained, identity is much more fluid than generally believed because of its close interrelationship with shifting organizational images. When a shock or disturbance incites questions about the organization's identity, or uncovers a previously ignored or unnoticed state of equivocality about the organization's identity, ambiguity as to "who we are" can seem to arise very quickly out of stability and, thereby, create the sensemaking-inducing shock described by Weick (1995). Hence, identity ambiguity functions very differently than more continuous cultural ambiguities and thus should be treated differently from a theoretical and empirical perspective.

**Identity ambiguity and role ambiguity.** Another area of organizational research where ambiguity is important is in *role theory* (Kahn, Wolfe, Quinn, & Snoek, 1964; Katz & Kahn, 1966) and its use as a framework for understanding organizational behavior. Role ambiguity refers to "uncertainty about what the occupant of a particular office is supposed to do" (Katz & Kahn, 1978: 206) and occurs when the roles "which confront the individual {are} not clearly articulated in terms of behaviors or performance levels expected" (Van Sell, Brief, & Schuler, 1981: 45). The most obvious difference between these two types of ambiguity is their level of analysis: role ambiguity is focused either on the perceptions of an individual (in the case of "subjective role ambiguity" - Kahn et al., 1964: 22) or the characteristics of a role itself (in the

case of "objective role ambiguity" - Kahn et al., 1964: 22), while organizational identity ambiguity is focused on the shared perceptions of a collective about who they are as a collective.

Beyond this difference, however, there is a more critical difference that highlights the additional complexity experienced with identity ambiguity that is not experienced with role ambiguity. The difference resembles Weick's (1979; 1995) distinction between uncertainty and equivocality (echoed by Daft and his colleagues - Daft & Lengel, 1986; Daft & Macintosh, 1981); uncertainty involves a situation in which resolution is achieved through the acquisition of *more* information while equivocality requires the acquisition of *different* information. In attempting to minimize or manage equivocality, simply adding more of the same information to the mix will only serve to increase the lack of clarity, not help resolve it. In a similar fashion, role ambiguity involves a situation of uncertainty in which more information about the role sender's expectations and increased clarity about the included behaviors of the sent role (Katz & Kahn, 1966; Van Sell et al., 1981) help minimize or manage the role ambiguity. Identity ambiguity more closely resembles equivocality, in that more information often does little to help the lack of clarity concerning who the organization is, whereas different information helps bring clarity to the underlying meanings of "who we are."

This subtle distinction is an important one, especially for future attempts at operationalizing identity ambiguity. Because of the distinction, current measures of role ambiguity would have to be modified significantly to capture the experiences of organization members living in a state of identity ambiguity. Thus, future attempts to measure or capture identity ambiguity quantitatively will have to take into account its added complexity and utilize the insights gained from identity ambiguity's similarities and differences with other ambiguities found in organizations.

**Identity ambiguity vs. identity conflict.** Perhaps the closest, non-ambiguity based concept that provides a helpful comparison point is the notion of identity conflict. Identity conflict at the organizational level involves a situation in which multiple organizational identities vie for preeminence or privilege within the organization (Albert & Whetten, 1985) and are not seen as being compatible with each other.<sup>6</sup> Identity conflict is different from identity ambiguity, in that conflict involves two or more incompatible identities, any of which could viably serve as the collective answer to the question “who are we?” (Glynn, 2000; Pratt & Foreman, 2000). Identity ambiguity, on the other hand, refers to a situation in which it is vague as to what the organization’s identity is, not because two or more competing identity claims exist, but because no claims exist or the meanings underlying those claims are in doubt. For identity conflict, it is clear what the competing claims/identities mean for who the organization is, but it is not clear which one is more appropriate (a lack of clarity closer in nature to uncertainty than ambiguity; Weick, 1995).

Identity ambiguity, thus, does not necessarily involve multiple identities or identity claims. Ambiguity can exist when no identity claims are being made or the organization does not feel that it has an identity, it can occur when a single organizational identity is in transition or has been called into question by an exogenous or endogenous event or feedback (as was the case in Bozkinetic’s spin-off), or it can occur as multiple identities inhabit the same shared cognitive context, but do not conflict with each other. These potential states of identity ambiguity provide the potential for an insightful typology that could inform future research into organizational identity change. For instance, a typology like this could be useful in specifying the factors that

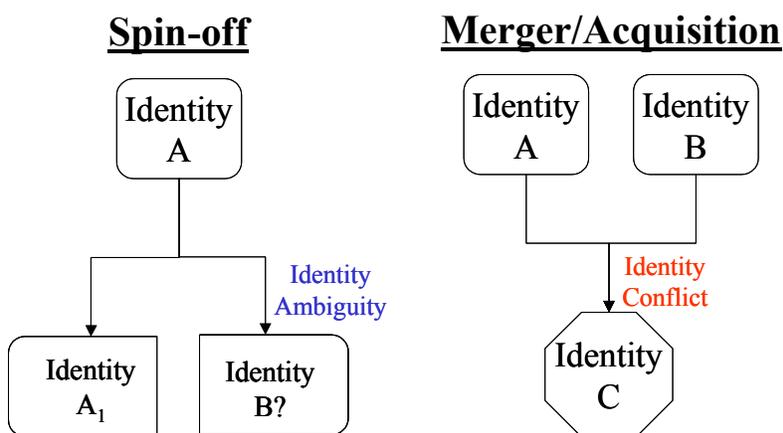
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<sup>6</sup> Interestingly, unlike the differences between identity ambiguity and role ambiguity, this definition is very similar to the definition of role conflict provided by Katz and Kahn (1978: 405): “the simultaneous occurrence of two or more role expectations such that compliance with one would make compliance with the other more difficult.”

lead to different forms of identity ambiguity, the types of change that emerge from different forms of identity ambiguity, and the different individual and performance outcomes related to different forms of identity ambiguity.

It is not surprising that an ambiguity of identity emerged from the spin-off as opposed to the more commonly-studied identity conflict. To date, there has been very little research into the managerial and organizational phenomena associated with a spin-off, and no identity research in this context. Most identity research looking at organizational identity during a transformation has looked at mergers (c.f. Clark, 1999; Tobin, 2002), acquisitions and diversifications (c.f. Barney, 1998), or the creation of a new division (c.f. Brown et al., 2001; Brown & Gioia, In Press 2002). However, as Figure 6.2 illustrates, a spin-off is quite different from these other organizational transformations in that a splitting or partitioning occurs, not a joining or unification. Thus, the emergence of identity ambiguity, as opposed to identity conflict, should be expected given that a spin-off involves loss, not addition.

**FIGURE 6.2 - DIFFERENCE IN IDENTITY DYNAMICS BETWEEN A SPIN-OFF AND A MERGER/ACQUISITION**



**Identity ambiguity vs. identity crisis.** A final comparison can be made between identity ambiguity and the notion of an “identity crisis.” The term *identity crisis* appears frequently in both our scientific literature as well as in our colloquial language. However, the term has never been adequately defined in reference to organizational identity, and I believe it conveys the wrong impression regarding the function equivocality plays in the dynamics of an organization’s identity. While both terms connote a lack of clarity about the state of an organization’s identity, identity ambiguity recognizes the potential for the lack of clarity not to be interpreted as a crisis.

This is important in view of Meyerson’s (1990; 1991b) findings that ambiguities are commonplace within organizations and my findings that Bozkinetic existed in a state of identity ambiguity for some time before a sensegiving imperative arose. Even then, none of my interviews revealed a sense that the organization’s lack of clarity about “who it was” had been classified as a crisis or was ever treated as a crisis. The sensegiving imperative that did arise from senior leadership’s eventual recognition of the identity ambiguity (a recognition spurred by a true crisis, the September 11<sup>th</sup> attacks) never achieved the status of crisis, nor were the steps taken to deal with the ambiguity along the lines of a crisis response. Therefore, it is important to recognize that identity ambiguity is a distinct concept from identity crisis and, until more empirical research can be done with both concepts, should be treated as such in future empirical and theoretical work.

### **Identity Ambiguity and Identity Change**

The intended purpose of this study was to reveal more clearly how organizational identity change occurs. The emergence of identity ambiguity during Bozkinetic’s experience provides the basis for such insight. As illustrated in Bozkinetic’s spin-off, the presence of identity ambiguity within an organization is a tell-tale sign that identity change is under way. In fact, identity

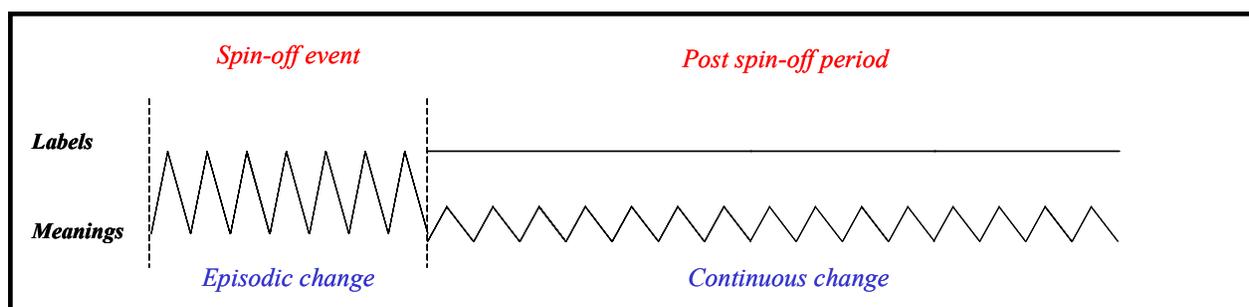
ambiguity represents one of two basic states in which identity change can occur because of image destabilization (Gioia et al., 2000) – the other being identity conflict. The distinction between identity ambiguity and identity conflict (discussed above) serves to highlight the different ways in which the identity change process can be conceptualized, either as a result of a lack of meaning or a result of competing meanings. Before detailing those differences, however, it is important to revisit exactly what is meant by the notion of identity change.

As discussed in Chapter 2, identity change occurs in one of two ways at the organizational level: (1) when the labels used to express identity undergo change or (2) the meanings underlying those identity labels change. In the first instance, identity change is relatively recognizable; commonly used labels previously holding meaning for the organization's members are replaced with new labels (usually chosen in response to changes that have taken place within or around the organization) that have different meanings for who the organization is. For example, an organization's identity may change as its preferred self-describing labels shift from a "computer hardware maker" to a "technology solutions company." In the second instance, identity change can be more subtle as the commonly used identity labels remain stable, but their underlying meanings change or take on new significance for organization members. Thus, the identity label "innovative" may shift in meaning from "leading-edge science" to "finding customer solutions regardless of cost" – the label (and sense of history and stability) remains but takes on a different significance in a competitive environment driven more by customer satisfaction than world-class technology.

In Bozkinetic's case, both types of identity change occurred, albeit in different time frames, under different circumstances, and with different results (see Figure 6.3 for a graphic depiction of the changes). The formal, recognized identity change occurred during the spin-off

period as top management provided new labels to describe who the company was after the spin-off (e.g., “independent” “3<sup>rd</sup> largest” “industry leader”). As expressed by my informants, these labels were not rejected by the membership, nor did they create a conflict among competing identity claims. In fact, the new labels seemed like the type of identity claims that a newly independent company like Bozkinetic should be using to describe itself. Thus, the first type of identity change occurred as top management replaced and supplemented pre-spin identity labels with new post-spin identity labels (episodic change depicted on left side of Figure 6.3).

**FIGURE 6.3 – TWO TYPES OF IDENTITY CHANGE DURING SPIN-OFF**



Unfortunately, some of the new labels were not well understood, and many members did not know what they meant for whom the company had become or was becoming. This state of ambiguity about the meaning of the organization’s identity labels represents the second form of identity change in process. In Bozkinetic’s case, the identity ambiguity was enhanced by top management’s creation of new labels that held little meaning for the membership. But identity ambiguity would have emerged even if top management had not introduced these new labels because the old labels, applicable to the company while it was part of a larger company, would not have been as meaningful to the membership, or at least would have resulted in organization members questioning their meanings. Either way, ambiguity would have arisen as members sought to understand what it meant to be an independent company and whether or not their old

identity labels applied. Thus, whether the ambiguity arises because new labels hold no meaning or because old labels have lost their meaning, the result is the same, and this equivocality of meaning helps lead to the second form of identity change, a change in the meanings underlying both old and new identity labels.

Because identity ambiguity involves equivocality of meanings, it is not surprising that ambiguity led to the meanings-based form of identity change (continuous change depicted on right side of Figure 6.3), as opposed to the labels-based change. When identity labels lose their meanings enough for ambiguity to arise, the potential for identity change is strong. If we have labels to describe ourselves, but their meaning is not clear to us, who are we really? What is our identity? Answers to those questions are likely to result in different meanings being applied to the identity labels, and as those meanings become more clear or take on significance for members, the identity represented by the labels changes. Thus, identity ambiguity represents a state of identity destabilization and the process of filling the void of ambiguity with meaning results in identity change.

**Ambiguity-based change vs. Conflict-based change.** The type of change resulting from identity ambiguity is different from how identity changes as a result of an identity conflict. A conflict of identity claims also represents the potential for identity destabilization, but not always (Pratt & Foreman, 2000). It is possible that new identity claims that emerge and conflict with current identity claims may not win out over the traditional identity, which, thus, results in the organization remaining who it thought it was at the outset, possibly with an even stronger sense of itself than before.<sup>7</sup> Depending on how the organization handles the ongoing conflict

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<sup>7</sup> Of course, a strict phenomenological approach would argue that simply by going through the process of determining that the current identity was more appropriate than the competing identity, the meanings underlying the current identity labels would be modified somewhat, thus resulting in a change anyway.

over time, identity conflicts that cannot be resolved, such as those involving normative vs. utilitarian identities in cultural organizations (Glynn, 2000) or institutionalized identities (Albert & Whetten, 1985; Whetten & Godfrey, 1998), may or may not result in identity change. For change to occur from identity conflict, one identity claim would have to “win out” over the other, which would result in more of a labels-based identity change than a purely meanings-based identity change.

Because identity change is a process involving more than the mere existence of identity ambiguity (or conflict), it is also necessary to understand what triggered the ambiguity, the organizational outcomes of the ambiguity, and how the organization attempted to deal with the ambiguity before a complete picture of the identity change process can be attained. The following sections begin with the left side of Figure 6.1 and work towards the right in showing a complete picture of the identity change process.

### **What Triggers Identity Ambiguity?**

It is important to begin with the three antecedents, or what I referred to as triggers, of identity ambiguity that emerged from Bozkinetic’s spin-off experience. These triggers represent an important insight because they represent the link between *why* identity change occurs and *how* identity change occurs, which is crucial to the advancement of theory concerning the dynamism of organizational identity. By better illuminating the factors that result in the emergence of identity ambiguity, the triggers provide theoretical and practical insight into: (1) the early diagnosis of identity ambiguity; (2) possible strategic actions that could be taken to purposefully create identity ambiguity; and (3) steps that organizations can take to prevent identity ambiguity from emerging or resolve it once it has emerged.

Each trigger has its own implications for the identity change process and thus are discussed separately in the order they appear in Chapter 5. However, it is important to note that it was the emergence of all three triggers during the same time period that sparked Bozkinetic's identity ambiguity, not the emergence of any single trigger. Until further research provides more details concerning how each trigger influences an organization's current identity and the possible emergence of identity ambiguity, caution must be taken in attributing a particular level of influence to any single trigger.

**Social referent change.** In terms of organizational identity, the notion of a social referent denotes those "other" organizations that members of the focal organization use as a comparison to help determine who they are as a company. At its essence, identity is a social concept (Gioia, 1998). Whether at the individual or collective level, an entity's identity is strongly intertwined with its choice of other entities to compare itself to, its interactions with those other entities, and those other entities' reactions to the focal entity (Dutton & Dukerich, 1991; Elsbach & Kramer, 1996; Whetten & Godfrey, 1998). Thus, social referents play a critical role in identity because how we define ourselves is dependent partly on how we see ourselves in comparison to others; depending on whom we chose as our comparison others, perceptions of ourselves will vary.

When changes occur in an organization's social referents, there is a strong potential for questions and issues of organizational identity to arise. When the change to a new social referent is self-imposed, the impact on the organization's identity is usually positive, as we tend to select a new referent that will help us become who we want to see ourselves as being in the future (Gioia & Thomas, 1996; Labianca, Fairbank, Thomas, Gioia, & Umphress, 2001). However, depending on who that replacement referent is and how quickly the organization identifies and

accepts it, when the social referent change occurs without members' consent or without warning, the impact on identity may be either positive or negative. The potential for the change to be negative increases if the new social referent is chosen by others and does not result in a positive comparison. Thus, the impact of losing Bozco as a social referent, the difficulty in identifying a suitable replacement referent, and the media's (unwanted) involvement in bringing certain competitors to the forefront was destabilizing for Bozkinetic's sense of self and helped trigger a sense of identity ambiguity within the organization.

Another important insight, and perhaps the most striking aspect of this theme, was the surprise Bozkinetic members felt from the impact of the loss of Bozco as a social referent. It is important to reemphasize that Bozco was never an "official" referent within the company. If anything, it was somewhat taboo for top management to mention the differences between the companies, except in pre-spin interactions with analysts as a way to distinguish Bozkinetic's strong performance and bright future from that of Bozco's. Yet, in an unspoken and fairly tacit manner, Bozco had become a *de facto* comparison for the members of the organization and (a relatively positive) one they had counted on for over seven years. To have that taken away not only presented them with the loss of part of their culture, but also with the realization that they might not be the company they once thought they were. This represented the early development of the identity ambiguity that became apparent post-September 11<sup>th</sup>.

This finding provides an important bridge between the Strategy and OB literatures, where different dependent variables and levels of analysis often result in two very different perspectives on the same phenomenon. For instance, studies of interorganizational emulation (c.f. Fiegenbaum & Thomas, 1995), competitive sets (c.f. Porac, Thomas, & Baden-Fuller, 1989), and neoinstitutional processes of interorganizational imitation (c.f. Haunschild & Miner, 1997) often

focus on top management's formal emulation targets or benchmark firms, without consideration for those referents used by the rest of the organization in defining their company. Ignoring the comparison perceptions of non-management members of the organization could be a crucial oversight, especially given the prominence of identity related components in most organizational emulation decisions (Labianca et al., 2001) and this study's findings that changes in informal social referents can impact operational and strategic variables through changes to identity-related perceptions.

**Temporal identity discrepancies.** In contrast to many of the identity discrepancies discussed in previous research (e.g., construed external image discrepancies, identity-reputation discrepancies), the main feature of the temporal identity discrepancies that arose at Bozkinetic was not a difference in perspective across people or groups of people. Temporal identity discrepancies are rooted in time-based differences. They represent instances in which organization members recognize an inconsistency in identity claims on the basis of comparisons with the hoped for future. They could also involve discrepancies that arise between current organizational identity claims and past identities that are still salient for organization members (although this did not arise at Bozkinetic). Thus, these discrepancies arise when perceptions of who the company is currently do not match either: (1) some desired future image of the company (who the company would like to become), (2) the perceived direction the company's identity is taking, or (3) who the company used to be.

Because past theorizing about the role of discrepancies in identity change has not previously considered time-based incongruities, this findings represents an opportunity to advance our understanding of why and how identity changes over time. First, most conceptions of changing organizational identity are based in a "looking-glass self" (Cooley, 1902) approach

where the organization comes to understand its identity from feedback received from outsiders – changes in identity arise from attempts to align self-perceptions with that feedback. Temporal identity discrepancies highlight the likelihood that identity change can be sparked purely internally, without the aid of external feedback. That is, discrepancies can arise, and thus questions about the appropriateness of the current identity emerge, from insiders looking at desired future images or past identities and comparing them to current identity claims. Of course, this does not eliminate the role of outsiders in the identity change process. It is also possible to envision these internally-derived, time-based discrepancies either heightening externally-derived image discrepancies or being heightened because of externally-based discrepancies. However, the conceptualization of a wholly internal source of identity-image discrepancies is an important insight that future research on identity change must account for explicitly.

Additionally, the discovery of temporal identity discrepancies provides the wherewithal for identity researchers to begin better accounting for time, timing (Albert, 1995) and other temporal variables (Ancona, Okhuysen, & Perlow, 2001) in their research. As Ancona, Goodman, Lawrence, and Tushman (2001) explain in their review of the *Academy of Management's Review's* special issue concerning “Time and Organizational Research,” it is imperative that organizational researchers begin accounting for, elucidating, and predicting the temporal forces that play critical roles in organizational behavior. This is perhaps no more pressing than in the area of organizational identity and image where the growing awareness and acceptance of the dynamic capabilities of an organization's identity are providing insights into key organizational processes such as organizational change and adaptation, survival, growth, and strategy and individual level processes, such as commitment, turnover, and satisfaction. Without

consideration of the temporal aspects of identity formation, change, and maintenance, future identity research may miss out on critical insights and possibly even fail to remain relevant to the very organizations it intends to aid.

**Construed external image discrepancies.** Given the results of past research, the presence of discrepancies involving construed external images, or the perceptions insiders have of how outsiders perceive the organization, is not surprising. Starting with Dutton and Dukerich's (1991) original specification of the notion, plus their subsequent refinement of the concept (Dutton et al., 1994), most empirical studies of organizational identity have revealed and/or acknowledged the important role construed external images play in the perceptual environment of an organization. Furthermore, this importance is explicit in Gioia et al's (2000) model of adaptive instability, in which the comparison between organizational identity and construed external image forms the foundation on which it is possible to conceptualize why organizational identity could change, even under relatively short periods of time. Thus, Bozkinetic's identity change experience provides empirical support not only for the continued importance of construed external image in identity studies, but also for the thinking behind Gioia et al's (2000) model of why image destabilizes organizational identity.

The real insight, however, is not so much that construed external image is an important aspect of organizational identity change (although the empirical support for past research is encouraging), but that there are certain aspects of the external environment that are more influential in respect to construed external images than others. Specifically, the construed external images of Bozkinetic's employees were influenced most by two key factors in their external environment: (1) increases or decreases in the company's stock price and (2) reports in the media about the company (especially when they were perceived to contain false or

misleading information). Although customer feedback was also influential, it did not reach the same level of intensity as either the stock price or media reports. These were the most powerful sources of feedback because they were the most public forms of feedback (customer feedback was more personalized and not generally aired in a public domain) and hit where it hurt the most, in the wallet and the ego. Thus, it is important to realize that not just any discrepant feedback will stir a construed external image discrepancy. Specifically, it is feedback that is perceived to be damaging to an individual's ego or collective's reputation that is most likely to result in a construed external image discrepancy.

It is also important to note that the senior leaders did feel that they could have better managed these discrepancies had they been free to communicate freely with their employees. Unfortunately, because their employees were also stockholders (a result of an earlier decision to grant all employees stock options during the original IPO - a move taken purely for motivational purposes), the company was severely constrained in its ability to communicate with them during critical periods of the spin-off. This served to exacerbate the construed external image discrepancies because the company could do little to counteract the perceived negative feedback coming from external sources (who were under no such government-mandated communication constraint). Thus, in an irony arising directly from today's highly competitive compensation market, Bozkinetic brought these discrepancies upon itself through its attempts to motivate its employees; if they had not offered their employees stock options during the original IPO then they would not have found themselves facing construed external image discrepancies based on stock price or the constraints of a government-mandated quiet period (that included their own employees) that prevented the effective management of these discrepancies. With the increasing popularity of employee stock ownership plans and stock options as forms of incentive, the role of

government-mandated quiet periods is an issue all organizational researchers need to consider in examining periods of organizational transformation.

### **How Does Identity Ambiguity Lead to Identity Change?**

Knowing that identity ambiguity represents one of two possible states in which the identity change process occurs only provides half an answer to the question, “How does organizational identity change?” The second half involves understanding how the organization moves from a state of identity ambiguity to increased identity stability via a process of making sense of what it means to be, in this case, Bozkinetic. For instance, even though the identity ambiguity did not reach crisis proportions within Bozkinetic, it nonetheless resulted in a sense among participants, especially top management, that something had to be done. What led employees and the top management team to notice the identity ambiguity though – especially given its subtle nature involving the underlying meanings of generally accepted identity labels? Why were certain responses to this sensegiving imperative chosen over others? Answers to these questions provide the necessary pieces to complete an initial picture of the identity change process. I begin by discussing the three factors that led to the emergence of the sensegiving imperative: (1) a sense of change overload, (2) the emotional reactions to the 9/11 crisis, and (3) the growing identity conflict rooted in three identity tensions.

**Change overload.** The growing sense of change overload felt throughout the organization provided the initial context for the ambiguity to become noticeable. In the initial months following the spin-off, the level of change within Bozkinetic exploded as the company struggled with the realities of becoming an independent entity. The magnitude and quantity of these changes would have been enough to put incredible strain on even an organization with a strong sense of identity, but the burden was made even worse by the presence of the identity

ambiguity. Members could not see the connection between what they were being asked to do (and the personal sacrifices that went along with those requests) and who the company was or who it was trying to become. Additionally, the identity ambiguity made it harder for the members to commit to the change efforts and help create a new organization when they did not understand what that organization was about. Initially, top management treated this sense of change overload as a direct result of the spin-off event itself, not as a consequence of the lack of clarity around the organization's identity.

The notion of change overload does not currently exist in the organizational sciences literature. Thus, the strong presence of it in the midst of the identity ambiguity is intriguing because it represents a relationship between two concepts that have not previously been examined. "Change overload," although a second-order term, was instantly recognizable and meaningful for my informants during member checks, helping demonstrate its face validity. Bozkinetic employees at all levels of the hierarchy described the overload feeling in similar ways and agreed that "overload" best described that feeling. Additionally, the notion of a collective sense of overload in the amount and/or intensity of change confronting an organization holds practical significance, in that it brings voice to a concern that any organization facing change might encounter, not just those undergoing a spin-off or identity change. Thus, the notion of change overload needs to be seen as a key emergent finding from this study, one that is transferable to other organizations, contexts, and methodological approaches. Even though more research is needed before a clear operationalization of change overload is possible, a few aspects of the concept can be delineated from this emergent data and used as building blocks for future empirical and conceptual efforts.

First, the change overload experienced in Bozkinetic was rooted in individual level feelings of stress, overwork, and declining commitment among employees. Yet, my informants treated it as a collective construct that had gripped large portions of the organization, if not the whole organization. Future efforts at understanding this concept better can build on this individual-collective split in conceptualization by focusing on constructs like *work stress* (Cavanaugh, Boswell, Roehling, & Boudreau, 2000; Jick & Mitz, 1985), *information overload* (Daft & Macintosh, 1981; Edmunds & Morris, 2000; Jungwirth & Bruce, 2002; Schneider, 1987), and *organizational commitment* (Cheney & Tompkins, 1987; O'Reilly & Chatman, 1986; Reichers, 1985) at the individual level and Jansen's (1996) notion of *characteristic level of change* (a point of homeostasis which describes an organization's propensity to change and the level and pace of change that the organization is most comfortable with) and *organizational readiness for change* (Eby, Adams, Russell, & Gaby, 2000) at the collective level.

In addition, it is clear from the analysis that there is evidence of a positive relationship between identity ambiguity and change overload; that is, the more equivocality that exists regarding the organization's identity, the tougher it is for members to see the purpose behind their change efforts, which provides the context for feelings of change overload to emerge. This relationship could also be built on in future research by better understanding the contingency factors and any mediators/moderators connecting the two. Likewise, it is intriguing to consider a recursive loop between the two variables, one that signifies a positive relationship between the presence of change overload and the intensity of an organization's identity ambiguity. As the sense of change overload increases within the organization, there is less time and energy to be spent on questions of identity; thus, ambiguity around who we are intensifies as nothing is done to manage it.

**Emotional reactions to identity ambiguity.** As discussed in the Chapter 5, the events of September 11<sup>th</sup> and the weeks following were critical to Bozkinetic's recognition of its identity ambiguity and the emergence of the sensegiving imperative. Top management reacted to the crisis in what it thought was a natural way, but was surprised by the overwhelming feedback it received from its members about the clarity their actions had brought to who they were as a company. In describing these reactions, my informants spoke in terms of the organization as a whole (in addition to individual reactions) and about the emotions (anxiety, then pride) generated by the clear sense of identity that emerged from weeks of acute identity ambiguity. Again, the critical point is not that the 9/11 crisis molded Bozkinetic's identity, but that it provided a "crystallizing moment" for the realization of "who we have been the whole time." Before discussing the theoretical and practical significance of this finding, however, it is important to untangle two possible confusions in the data: (a) reactions to the 9/11 crisis vs. reactions to the identity ambiguity; and (b) individual emotional reactions vs. collective emotional reactions.

First, as explained in the Findings section, there were two distinct emotional reactions that occurred at Bozkinetic around the 9/11 crisis. The first involved the emotional reactions most Americans had to the terrorists attacks; feelings of shock, anger, fear, confusion, sadness, and many others around the fact that our country had been attacked and that there was such a loss of life arising from the attacks. These emotional reactions varied based on the timing, with the most intense feelings occurring on 9/11 and in the days immediately following. As time wore on, these feelings subsided, and possibly even turned into more general moods, as people tried to cope with the implications the attacks had on our nation's security, on our families' security, and on the future of our country's political, economic, and military standing in the world. The second emotional reaction involved feelings concerning the organization's actions, the

implications of those actions for who the organization was, and the realization that identity ambiguity had existed (and still existed) within the organization prior to this point. Feelings of both anxiety and pride were shared among members as they collectively coped with who the organization was in light of (1) their newly attained independence and (2) the organization's actions in response to the 9/11 crisis.

The distinction between these two emotional reactions was not only revealed through my informant's descriptions, but also in the geographical disparity present for the first reaction. Those employees located in offices on the East Coast (closer to the attack sites) reported much stronger reactions to the 9/11 events and much longer lasting emotions around the crisis than those employees located in the Midwest, west coast, and southern states. On the contrary, there were more uniform descriptions of the emotional reactions involving the organization's identity across these geographical differences. It did not matter what office the informant was in, they all talked about the shared pride within the organization around how it reacted to the crisis and top management's decision not to publicize their good deeds, or the increased anxiety over who exactly the organization was going to be (the non-descript organization of pre-9/11 or the clear cut "a company that does the right thing" of post-9/11). This evidence led me to code the second emotion as distinct category and label as an emotional reaction to the identity ambiguity.

Second, I also posit that these described and observed identity-related emotions of pride and anxiety existed at the collective-level, even though emotion is usually conceived of as an individual-level phenomenon. This argument arises from a number of characteristics of the data, including the fact that as my informants described these emotional reactions to the organization's state of identity ambiguity, they talked in terms of the organization having these emotions or in terms of the emotional reactions being shared among organizational members. Also, I heard the

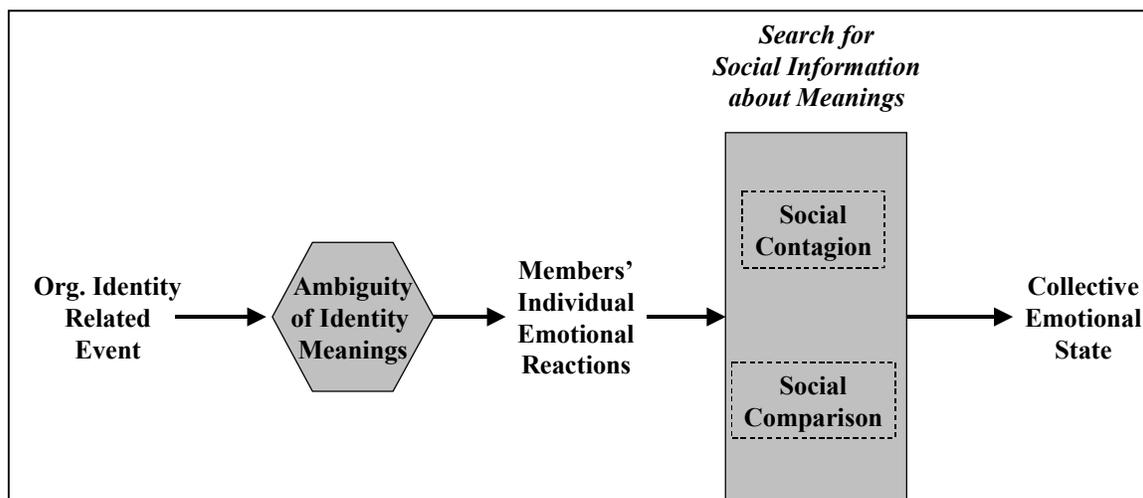
same or similar descriptions from multiple informants (following my decision rules for coding), all talking about the organization's emotional reactions. They did not talk about individual pride or individual anxiety, but of a common bond among employees that influenced all members, not just themselves.

The fact that there were emotional responses to the identity ambiguity once it became apparent (through the clarifying actions of the organization around 9/11) matches with past research on organizational ambiguities. This research has found that the recognition of ambiguity is often accompanied by feelings such as anxiety, anger, sadness, or even excitement (Kahn et al., 1964; Katz & Kahn, 1978; Meyerson, 1990; Meyerson, 1991b). The emergence of a collective emotional state from those individual emotional reactions, however, does not exist in the literature, although there is some theoretical guidance available.

Collective affective states involve either moods or emotional reactions shared across a collective and existing independent of any single member of that collective. Past research looking at collective affective states have focused solely on the group level, including George's (1990) findings concerning group affective tones (consistent affective reactions among group members) and Bartel and Saavedra's (2000) research on work group moods. Bartel and Saavedra (2000) demonstrate that it is possible for mood to be a collective property of a work group through processes of social comparison (Salancik & Pfeffer, 1978; Schachter, 1959) and emotional contagion (Hatfield, Cacioppo, & Rapson, 1992, 1994). Their results provide initial support for the notion that a collective can share an affective state through processes of social information seeking. Individuals in a collective will seek out social information from others in the collective as to how they should feel in response to an event, especially an event that is, in any way, ambiguous (DeGoey, 2000). In this fashion, it may be possible for members of an

organization to share emotional reactions to an event, perhaps in a process similar to the one depicted in Figure 6.4.

**FIGURE 6.4 – EMERGENCE OF COLLECTIVE EMOTIONAL STATE**



Thus, this finding opens the door to discussing the collective emotions involved in organizational identity, a notion not that surprising given the socially constructed nature of organizational identity. Organizational identity is inherently a social phenomenon. It involves a group of people determining “who they are as a collective.” While it is possible to discuss organizational identity as implicit or explicit theories of “who the organization is” held in the minds of individuals, any bona fide collective representation of organizational identity requires us to step outside the mind of the individual. Likewise, if there is a collective emotional component to organizational identity, understanding it will require going beyond the notion of individual emotions and examining the possibility of collective emotional states. Otherwise, we would only be looking at individual emotions, a notion closely tied with organizational identification (Pratt, 1998). Because discussion of organizational-level emotions does not currently exist in the literature, it represents an important area for future research to consider. As

I explain in the Future Research section below, I believe the collective emotions surrounding organizational identity represent a strong context in which to advance our understanding of collective emotional states.

In terms of the practical significance of this finding, what top management reactions to this environmental jolt demonstrated about dealing with identity ambiguity is the importance of having an emotional, visceral connection between employees and their organization, one that helps provide a collective sense of self and demonstrates (behaviorally, if possible) what it *means* to be that company. Actions speak louder than words when it comes to organizational identity and, regardless of whether its in response to a crisis or proactively done, managerial behavior that models the organization's (desired or realized) identity is key to bringing meaning to the identity. Hearing that you are part of a "values-based company" is one thing, but seeing that value-driven identity in action provides the wherewithal to understand what that identity claim means and how it will affect the organization's short-term and long-term future.

This insight is also key because it provides a basis for researchers to begin examining the individual-level affective aspects of organizational identity change. The intellectual, language-centered attempts that top management originally used to change the organization's identity in a formal way (e.g., release of the Cornerstone statements, newsletter commentaries and executive speeches about who the company was) were not successful in that endeavor, and, in fact, helped foster the identity ambiguity that arose in the post-spin period (see discussion above on identity ambiguity). Yet, the behavior-based reactions of the company to the 9/11 crisis provided an emotional connection for employees (strengthen their identification with the organization) and gave them with a bona fide sense of collective self for the first time since the split.

Thus, organizational identity contains strong emotional components (an individual-level component linking it with organizational identification and a collective-level component representative of a collective emotional state), and in times of identity change, these emotional components rise in significance for the organization's members. This holds for both change based in ambiguity and change based in conflict, both situations that naturally tie into the emotional aspects of organizational life (Ashforth & Humphrey, 1995; Bartel & Saavedra, 2000; Weiss & Cropanzano, 1996).

Because the emotional reactions around Bozkinetic's identity emerged from the 9/11 crisis, questions of transferability to other contexts naturally arise. The presence of the 9/11 crisis in the middle of this study could be characterized as (one hopes) a once-in-a-lifetime event that makes this study's findings as idiosyncratic as is possible in field research. However, I prefer to look at the opposite side of this coin (à la Meyer, 1982). While it is true that other organizations undergoing a spin-off or experiencing identity ambiguity are not likely to have a crisis such as this to help define who they are and illuminate the ambiguity in their midst, there are lessons that are transferable to other settings. Again, what 9/11 demonstrated in this case was the importance of having an emotional, visceral connection between employees and their organization, one that helped provide a collective sense of self and demonstrated what it *meant* to be Bozkinetic. A crisis of global, or even organizational, proportions is not necessary to establish this emotional connection; it merely happened to be the trigger for that connection in Bozkinetic's case. Thus, the occurrence of the 9/11 crisis in the middle of this study provides one of those rare moments when a signal event highlights a more subtle underlying process (Eisenhardt, 1989; Yin, 1989) that gives us insight into the facilitators of change. Instead of dismissing these findings because they are idiosyncratic, the clarity of insight provided by this event can instead be treated as the

theoretically and practically relevant discovery of a more general principle concerning the need for a visceral connection to crystallize identity change.

**Emerging identity conflict.** The final factor that helped produce the sensegiving imperative was the growing awareness by top management and others that tensions within the company were building toward the possibility of a strong identity conflict rooted in the organization's future. The three tensions identified in the analysis – consumer vs. enterprise, past vs. future, and Tulux technology vs. Jenex technology – all involved how the organization was going to see itself and what type of company outsiders would see it as in the future. Again, it is possible to argue that these tensions are idiosyncratic to Bozkinetic's situation and, thus, are not significant to our understanding of identity change in a transferable sense. However, while other companies may not have to face these specific tensions, the emergence of identity-based tensions in the wake of identity ambiguity is a factor all organizations are likely to face and an important part of understanding how a sensegiving imperative arises in response to organizational identity ambiguity.

First, it is important to conceptually distinguish between identity-based tensions and identity conflict because they have very different characteristics and outcomes. As explained in the Findings chapter, identity-based tensions do not involve actual identity claims *pre se*. The official rhetoric surrounding the company's identity, both among senior leadership and the organization's members, never reflected any of these tensions explicitly. They were evident only in the way the organization structured itself, in the way it implemented its business processes, and in its resource allocation decisions, along with the occasional story or rumor shared among employees (and with me). They had not yet had a significant impact on the company or its identity-image mix and were not enough to cause explicit problems for the company as separate

tensions. All of this is in contrast with an identity conflict, where actual identity claims are involved and the organization's internal and external images are affected.

The emergence of these identity-based tensions helps one begin examination of an important question, "What follows in the wake of identity ambiguity?" One possibility, and a strong candidate for occurrence in Bozkinetic, is that identity ambiguity is followed by identity conflict. As different interpretations emerge of who the organization is, a period of conflict can ensue during which differing perceptions and viewpoints concerning the organization's desired future identity vie for preferred status and political coalitions emerge in support of different identity claims. The beginnings of this might be emerging at Bozkinetic, with the tensions of consumer/enterprise and Tulux/Jenex the harbingers of future conflict (because each represents a facet of organizational identity that is vying for attention and preference and each is rooted in traditional notions of who the company was and visionary ideas about who the company should be in the future).

This possible path raises another important question: "What might follow this period of identity conflict?" Although this is out of the scope of this study, there are several hypothetical scenarios that could emerge, including: (1) the possibility that the organization falls into a situation in which conflict among multiple identity claims becomes accepted as the status quo; (2) the possibility that a situation arises in which multiple identities co-exist with minimal disruption; (3) the possibility that one identity emerges as "preferred" among executives, while other claims continue to exist in lower parts of organization (resulting in a fragmented identity or sub-identities situation); or (4) the possibility that one identity eventually emerges as preferred and is accepted by the rest of organization as well. The contingencies surrounding these scenarios will only become clear in future research focusing on identity conflict.

Another possibility, also in evidence at Bozkinetic, involves top management's taking formal steps to remove the identity ambiguity and bring a sense of stability back to the organization's identity without going through a period of conflict first. This would involve top management recognizing the need for sensegiving in respect to the organization's identity and implementing steps either to get members to buy into and understand new identity labels or provide meaning to current, but equivocal, identity labels already accepted by members. Bozkinetic's leadership attempted to do both, which provides initial insight into the final step in the organizational identity change process.

### **Leadership Responses to Sensegiving Imperative**

Any change in organizational identity (and especially the institutionalization of an identity change) as a result of identity ambiguity partly depends partly on how the organization responds to the equivocality in meanings. If the organization does nothing formally in response to the ambiguity (perhaps because top management either does not recognize the sensegiving imperative or chooses to ignore it), then any sense of stable identity that emerges will be more bottom-up influenced as members apply their own interpretations to the ambiguous labels, and a shared sense of identity is forged through informal interactions. If, instead, top management recognizes and responds to the sensegiving imperative, the emergent identity will be heavily influenced by top management, as was the case at Bozkinetic.

Bozkinetic's response was a formal one in large part because of the manner in which top management interpreted and responded to the 9/11 crisis and connected it with who the company was and how it should present itself. Mirroring what we know about the leadership enactment process (Weick, 1995), top management bracketed a specific aspect of its stream of experiences around the organization's identity in the early post-spin period and emphasized that which it

believed to be most important to the organization's continued survival: a company that "does the right thing" provides a distinction in this industry that affords employees an emotional connection with their company and directs the organization to do those things customers perceive to be good service. Thus, the nature of Bozkinetic's identity as it began to emerge from the ambiguity was heavily influenced by top management's efforts to reduce the equivocality and bring meanings to the preferred labels that described the type of company they wanted to be. This action was willingly followed by the rest of the organization because of the positive feelings that arose in the wake of the company's response to 9/11. If the company's response had been different and members had been ashamed or embarrassed by the company's actions, or even if there had been no emotional reaction to the company's actions, then top management would not have found it as easy to guide the organization's identity toward the preferred vision.

The emerging nature of Bozkinetic's new identity was shaped by top management's decisions relating to the formal sensegiving steps of (1) defining a refined desired future image based on the feedback received from the organization's 9/11 actions, (2) increasing their branding efforts, and (3) attempting to more frequently model the behaviors that illustrated the preferred identity. All of these leadership responses to the sensegiving imperative are in line with the sensegiving efforts found in Gioia and Chittipeddi's (1991) sensemaking-sensegiving loop, in which top management attempts to align the sensemaking of organization members with the strategic direction preferred by the top management team. While the data do not include any findings about the ultimate outcomes of these efforts, their choice among several alternatives is insightful itself.

Senior leadership attempted to create new, meaningful labels by centering it rhetoric on who the organization was trying to become to match better the feedback received from

employees post-9/11. This refined desired future image (Gioia & Thomas, 1996) focused more on a company dedicated to doing the right thing for its customers and employees and less on a technologically leading-edge company. This is not to say that “innovative” and “industry leader” were no longer identity claims professed by top management, but they took a back seat in the refined future images to those claims focusing on the company “doing the right thing.” Thus, the refined future image created new labels that the senior leadership felt already had meaning for employees and thus might help ease the ambiguity felt within the company.

Additionally, top management took two formal steps to help cement this desired identity in the minds of its employees and provide additional meaning to current identity labels. First, they launched a large branding campaign at the end of the post-spin period that was internally tied to top management’s identity claims. It is important to note that members of the senior leadership team responsible for this branding campaign explicitly acknowledged the importance of making sure the images projected to external audiences did not clash with those projected internally around the identity claims. This was done to help protect against a case of “scattered images” (Corley & Gioia, 1999) among insiders, as well as to help augment insiders’ perceptions of their organization by creating the context for “refracted feedback” from external audiences (Morsing, 1999; Rindova & Fombrun, 1998). The second step involved attempting to better model the behaviors indicative of top management’s preferred identity. By backing up their words with actions, management hoped that giving meaning to the identity claims would occur naturally as people watched and interpreted instead of listened/read and interpreted.

One final aspect of the leadership responses not well represented in the data, but of interest to researchers working in the field of business ethics, involves the notion of sustainability around the identity rhetoric of “doing the right thing;” that is, could Bozkinetic

build a sustainable identity around the feeling of “we are a company that does the right thing” after the effects of September 11<sup>th</sup> wore off. I say it was not well represented in the data because none of the senior leaders with whom I spoke would formally discuss this question with me. Instead, they only said (“off the record”) that they did not know the answer to that question but that they believed it was possible if management took the appropriate steps over the next year. Of course, none of them knew what those appropriate steps were or when they should begin taking them. On the contrary, those non-executive informants who spoke with me on this topic (again, mostly “off the record”) did not believe it was a sustainable identity claim and that it would begin to wear off, on the assumption that no other terrorist attacks occurred. Because this took place at the end of the post-spin period, I have no data concerning whether it was in fact sustained, but it will be a line of inquiry during my continuing data collection efforts with Bozkinetic beyond this study.

### **Implications of Emergent Model**

#### **Answering the Research Questions**

To bolster the theoretical discussion above, the following section focuses on how the data and emergent model help answer the guiding research questions delineated in Chapter 3. As is common with inductive research (with the emergent data driving the theory development), answers did not emerge for all of the research questions (specifically, RQ# 5: *How does the process of identity/image comparison unfold among members of an organization?* and RQ# 6: *How does the process of discrepancy determination unfold among members of an organization?* remain unanswered), and additional findings beyond the scope of the research questions emerged (e.g., change overload, affective element of identity). However, explicitly discussing the

relationship between the emergent data and the research questions provides both a summary of the study's contributions and insight into areas where future research should concentrate.

Because Research Questions 2-7 focused on aspects of the more overarching interest of Research Question 1, I will discuss them first and use the insights to which they lead to inform my discussion of the larger implications of answering Research Question 1. The bulk of this discussion utilizes the second-order model of organizational identity change during a spin-off that emerged from the data analysis (illustrated in Figure 6.1) and Gioia et al.'s (2000) Adaptive Instability model (see Figure 3.2 ) from which the research questions were derived.

**Role of current identity.** Research Question 2 (*What role, if any, do current identity labels and their meanings play in organizational identity change?*) addressed how the identity change process is influenced by current identity labels and meanings. During the process of organizational identity change, the meanings underlying current identity labels form the basis for either the ambiguity or conflict that arises as changes in internal and external environments alter what it means 'to be us.' In Bozkinetic's case, the identity labels that were meaningful before the spin-off (especially those whose meanings were based on a comparison with Bozco) either lost their meaning, or their meanings changed in such a way that top management felt a need to create a set of new labels to describe the company. Even those labels that were not changed or abandoned (e.g., technology leader) provided a context for the ambiguity as what it meant to be, say, a technology leader, changed while the organization's status as an independent entity emerged. Current labels and meanings thus provide the basis for members' feelings of ambiguity and conflict to arise. Hence, if new labels quickly take on meanings for an organization's members, or the meanings underlying current identity labels do not need to change to remain appropriate for the new organizational context, it is less likely that either

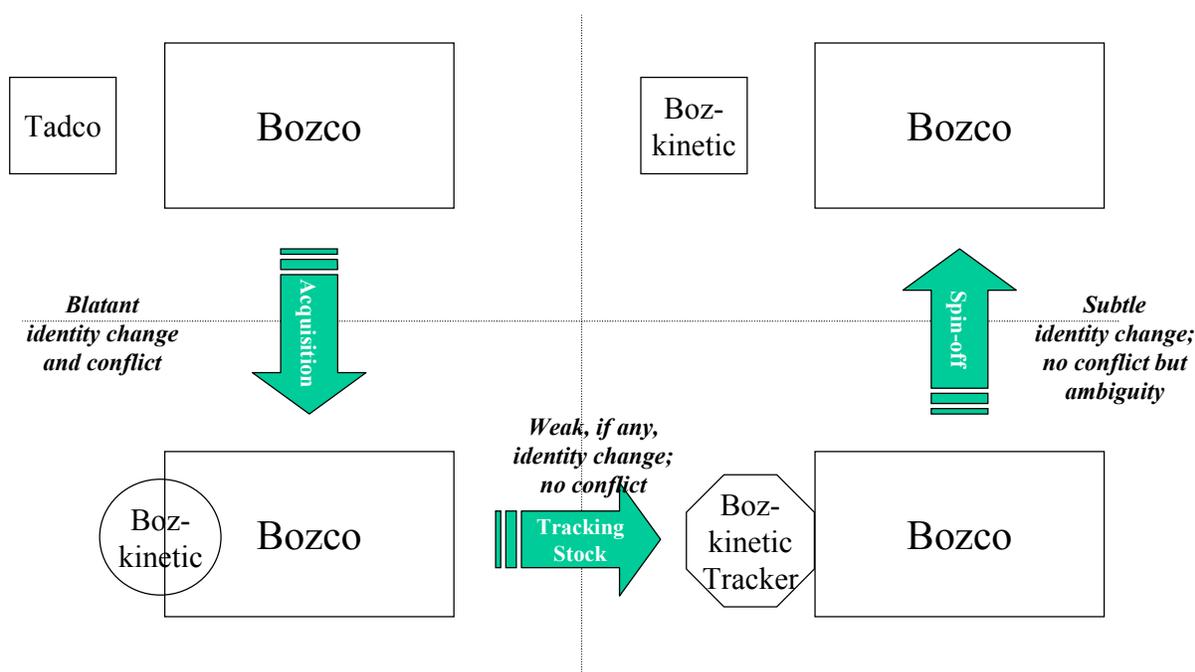
ambiguity or conflict would arise and the organization's identity may not undergo much change. Future research on identity change should consider not only the current identity labels and their meanings as reference points for capturing the change, but also as influential factors themselves in the creation of one of the two identity change states.

Research Question 3 (*How do past changes in organizational identity labels or meanings influence current organizational identity change?*) related to how past changes in organizational identity, especially those that resulted in the current identity, influence the identity change process. These past changes act as a point of reference for members' retrospectively framing and describing the identity change after it becomes apparent. This especially may be true during members' attempts to determine how substantial the change was, or the intensity of the change, in retrospective sensemaking concerning whether the identity change has also resulted in changes to the organization's culture ("the way we do things around here"), its strategy ("what business are we in and how we will conduct it"), or its structure.

The framing in Bozkinetic's case involved the intensity of the identity change, as well as the importance of the change to the organization's internal business processes. Bozkinetic's experience is helpful in illustrating this insight because of its two previous identity changes prior to the spin-off change. As illustrated in Figure 6.5, Bozkinetic's identity change after the spin-off was retrospectively framed by my informants as falling in between the two previous identity destabilizations in terms of its intensity and impact on the organization. The most significant identity change occurred after the merger with Bozco when a strong identity conflict emerged between the two organization's identities, and a palpable change in identity was felt by Tadco's/Bozkinetic's members. Structural, cultural, and strategic changes accompanied this identity change, and there was little disagreement that Bozkinetic was a different company from

the one Tadco had been (although it remained distinct from Bozco). The least powerful change (if there was, in fact, a change – there was disagreement among my informants about this) occurred with the announcement by Bozco of the tracking stock and impending spin-off of Bozkinetic. No identity conflict or ambiguity appeared and there were no structural, cultural, or strategic changes that accompanied the announcement.

**FIGURE 6.5 - PREVIOUS IDENTITY CHANGES AT BOZKINETIC**



By placing the spin-off changes (identity, structural, and some cultural changes) in the middle of these two previous change opportunities, members were able to make sense of the situation and apply meaning to the events going on around them. The identification of the identity ambiguity was aided by members' comparisons of the spin-off with these past events and making sense of the differences. Thus, an examination of a current identity change is informed by past identity changes (or the opportunity for identity change) and organization members' sensemaking about the comparisons between them.

Research Question 4 (*What types of external events and images act as triggers for the comparison of organizational identity and construed external image?*) dealt with what leads organization members to compare their perceptions of the organization with what they believe external perceptions of the organization to be, even though stability of identity is the preferred state for most people (Leana & Barry, 2000; Whetten & Godfrey, 1998). As was evident at Bozkinetic, an important factor in spurring this comparison involves those external events that result in an emotional reaction by members. Identity, whether at the individual or organizational level, is an important aspect of people's lives, one that provides an emotional connection with those around us (Baumgardner, 1990; Dutton et al., 1994). When external events or feedback provide a picture of the organization different enough from internal perceptions to spark an emotional reaction, members are likely to seek out information that either confirms their sense of self or provides insight into what the perceived difference means to their sense of self.

At Bozkinetic, the emotion-sparking feedback took three forms: (1) the loss of a long-held social referent; (2) interpretations of the dropping stock price as negative beliefs by outsiders about the company's future, as well as the emotions sparked by loss of personal wealth; and (3) the 9/11 crisis and the manner in which the company conducted itself during this pivotal event. Each of these sources of feedback afforded the organization's members the opportunity to reflect on who they were as a company and whether that met their expectations and the perceived expectations of their stakeholders. Each also touched an emotional component to members' perceptions of their organization, which suggests the possibility that any discrepancies to arise from the comparison would be seen as significant and worthy of response.

All three of the feedback sources experienced at Bozkinetic can be present in other organizations and contexts, as each represents a type of feedback that other organizations could

face, and, thus, help to spark the emotion-based comparison of identity versus construed external image. The loss or change of social referents can occur in many forms, perhaps as an organization shifts its focus from one industry to another, or as a highly-regarded or emulated benchmark firm changes, merges, or disappears altogether, or as highly-charged competitions change or evaporate because of changes in the marketplace or a change in the competitor organization's strategic focus. Any public organization must cope with the emotions surrounding its stock price. With the increasing attention paid to changes in the market and individual stock prices by the business media, even small drops in a company's stock can result in emotional reactions and "identity checks" by members concerned about their future and the future of the company. Finally, all organizations are faced with events that represent "watershed moments" or "crystallizing events" or "cracks in time" that do not match up to the magnitude of the 9/11 crisis, yet still provide the context for self-reflection and identity questioning. These events are critical because organization members watch their senior leaders' reactions and derive meaning about who their company is based on those actions. Events, such as the death or departure of a key executive (e.g., Coca-Cola, General Electric), intense legal troubles (e.g., Arthur Andersen), or even a public relations crisis (e.g., Exxon, Nestle), can provide the emotional spark for organization members to pay more attention to identity issues and begin comparing internal and external perceptions.

Unfortunately, we know very little about the emotional aspects of organizational identity because insufficient research has been conducted on the emotional aspects of organizational identity. Given the importance emotion played in the Bozkinetic case and its potential role in the destabilization of identity during times of identity ambiguity and conflict, this study provides a strong rationale for increasing this focus.

In addition, another important supplement to the literature provided by this study is the realization that the comparison between identity and construed external image is not the only identity-based comparison that is important to the identity change process. At Bozkinetic, the comparison between current identity and desired future identity also led to identity change, as temporal identity discrepancies helped create the state of identity ambiguity underlying the change process. Temporal identity discrepancies may even be more important than construed external image discrepancies because of their extremely subtle nature. While discrepancies arising from differences between internal and external perceptions are often highly visible and possibly even based in front-page news, temporal identity discrepancies exist only within the perceptions of insiders, with no natural way for the emotions around those perceptual discrepancies to be voiced or displayed. Thus, when captured empirically, temporal identity discrepancies provide insight into the subtle changes taking place among the meanings of identity labels when little chance of identity label change exists. Future research needs to aim at understanding internally-based temporal identity discrepancies better, if we are to develop a complete sense of what triggers the identity change process and gain more insight into how organization members cope with these incongruities.

Finally, Research Question 7 (*How does the process of choosing action or indifference in response to a perceived identity/image discrepancy unfold among members of an organization?*) had as its concern determining what leads an organization to respond to a perceived discrepancy once one is recognized internally. The emergent data led to several insights into this question. First, it is important to note that Bozkinetic's response as an organization was not so much to the perceived discrepancies as it was to the ambiguity that arose from the discrepancies. Many of the individual discrepancies that arose between identity and some form of image (construed

external, desired future) were never formally recognized within the organization or responded to formally. However, when top management felt that the sense of identity ambiguity (derived from the culmination of these discrepancies) within the organization was enough to begin affecting their performance and reputational goals, they chose action over continued indifference.

This led to the second insight, namely, that any organization-wide response to identity ambiguity or conflict must be a top-down driven response. The question of whether we can conceive of an organization having a single, overarching identity is one that continues to trouble the field. And like similar questions in the organizational culture literature, the only truly acceptable answer is, "It depends on your perspective." From a strategic perspective, it is possible to describe an organization as having a preferred identity, or a set of self-referential claims made by top management that influence decisions around the organization's strategy, structure, and even its culture. These claims are composed of identity labels and the meanings underlying those labels. The notion of an overarching identity is best made at the level of the identity labels because it is usually possible to find a set of labels that everyone in the organization agrees describes them to some extent as a collective (and this is the level most strategic approaches to organizational identity take). It is more difficult to conceptualize an overarching identity at the level of meanings (a level more conducive to behavioral or cognitive approaches to organizational identity) because any group of people, no matter how closely aligned with each other, will have differences in how those labels are interpreted and what they mean in a given situation.

However, if an organization strives to reach some level of consensus in the meanings underlying agreed upon identity labels, the effort must involve top management to some extent

simply because of the high-level of coordination and centralized communication necessary to get a large group of people thinking similarly about who they are as a collective. It is also possible to conceptualize some form of an overarching organizational identity because identity is partially based in images and the images an organization projects about itself will influence how members perceive the organization (Corley et al., 2000; Gioia et al., 2000). Thus, if top management can achieve a level of consistency over time in its internally and externally projected images involving who the company is, it is possible that some consensus will begin to grow among members about what it means “to be us as an organization.” This became more evident as I continued to interact with and observe Bozkinetic’s members – during periods of identity ambiguity (and I suspect the same holds true for identity conflict, although in a different form), organization members actively seek out the meanings they feel are missing in the organization’s self-definition and are open to sensegiving efforts by top management in this direction.

This is not to say, however, that sub-identities or multiple identity claims cannot exist among different hierarchical levels or functional groups within an organization. In fact, especially at the level of meanings, my data indicate that multiple identity claims do exist and that they are an essential part of an organization achieving the differentiation (Lawrence & Lorsch, 1967) necessary to interact effectively with a complex and changing competitive environment. Yet, it is still possible for top management to achieve some agreement on the meanings underlying key identity labels, particularly during times of identity ambiguity when members are especially open to top-down directed sensegiving efforts that help move the organization towards a sense of stability and continuity.

Finally, my data analysis contributes some insight into the action/indifference decision at the individual level as organization members struggle with what it means to be a part of the

organization undergoing an identity change. At the individual level, the action/indifference decision to organizational identity discrepancies (whether temporally-based or based in external feedback) is socially constructed among teammates/colleagues based on shared expectations of what is gained by being a member of the organization. That is, whether an individual or his/her team takes action in response to a perceived identity discrepancy will depend on whether the discrepancy violates their personal, social and/or group identity expectations (Pratt, 1998) enough to cause an emotional reaction. Emotional reactions help tip the balance in favor of action over indifference, especially when questions of organizational identity impinge on an individual's personal or social identity (see Dutton & Dukerich, 1991 for another strong example).

**Meaning-based identity change.** Research Question 1 (*How do the meanings associated with organizational identity labels change over time?*) builds from Gioia et al.'s (2000) theorizing concerning why organizational identity change occurs because of its close relationship with various organizational images. They argue that it is possible for identity stability and change to exist simultaneously because stability exists in the labels used to describe identity while change occurs (often subtly) in the meanings underlying those identity labels. Research Question 1 extends this theorizing in addressing *how* the meanings underlying the labels can change while the labels themselves remain constant. This study both supports and advances Gioia et al.'s (2000) argument by providing insight into this overarching research question.

Insight into this research question arises directly from the emergent model of identity change during a spin-off (illustrated in Figure 6.1) because it illustrates how meaning-based identity change occurs. First, discrepancies between organizational identity and image

(specifically construed external image discrepancies and temporal identity discrepancies), along with changes in the organization's social referents, lead to a state of identity ambiguity where organization members are in doubt as to who they are as an organization. This identity ambiguity occurs at the level of identity meanings as old identity labels may still exist and new identity labels have been provided, but what they mean for the members of the organization is ill-defined. As the organization copes with and tries to manage these feelings of ambiguity, meanings for the identity labels (and possibly new meanings for new labels as well) are socially constructed from the events, actions, discussions, and projected images within the organization that involve who the organization is becoming. These socially-constructed meanings are often driven from the top-down because of the strategic importance of a clear organizational identity and the sensegiving imperative created by the active sensemaking members are undertaking around their organization's self-definition. If these meanings provide a satisfactory sense of collective self, then stability may arise in the perceptions of the organization's members and the ambiguity will subside. If the emergent meanings are not satisfactory or come into conflict with each other, then the organization's identity remains unstable either in a state of identity ambiguity or growing identity conflict.

The key to this process of meaning-based identity change is the emergence of identity ambiguity within the organization. Ambiguity involves a lack of clarity in meanings; hence, if identity ambiguity exists, the organization's identity is in a state of destabilization. If members are in doubt about what it means "to be Bozkinetic," for example, then there is a strong potential for the eventual answer to the identity question to be different than it was before the ambiguity. It is important to note that this change in identity can occur even if the same labels are used to describe the organization before and after the ambiguity. Thus, when Bozkinetic's members

used the label “industry leader” prior to the spin-off and again after the spin-off to describe who they were as a company, change still occurred because the meanings underlying that identity label were different after the period of ambiguity.

### **Relating the Findings to Specific Research Domains**

In addition to providing insight into the domain of organizational identity and its dynamism, the findings of this study also inform a number of other literatures, including the domains of corporate spin-offs, organizational culture, and organizational adaptation and learning. The following sections discuss these insights and offer suggestions for ways that future research can build on this study’s findings to further inform each domain.

**Managerial and organizational aspects of corporate spin-offs.** The majority of research on corporate spin-offs focuses on the financial and economic implications of this type of restructuring, often comparing it to a merger or acquisition or simply discussing the costs and benefits of such a move for investors (c.f., Miles & Woolridge, 1999). Thus, this study contributes insight into the corporate spin-off context by adding a managerial and organizational perspective to the processes and events that occur during and after the restructuring event.

*Identity ambiguity.* All spin-offs involve identity ambiguity to some extent. As Bozkinetic’s case exemplified, the presence of this identity ambiguity can be influential on a company’s routines and processes. The intensity and length of this ambiguous period seems to depend on a number of factors, including but not limited to: (1) actions taken by leaders to define and model the organization’s desired current and future identities, (2) the magnitude of the image discrepancies that arise from the loss of social referents (especially the parent company) and feedback received from the media, and (3) the amount and intensity of other changes occurring within the organization (as the amount/intensity of other changes increases, the ability to cope

with identity ambiguity decreases). As discussed above, however, identity ambiguity is not necessarily bad for an organization. While there are some definite negatives that can be associated with identity ambiguity (weakened commitment, increased turnover, increased cynicism, etc.), there are also potential positives, such as the opportunity to strengthen bonds among employees and with their organization by establishing a strong post-ambiguity identity, the opportunity to improve the organization's reputation through the display of a strong post-ambiguity identity, and the opportunity to learn about the organization's strengths and weaknesses before the next crisis or upheaval occurs.

*Types of Change.* My findings clearly demonstrate that a corporate spin-off contains both an episodic change event as well as the potential for a continuous change process (Weick & Quinn, 1999). As graphically depicted back in Figure 6.3, the spin-off itself was truly an episodic change for the organization, one that resulted in, among other things, new labels furnished by top management to describe who the organization was now that it was independent of its parent. However, as illustrated in my emergent findings, the spin-off event itself was only one aspect of the identity change experienced at Bozkinetic, and a small part of it, in fact. This is because while new labels were added to the set of identity labels accepted by the organization's members before the spin, they held little to no meaning for the membership. The social-construction of that meaning, as well as the social modification of the meanings underlying the surviving identity labels, was a continuous and much more subtle process that occurred over the course of several months after the spin-off (and continued beyond the bounds of the current study even).

It was this subtle and continuous change that was most influential on the organization and its ability to adapt to the competitive environments faced by a newly independent company. This

is not to say that the episodic event was unimportant. On the contrary, it was the episodic change that provided the foundation from which the subtle, continuous identity change emerged over time. However, it is clear that an important take-away from this study for the domain of corporate spin-offs is that the accompanying change processes continue far past the actual spin-off event itself and it is this continuous change process that may have the most long-time influence on whether the spin-off survives and prospers.

Along similar lines, the spin-off process revealed change processes comparable to Van de Ven and Poole's (1995) life-cycle, teleological, and dialectic change motors. The life-cycle changes were evident in formal change procedures implemented by top management (e.g., program change procedures following a life-cycle of initiation, progression, realization, and wrap-up) and in the emerging nature of the organization's development as an independent entity within its competitive marketspace (a cycle of birth, growth, maturity, and death – this study only captured the first two stages). Teleological change was also evident in many ways. For instance, the transformation of the company's strategy during the spin and post-spin phases followed a clear teleological pattern. Top management began with a definitive end-state in mind when it initially developed its strategy for competing as an independent business entity, steps were taken to achieve this desired end-state, progress toward the end-state was monitored, and adaptations to the strategy and the end-state occurred in response to internal and external shifts in expectations and perceptions. Finally, a hybrid form of the dialectic change motor was captured in two clear instances. The first involved the emerging identity tensions that arose in the wake of the identity ambiguity. I label this a hybrid form of dialectical change because according to Van de Ven and Poole's definition, dialectic change requires "the balance of power between opposing *entities*" (emphasis added) (1995: 517). While two entities were not involved, the competing

identity claims achieved the same struggle for power and fit with Van de Ven and Poole's other conditions for the operation of dialectical change (see Table 2 on page 525 in Van de Ven and Poole, 1995).

*Corporate communications.* Another managerial insight involves the value of clear communications during the months preceding and following the spin-off event. This necessity was highlighted in Bozkinetic's case because of the presence of the government-mandated quiet periods the company faced and the limitations this placed on their ability to communicate with key stakeholders. Thus, the first insight involves the unintended consequences of spin-offs (and other restructured companies) offering stock options to their members as a motivational tool. While the practice seems reasonable (even necessary) in this modern age of highly-competitive labor markets and get-rich-quick stock option stories, the communication disadvantage a company will face can be extremely detrimental in attempts to effectively gain buy-in and commitment from internal employees during a period of tremendous organizational change.

Likewise, any spin-off that will become (or remain) a public company will face government-mandated quiet periods that will limit the company's ability to communicate with external stakeholders (regardless of whether their employees are stock owners). This will make it more difficult for the company to manage its reputation during these quiet periods (an essential part of the competitive game nowadays), to hit back at competitors and media outlets that misrepresent the company, and to compete on the "advancing technology front" (while other companies are touting their "soon-to-be-released" cutting-edge technology, the spin-off has to be more conservative in its forward-looking statements).

*Different processes than merger/acquisition.* As the discussion around Figure 6.2 explains, the fundamental difference between "addition" and "loss" that distinguishes a

merger/acquisition context from a spin-off context results in key dissimilarities that prevent the application of merger/acquisition research to the spin-off context. While this study has laid the groundwork for truly understanding those differences (the cited differences in the identity change processes represent a fundamental distinction between the two), more spin-off research is necessary from a managerial and organizational perspective before we can offer bona fide help to managers faced with an impending spin-off (see Hambrick & Stucker, 1998 for an excellent example of this type of research).

**Organizational culture.** Another concept that is often raised as being similar to organizational identity is organizational culture. While the two concepts are similar in that both involve shared meanings and beliefs pertaining to a critical aspect of the social environment of an organization, they are distinct concepts with different processes, influencers, and implications. At a basic level, the difference is as simple as the questions each answers about the organization; organizational identity is the answer to the question “who are we as an organization?” while organizational culture answers the question “how do we do things around here?” Beyond this minimalist difference, however, exists a set of conceptual and empirical differences that provide important insight for our understanding of organizations. Hatch and Schultz (1997; 2000) argue that the differences between the two concepts are subtle, but important. Although both can be used to help define the other, in essence, identity and culture can be distinguished “by culture being *relatively* more easily placed in the conceptual domains of the contextual, tacit and emergent than is identity which, *when compared to culture*, appears to be more textual, explicit and instrumental” (emphasis in original) (Hatch & Schultz, Forthcoming, 2002).

Building on Hatch and Schultz’s theorizing, the current study provides two empirical insights into the relationship between organizational identity and organizational culture. First,

my informants made a clear distinction between the two during the pre-spin and spin phases of the project. My informants discussed the way in which who they were as a company was undergoing some sort of change, while at the same time acknowledging that “for 95% of the people here nothing changes and for those other 5%, well, they are pretty high up in the company” (#23 – Marketing manager). In fact, in discussing the implications the spin had for the organization, the most common answer I heard involved how the spin did not mean much to the average Bozkinetic employee because it “did not change their jobs or how they went about their business” (#10 – Sr. Vice-president). This insight also emerged in my discussions with senior management and their belief that only two things needed to change about the culture (“we need to become much more cost conscious” and “we need to make it more cohesive”) while the rest could stay the same. This was in strong contrast to the sense of organizational identity change felt by people during the spin period and the emergent identity ambiguity in the post-spin period (there was no corresponding culture ambiguity within the organization).

The second insight involves the relationship between culture and identity in the perceptions held by insiders at different levels of the corporate hierarchy. In general, those closer to the top of Bozkinetic’s hierarchy (members of the top management team and other executives) tended to associate the concept of organizational identity with the organization’s strategy or purpose, while those lower in the organization associated the concept of organizational identity more with the organization’s culture. That is, while top management treated organizational identity as more of a cognitive concept closely related to *language* (especially the language used to describe what the organization existed for and its place in the competitive environment), the rest of the organization treated identity as more of a behavioral and emotional concept closely related to *meaning*. Thus, top management tended to think of

changes in organizational identity occurring when changes to identity labels occurred, while the rest of the organization tended to think of identity change occurring when change occurred in the meanings underlying those labels (especially as reflected in changes to organizational behavior – essentially, “how do we know who we (really) are until we see what we do”). This resulted in top management seeing identity change as being more strategic in nature while lower ranks saw it as more emergent.

Because most empirical efforts at studying organizational identity are based on the perceptions of organizational leaders, it is not surprising that academic efforts at conceptualizing organizational identity tend to reflect the strategic view of identity more (Whetten & Godfrey, 1998) while neglecting (and even purposefully shunning) more culturally-based conceptualizations. Thus, following Hatch and Schultz’s (Forthcoming, 2002) argument, this study supports the notion that organizational identity and culture are closely related in organizational life and provides the basis for more holistic examinations into the strategic and cultural nature of organizational identity.

**Organizational adaptation and learning.** Finally, the results of this study can be applied to the increasingly important domains of organizational adaptation and organizational learning. In their original argument for why organizational identity should be conceptualized as more dynamic than previously considered, Gioia and his colleagues (2000) laid out the basis for understanding why organizational adaptation to a changing external environment was enhanced through the fluidity of organizational identity. Their notion of “adaptive instability” was argued to allow for both stability and change to exist simultaneously (stability in the identity labels and change in the meanings underlying those labels), thus affording the organization the sense of continuity necessary to maintain employee focus and motivation, as well as the dynamism to

keep pace in increasingly turbulent competitive environments. The current study provides empirical support for this notion in its examination of the adaptation processes a new organization faces as it attempted to establish its place in its chosen competitive environment.

Finally, this study also informs the field of organizational learning. Organizational learning represents an increasingly popular perspective on how organizations come to understand what steps are necessary to successfully adapt to environmental changes. Although the current study did not explicitly take a learning perspective on the organizational identity change process, it is possible to make the argument based on its findings that a strong identity-learning relationship is theoretically important, but pragmatically subtle. As part of my discussion of the research questions that guided this empirical effort, I used a multi-level process model of organizational learning by Crossan et al, (1999) to provide insight into how changes in meanings could be tracked. Yet, the subtleness of the meaning creation and sharing processes around Bozkinetic's identity change do not necessarily reflect the more explicit nature of the processes outlined by Crossan and her colleagues. Perhaps a better parallel is found in Cook and Brown's (1999) notion of *organizational genres*. Organizational genres represent "the distinctive and useful meanings a given group attaches to its various literary artifacts {as well as} to its various physical and social artifacts" (p. 392). While "these genres are not explicitly learned or known," they represent knowledge "possessed or 'held in common' by that group" (p. 392) and confirmed or modified through continuing social interaction.

Thinking of organizational identity as collectively shared (but tacit) knowledge about who the organization is may help explain the process by which identity change occurs at the level of meanings and only sometimes becomes explicitly known (although it doesn't have to in order to be adaptive). That is, the members of an organization may come to understand what it

means to be, in this instance, Bozkinetic through subtle processes of “a kind of ‘negotiation in practice’ as {identity labels} are used in the context of the group’s ongoing ‘real work’” (p. 392). By conceiving of organizational identity change as a subtle form of organizational learning, it may be possible to capture the complexity inherent in the process of a collective struggling to understand who it is and relating that “knowledge” to how it operates in a turbulent social environment (see Corley & Gioia, In Press, 2002 for a more detailed treatment of this subject).

Of course, the nature of the identity change process is ultimately an empirical question that can only be answered by future research. However, the current study provides the wherewithal to plan those future studies and hopefully increase our chance at gaining the theoretical and practical understanding needed around this important organizational phenomenon.

### **Follow-up Research**

In addition to the suggestions provided in the above Discussion sub-sections, it is important to point out how this study’s findings lay the groundwork for future empirical efforts focused specifically on capturing the processes central to organizational identity change and, more generally, the processes of organizational change. Specifically, there are three key areas in which later studies can directly help expand and solidify the emergent findings of this study for the benefit of organizational identity researchers and the organizations they study.

**Organizational identity ambiguity.** With the emergence of identity ambiguity as a key phenomenon in the identity change process, we now have some understanding of a second identity destabilization state (the first being the more studied identity conflict) and its role in how identity change occurs. However, the emergence of identity ambiguity in this study is only the first step of a long process. To have a substantial impact on the field and our understanding of organizational behavior and strategy, we need a more thorough conceptualization of identity

ambiguity, along with a rigorously developed operationalization capable of use in diverse organizational settings.

With that in mind, two studies are most important in moving the concept toward achieving those goals. First, a qualitative-methods based study needs to be conducted to better flesh out the nature of identity ambiguity in different organizational settings. Bozkinetic's experience with identity ambiguity occurred during a corporate spin-off; however, this is not the only organizational context in which identity ambiguity can emerge. In fact, numerous externally- and internally generated events can call into question the meanings underlying an organization's identity labels. Some of these organizational contexts might include the turnover of a long-tenured leadership team (especially in the face of a controversy or if the leadership team was central to the development of the current organizational identity), a large-scale lay-off or office closing, the shift from one industry concentration to another, or the emergence a technological jolt in the competitive marketplace that call into question the organization's continued viability in its current capacity.

All of these represent distinct contexts in which identity may exist, albeit in a different form or with a different function. By capturing the different identity ambiguity experiences of organizations faced with different identity ambiguity contexts, a more thorough understanding of the concept can be achieved and, thus, better applied to theories of organizational identity and change in different contexts. Ultimately, the goal should be to develop a thorough enough conceptualization of identity ambiguity to aid in the development of a mid-range theory of organizational change from an identity perspective. The choice of a qualitative-based study arises from the need to continue capturing as much detail about identity ambiguity as possible from those actually experiencing it. Unlike the current study, however, such a study should

focus more in its purpose (delineating the conceptual details of identity ambiguity, its antecedents, and its outcomes) and should encompass multiple organizations to help determine similarities and differences across organizational contexts.

Second, steps need to be taken to begin operationalizing the concept of identity ambiguity for use in quantitative-based surveys. One of the key components of a rigorous theoretical concept is its ability to help explain other phenomena in wide ranging contexts. By developing a thorough quantitative measure of identity ambiguity, it will be possible to study the relationship between identity ambiguity and other key organizational level phenomena such as effectiveness of formal change, organizational performance, and strategy implementation, as well as individual-level phenomena, such as commitment, employee stress, and turnover. The operationalization of identity ambiguity should follow the steps laid out by Hinkin (1998) to aid in the process of construct validation, including specification of the construct's domain, developing items that capture the construct, empirically determining whether these items effectively measure the domain, and examining whether the results of the measure are predictable from theoretical hypotheses. This study's findings provide a foundation for this initial measure, especially in regards to the determination of the construct's domain, the initial development of items for the measure, as well as the development of hypotheses to help gauge the measures results.

**Emotional components of organizational identity.** The other area for future research sparked by this study involves the affective components of organizational identity. Although the potential for organizational identity to contain an affective component has been in the organizational identity literature dating back to Albert & Whetten's (1985) original piece and Dutton & Dukerich's (1991) original study, it has never been theoretically explored or

empirically examined in any depth. Although the current study once again finds that there is an affective component to organizational identity and it is important to how identity changes over time, the results are not clear enough to move onto an empirical test of identity emotion or any like concept.

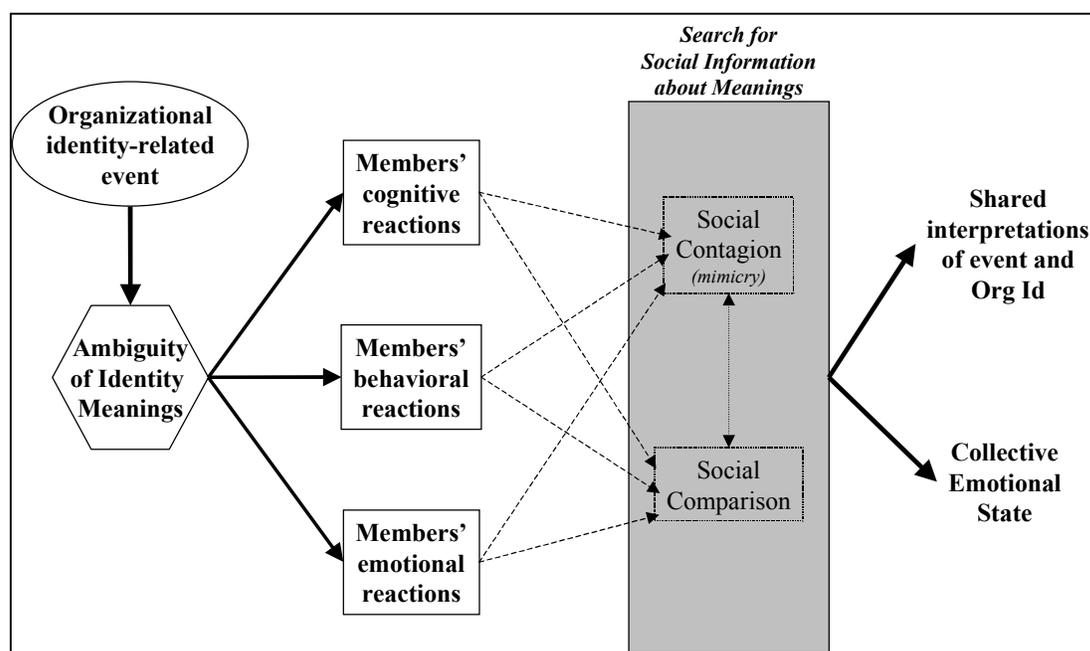
Indeed, I found it difficult to capture the emotions themselves while they were occurring and wound up mostly with retrospective accounts of the emotional reactions, often from 3<sup>rd</sup> parties. This is why I feel a separate study, based in structured interviews and participant observation, should be undertaken specifically aimed at capturing and better understanding the affective component of organizational identity and its change. As illustrated in this study, as well as in previous studies (e.g., Dutton & Dukerich, 1991; Elsbach & Kramer, 1996) emotions involving organizational identity tend to surface plainly during perceived organizational crisis and other events that lend themselves to self-reflection and collective recognition of self-referential labels and meanings. Thus, a study aimed specifically at examining the emotional aspects of organizational identity would be wise to start with organizations facing a perceived crisis, attempt to capture and understand the phenomenon in detail there, and then move on to understanding identity emotions in other, non-crisis settings.

Another avenue of research could build off of previous work on collective affective phenomena in other domains, most notably Bartel and Saavedra's (2000) research on group moods and DeGoey's (2000) use of social contagion processes to explain the social construction of cognition and emotions around organizational justice. Specifically, Bartel and Saavedra demonstrate that it is possible for mood to be a collective property of a work group through processes of social comparison (Salancik & Pfeffer, 1978; Schachter, 1959) and emotional contagion (Hatfield et al., 1992, 1994). Their results provide support for the notion of collective

emotional states and insight into how they develop. Likewise, Degoey posits that a collective's members may arrive at a shared understanding of a socially constructed notion (in his case justice, but identity is also socially constructed) through a process of social contagion, especially when there is ambiguity around events involving that notion.

Thus, using these ideas, it could be possible to develop (and test) a model illustrating the creation of shared interpretations of an organization's identity and a related collective emotional state arising from members' collective efforts to make sense of an ambiguous, identity-related event. As illustrated in Figure 6.6, this model would contain the cognitive, behavioral, and emotional reactions of members to the ambiguity produced by an organizational identity-related event, possible processes for searching out social information about the meaning of such a event (social comparison and contagion), and the resulting collective emotional state and shared interpretations of the event and the organization's identity.

**FIGURE 6.6 – POTENTIAL MODEL OF COLLECTIVE REACTIONS TO IDENTITY AMBIGUITY**



**Identity change in parent organizations.** This study only looked at the identity change during a spin-off process from one perspective, that of the company spinning off. However, the parent company of the spin-off is also likely to undergo some form of identity destabilization, possibly even identity change, as it loses part of itself. This would especially be likely in the case of a parent organization losing a long-held part of itself that was central to its pre-spin identity, similar to the situation faced by Arthur Andersen when its consulting arm, Andersen Consulting, spun-off in 2001. I suspect the identity change process would be different because instead of having a sense of developing a new identity like the spun-off organization feels as it becomes independent, the parent company is merely losing a part of itself without a feeling of becoming a new organization. Of course, any similarities found between the two processes would only serve to strengthen the emerging theory of identity change presented here, but differences would be enlightening as well, especially for their ability to illuminate the boundaries of the current theory and help extend a more general understanding of the identity change process.

### **Limitations**

As with any inductive-based case study, there is a potential for the study to result in idiosyncratic findings that might be difficult to extend to other organizational contexts. This study is no different, especially with the occurrence of the September 11<sup>th</sup> terrorist attacks and their impact on Bozkinetic in the middle of the study. However, as discussed above, I instead view this potential limitation of the study as an opportunity, one that, when taken advantage of, provides insight beyond that likely in a more controlled (and thus less realistic) research setting. Events occur in every organization's life cycle that affect "normal" processes of sensemaking, decision-making, and leadership. The responsive steps organization members take to cope with

these events and move beyond them provides a “crack in time” where observers can more easily capture the thought processes and actions underlying key organizational phenomena. Instead of treating this case as an idiosyncratic look at one organization’s unique experience, I prefer to see it as one of those rare moments when a signal event highlights a more subtle underlying process that provides insight into the facilitators of change. Rather than being so unusual that it compromises the relevance of the study, the occurrence of a corporate spin-off, as well as the September 11<sup>th</sup> crisis, instead lay bare processes that can be effectively examined for wider relevance.

Another potential limitation in inductive research involves the biases the researcher brings with him/her to the field experience. My explicit focus on identity change and processes involving the top management team have undoubtedly introduced bias into this study and have had some effect on my interpretation of the data. Consequently, the findings from this study might be viewed with caution by those whose preference is for a more objective approach to science. However, I firmly believe that no social science research occurs without some researcher bias and that it is up to the reader to decide how credible or plausible the findings and their implications are for the domain of interest. The researcher can take steps to help establish the credibility of the findings, and I believe I have done that in this study. For instance, I have closely followed Lincoln and Guba’s (1985) suggestions for building trustworthiness into my study (see Table 4.4), including implementing the key steps of clearly delineating the context in which these findings emerged, explicitly discussing how and why these findings might apply to a larger domain, and ensuring that the emerging data and model made sense to those living the case, my informants. Nonetheless, it is still possible that my interpretive focus might have

precluded me from capturing other important aspects of the spin-off process and thus missing potential insights valuable to our understanding of organizational change.

Additionally, as with any qualitative research project, there were several respects in which I could have been misled by my informants (van Maanen, 1979). For example, during interviews, the participants may have chosen not to reveal topics of a sensitive nature, thus influencing my understanding of their experiences. Or, conversely, the participant may have misinterpreted questions or mis-remembered interactions. This would also inadvertently influence the reported data. Finally, the process of self-reflection required by interview participants can be psychologically demanding, which may have limited the participants' willingness to explore their own experiences. Obviously, there was no foolproof way to determine a participant's truthfulness, intentionality or level of self-reflection, but I followed all recommended guidelines and attempted to triangulate all data through the use of less obtrusive data collection efforts (including the collection and analysis of key documentation and the direct observation of social interactions and organizational processes). Overall, I am confident that the data gathered from my informants was trustworthy and forms a solid foundation for the study's emergent model.

### **Conclusion**

Given the quantity and pace of change experienced by organizations facing turbulent competitive environments, the need to understand the processes and factors underlying that change has become paramount for organization researchers. As the preceding chapters suggest, the role played by organizational identity and its dynamism is an important aspect of those change processes and thus of key interest to the domain of organizational science. In the current

study, I attempted to capture the processes and factors underlying organizational identity change during a spin-off as a first step toward understanding organizational identity change in general.

The emergent model depicted in Figure 6.1 illustrates those key processes and factors, including: (1) the critical role played by *identity ambiguity* (sparked by image discrepancies and changes in the organization's social referents) in providing the context and motivation for change to occur in the meanings underlying organizational identity labels; (2) the direct relationship between this identity ambiguity and the emergence of *change overload* feelings among organizational members; and (3) the *affective components* of organizational identity change that motivate top management to deal actively with the identity ambiguity once it comes to light.

While not every organization will undergo a spin-off experience, or even undertake a major organizational transformation, the findings highlighted above provide insight into identity change processes possible in all organizations. With the additional research suggested above, along with other researchers' efforts at examining organizational identity change, I believe the next several years will provide the foundation for an identity-based theory of organizational change that will afford us a new and exciting perspective on some of the most challenging questions facing organizations today: "Why is organizational change so difficult?" and "What can be done to help organizations deal with it more effectively?"

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## APPENDIX A: INTERVIEW PROTOCOLS

### Initial Protocol

#### New Organization Development

I am interested in understanding more about your pending spin-off from Bozco. Because of your direct involvement in the strategic aspects of Bozkinetic, I think you can help me understand what goes on in a spin-off from the perspective of the newly created organization. As I said before, everything we talk about today is completely confidential. But if you don't feel comfortable talking about something, please feel free to tell me and we will move on to a different topic.

#### About the Informant

- What is your formal position and title in Bozkinetic?
- How long have you been with Bozkinetic? Were you originally with Bozco?
- What role are you playing in the current spin-off from Bozco?

#### About Bozkinetic

- When the spin-off was originally announced, what were people's thoughts in terms of the type of company they would like Bozkinetic to be?
  - Was there some sense of what would set it apart from others?
  - What types of words were used to describe the spin-off?
- Part of what a new organization has to do is sell itself to outsiders like customers and investors, but that seems like it would require having some sense of who you are as an organization. In general, who is Bozkinetic as an organization?
  - If you were to use adjectives to describe Bozkinetic, what words would you use?
  - Do you have a sense of how strong this identity is among the members of the organization?
  - If you were to use adjectives to describe Bozkinetic in comparison to other organizations, what words would you use to distinguish it? To note similarities?
- How do you think others outside Bozkinetic see the company?
  - Are there ways in which outsiders see Bozkinetic similarly to how the company sees itself?
  - Are there ways in which outsiders see Bozkinetic differently than how the company sees itself?
    - Is this an important discrepancy strategically for Bozkinetic? Why/why not?
- How would you describe the way Bozkinetic presents itself to outsiders? Examples?
  - Are there different views on how best to present Bozkinetic to outsiders?
- I imagine the past several months have seen an incredible amount of growth for the firm. Has that growth influenced how Bozkinetic thinks of itself?
  - How does Bozkinetic see itself differently now than it did 6 months ago?
  - How do you think Bozkinetic will see itself 6 months from now?

## Early Post-Spin Interview Protocol

### Research on Organizational Spin-offs

I want to spend some time talking over some of the themes that arose from the first set of interviews I did over the summer and get your thoughts on how things might have changed over the 4 months since the split became official.

- First, if I asked you “who is Bozkinetic now?” how would you describe it?
- I want to read some descriptions of Bozkinetic that I have collected from various sources over the past several months. Could you tell me what each description means to you? Does it match with your perceptions of the company? Bozkinetic is a...
  - Premier {technology} service provider
  - Stewards of the {technology}
  - Values based company
  - {Technology} innovator
- How important to you is it that Bozkinetic is seen as:
  - A pure play {technology} company?
  - An independent company?
  - An innovative company?
  - A company that does/did something special?
- I want to use a recent organizational decision to get a better idea of internal perceptions of the company.
  - How does the decision to become more locally-focused in your operations reflect who Bozkinetic is as a company? Does it validate or change who Bozkinetic is?
- Have the Cornerstones (vision, mission, values, etc) been influential in your understanding of who Bozkinetic is?
  - How? Why?
  - What about in understanding who it is trying to become?
- Other people in the organization, including those at the top, have considered the Sept. 11<sup>th</sup> crisis to be a defining event in the development of the company. From your perspective, what is the significance of this event for Bozkinetic?
  - How has it changed your understanding of who the company is?
  - Why do you think it has had that effect?
  - What types of things has the organization done to help in that regard?

## Late Post-Spin Interview Protocol

### Specific Interview Questions about Ambiguity

One of the findings from the first phase of our study was that since the split, Bozkinetic has struggled to define itself as an independent entity. That is, there's ambiguity around who the company is and where it is going. I've identified 3 probable sources of this ambiguity and I'd like to get your thoughts on each one now that we are 6 months past the spin.

- The first involves a sense that the way people outside of Bozkinetic thought about the organization was different than the way employees inside Bozkinetic thought about it, and that this discrepancy created some question as to Bozkinetic's identity.
  - What are your thoughts on the discrepancy between external and internal perceptions?
  - Is the company doing anything to deal with the ambiguity arising from this discrepancy?
- Another source of the ambiguity seemed to come from a loss of past comparison or referent companies, mainly Bozco and Tadco. That neither of those companies was a good referent anymore in describing who Bozkinetic is now as an independent company (their loss has made it more difficult to define who Bozkinetic is)
  - What are your thoughts on losing them as referents?
  - Is the company doing anything to deal with the ambiguity arising from this loss?
- The third source involves a discrepancy between your current identity and images of who the company is going to be in the future. That some people are questioning if those future images can actually be achieved.
  - What are your thoughts on this discrepancy between Bozkinetic's current identity and its desired future image?
  - Is the company doing anything to deal with the ambiguity arising from this discrepancy?
- All of these changes we have been talking about, how are they getting spread throughout the organization? What mechanisms are being used to spread the word about these changes?

## Protocol for Executive Debrief at End of Post-spin Period

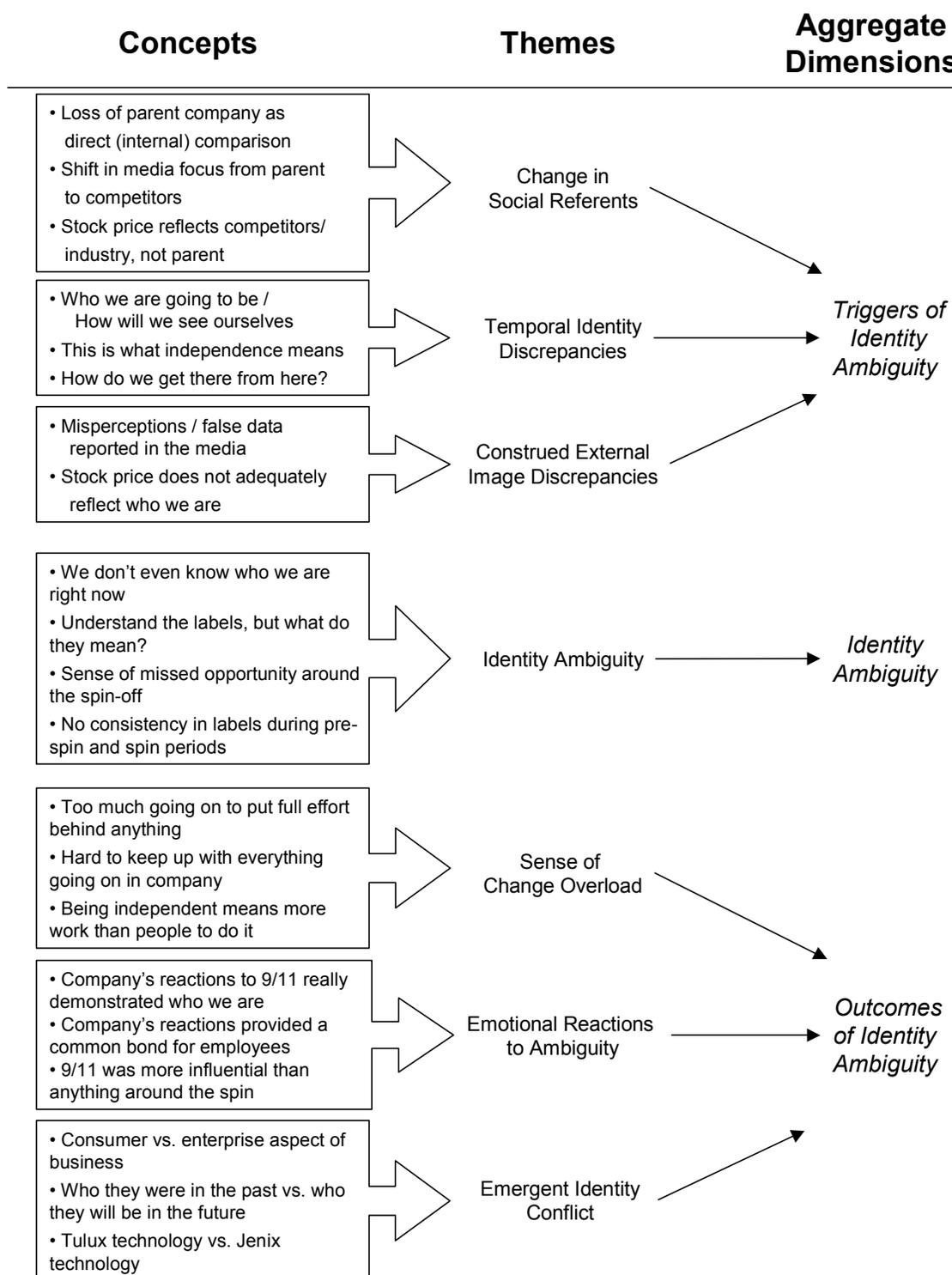
### Executive Debrief Interview

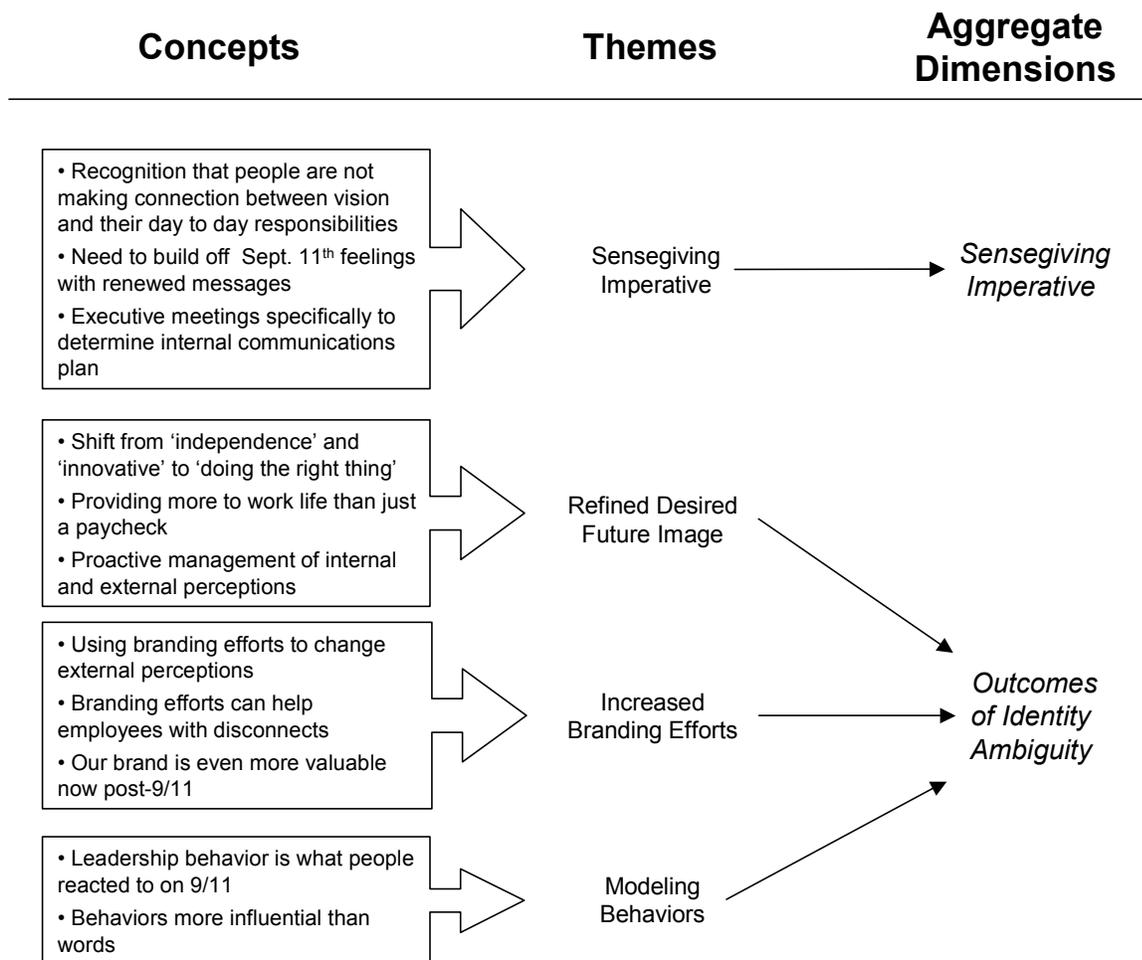
- Opening questions
  - What have been the key messages you have tried to convey to employees since the official split from Bozco?
  - What have been the key messages you have tried to convey to the outside world since the split?
  - If I were to ask you “who is Bozkinetic as a company?” how would you describe it?
- I want to read some descriptions of Bozkinetic that I have collected from various sources. Could you tell me what the description means to you? Bozkinetic is a...
  - Premier {technology} service provider
  - Values based company
  - A helpful, caring company
  - Stewards of the {technology}
  - {Technology} innovator
- We have spent the past several months talking to a number of your people, reading both internal and external documentation, and listening as you and others have described Bozkinetic and its situation spinning off from Bozco. Here’s one way of describing Bozkinetic:
  - Bozkinetic is in the process of trying to create an identity and we see you as a key player in that process; clearly you are the voice of that change. What we are especially interested in is how you and Bozkinetic are going about this process, what you’re specifically doing to accomplish an identity change at Bozkinetic.
    - What has changed about the labels used to describe you as a company from before the split to now? What do these labels mean?
    - What labels have stayed the same?
    - Have the meanings behind any of those old labels changed? Does it mean something different now than it used to?
  - What role have the Cornerstones played in your attempts?
  - What is your ultimate vision for who you would like Bozkinetic to be?
- Sept. 11<sup>th</sup> questions
  - How have the events of Sept. 11<sup>th</sup> changed your thinking about who Bozkinetic is or should be?
  - How have they changed Bozkinetic’s process of coming into its own as an independent company?
  - What steps are going to be taken to get this sense of who Bozkinetic is (or who it should be) to disseminate through the organization? (to get buy-in?)
    - What about the people whose lives were not as directly affected by 9/11 as those of us in the East? Any sense of how you are going to get them to see the importance of these changes? (especially the folks in Redmond)

**APPENDIX B: INFORMANT & INTERVIEW INFORMATION**

Informant	Hierarchical Position	Interviews in Phase:		
		Pre-Spin	Spin	Post-Spin
1	CEO			1
2	Executive Vice-Pres	2		2
3	Executive Vice-Pres	1		
4	Executive Vice-Pres		1	2
5	Executive Vice-Pres		2	1
6	Senior Vice-President	3	2	3
7	Senior Vice-President	1		1
8	Senior Vice-President	1		1
9	Senior Vice-President	1		1
10	Senior Vice-President	2		2
11	Senior Vice-President		1	1
12	Senior Vice-President		1	
13	Senior Vice-President		1	1
14	Senior Vice-President		1	1
15	Vice-President		1	3
16	Vice-President		1	2
17	Vice-President		1	1
18	Vice-President		1	
19	Vice-President		1	1
20	Vice-President		1	1
21	Vice-President		1	
22	Vice-President		1	1
23	Marketing Manager	1		1
24	Business Manager	1		1
25	Technology Manager			1
26	HR Manager	1		1
27	Business Manager		1	
28	Sales Manager		1	
29	Business Manager			
30	Marketing rep		1	2
31	HR Trainer		1	2
32	Customer agent		1	1
33	Technician			1
34	Customer agent			1
35	Branding agent	1		1
36	Technician		1	1
37	Financial agent	1		
38	Communications agent	1		1

## APPENDIX C: EMERGENT CONCEPTS, THEMES, AND DIMENSIONS





## VITA: KEVIN G. CORLEY

### Education

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The Pennsylvania State University, Smeal College of Business, University Park, PA 16802

*Degree:* Ph.D., Business Administration – August, 2002

*Concentration:* Organizational Behavior & Cognition

*Committee:* Dr. Dennis Gioia, Dr. Linda Treviño, Dr. Karen Jansen, Dr. Dennis Gouran

Miami University, Richard T. Farmer School of Business, Oxford, OH 45056

*Degree:* Bachelor of Science in Business Administration – May, 1993

*Majors:* Organizational Behavior, Management Information Systems

### Research

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#### ***Refereed Publications***

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