Organizational Identity as a Strategic Practice

Dr. David Oliver  
Research Fellow  
Imagination Lab Foundation  
Rue Marterey 5  
CH-1004 Lausanne, Switzerland  
Tel: +41.21.321.55.44  
Fax: +41.21.321.55.44  
david@imagilab.org

and

Dr. Peter Bürgi  
Research Fellow  
Imagination Lab Foundation  
Rue Marterey 5  
CH-1004 Lausanne, Switzerland  
Tel: +41.21.321.55.44  
Fax: +41.21.321.55.44  
peter@imagilab.org
**Abstract**

Several scholars have proposed linkages between organizational identity and strategy (cf. Dutton & Penner, 1993; Fiol, 2001). Yet while strategy content scholars have proposed that organizational identity might be considered an organizational asset, and strategy process researchers see it as a dynamic capability, in this paper we propose that it can be viewed as strategic practice. Our conception draws on Giddens (1984), who sought to overcome the paralyzing dichotomization of “structure” and “agency” by proposing that social structures constitute and are constituted by human action, with structure and agency mutually embedded in ‘structuration’ practices. Our conception also draws on Bourdieu’s notion of *habitus*, which refers to a system of durable dispositions, structures or principles “constituted in practice and is always oriented towards practical functions” (Bourdieu: 1990: 52). Conceptualizing organizational identity as a strategic practice integrates both elements of the duality of structure, allowing us to focus on the recursive relationship between process and outcome. Rather than an additional strategic variable or a filter for strategy process, a practice perspective means that organizational identity and strategy practice can be thought of as mutually constitutive. We illustrate our theoretical propositions through a three-part illustrative case of interventions conducted with strategy-development teams of a specialty chemical company. We describe how the identity representations developed in each company division were both constraining and enabling to organizational members in these workshops. The case studies illustrate the recursive relationship between the intersubjective meaning-making and meaning-negotiation *practices* which constituted both the organization’s identity and strategy.


**Introduction**

The paper examines how strategy and organizational identity relate at the level of practice. Presenting a 3-part illustrative case study in which the characterization of an organization’s identity takes place *as a strategy practice*, we document a direct impact of this practice on strategy process and content. Our work responds to calls for study of strategizing practices (Wilson & Jarzabkowski, 2004), especially at the micro-level (Johnson et al. 2003). It also extends the discussion of the relationship of strategy and identity (e.g. Reger et al. 1998) by presenting data of this relationship in the specific behaviours of an organization.

**Strategy-as-Practice**

One of the most important turns in social science in the past 30 years has been the rise of the “practice” paradigm. Practices can simultaneously evoke prior meanings and create conditions for new ones (Bourdieu, 1990), thus serving to move beyond the opposition between objectivism and subjectivism. Giddens (1984) sought to overcome the paralyzing dichotomization of “structure” and “agency” by proposing that generativity of structure, as well as consequence of agency, are mutually embedded in “structuration” practices.

In the realm of strategic management, the process of conceptualizing and implementing organizational strategy has been the object of study of a growing number of scholars, including calls for the study of “micro processes” (Johnson et al., 2003) and strategy “practices” (Jarzabkowski, 2003). There are several reasons for this new interest in the particularities of strategy practice. An over-reliance on economics stemming from modernist assumptions concerning social science in general, and strategy research in particular, has led to an overly detached approach to strategy research (Whittington, 2004). Although the resource based view of the firm (Wernerfelt, 1984; Rumelt, 1987) has focused on the notion of dynamic capabilities (Barney et al. 2001), many of the
capabilities that may lead to sustainable advantage are not commodities, but rather hard-to-discriminate and awkward to trade, and thus have remained largely invisible to resource-based strategy researchers (Johnson et al., 2003). Further, the managerial agenda in strategy research appears to have fallen by the wayside, with little systematic research being conducted on the practical challenges of strategic management for practitioners (Whittington, 2004). By contrast, strategy as practice holds the potential to better reflect the work and concerns of practitioners to develop actionable knowledge (Wilson & Jarzabkowski, 2004: 15).

Because strategy-as-practice researchers tend to be mindful of practitioner relevance, they are more self-consciously engaged in the ‘double hermeneutic’ notion that theories and findings of the social sciences cannot be kept wholly separate from the universe of meaning and action which they investigate (Giddens 1984: xxxii-xxxiii). Practice approaches to strategy attempt to reduce detachment by focusing on what managers actually do, and subsequently examining how these micro phenomena might be linked to macro influences and outcomes. They seek to explore the bi-directional relationship between micro and macro strategic practice (Wilson & Jarzabkowski, 2004), embracing both the interactions and interpretations from which strategic activity emerges over time, as well as the infrastructure through which micro strategy and strategizing occurs (Jazabkowski, 2003).

An important underpinning of practice theory is the so-called duality of structure; the idea that “the structural properties of social systems are both medium and outcome of the practices they recursively organize” (Giddens 1984: 25). Scholars in the emerging strategy-as-practice domain have called for studies of “how skilled and knowledgeable strategic actors constitute and reconstitute a system of shared strategic practice that they also draw upon as a set of resources in the everyday activities of strategising” (Wilson & Jarzabkowski, 2004: 15). Although localized practices might be considered important value-creating resources to scholars of “dynamic capabilities” within the resource-based view of the firm (Teece et al., 1997), the study of these capabilities and practices needs to
be context specific, as they are dependent on the particular social system in which strategy-making takes place (Whittington, 2001).

A number of scholars in the strategy domain have pointed to the importance of organizational identity in strategy making generally (Reger et al., 1998; Fiol, 2001). Within this domain, however, it remains unclear how organizational identity may actually be an example of a strategic practice. We now explore this question beginning with a brief review of the concept of organizational identity.

Organizational Identity as a Practice

Since being introduced as a concept two decades ago, the conceptualization of organizational identity has evolved considerably. What was once a largely “content”-focused construct, has become a “process”-, and “practice”-focused one as well. It is widely agreed that organizational identity is an empirical, theoretical and practical construct of psychological and social phenomena that can be used to enhance understanding of organizational processes (Haslam et al., 2003). The construct was originally defined as “that which members believe to be central, enduring, and distinctive about their organization” (Albert & Whetten, 1985), although more recently the extent to which an identity must be enduring has been called into question (Gioia et al., 2000). Other definitions of organization identity state that it reflects an organization’s central and distinguishing attributes—including its core values, organizational culture, modes of performance, and products (Elsbach & Kramer, 1996), or that it refers to a collective, commonly shared understanding of the organization’s distinctive values and characteristics (Hatch & Schultz, 1997). In general, these uses of the construct concentrate on unpacking or naming what the content of organizational identity is.

Looking more broadly, the wide range of definitions of the construct stems from some fundamental dichotomies related to whether one sees organizational identity as shared
beliefs or institutionalised claims (Whetten & Mackey, 2002), a process or a thing (Ravasi & van Rekom, 2003), or a macro or micro phenomenon (Brickson, 2000). Gioia (1998) has proposed that organizational identity has variously been studied as a functionalist/social realist, interpretive/constructionist and post-modern phenomenon. Increasingly, many researchers see identity not as a rigid and enduring taxonomic position in an industry or in society at large, but as more a mutable, contingent, and situationally-determined set of meanings (Brown & Starkey, 2000; Gioia & Thomas, 1996; Gioia et al., 2000). Fiol (2001) asserts that organizational identity consists of a set of meanings that is socially-constructed\(^1\) rather than essentialist, the product of intersubjective, shared perceptions and understandings of the organization and its broad environment. Organizational identity is regarded by Weick (1995: 20) as an emergent property constituted in the process of interaction, and as involving both organizational members and top management by Hatch & Schultz (1997: 358). It can therefore be thought of as a social accomplishment rather than an essential quality of organizations, an emergence of shared views of what or “whom” an organization is. In turn, therefore, these uses of the construct emphasize processual elements of organizational identity.

Orlikowski (2002: 257) has argued that “actively and recurrently producing a distinctive and shared…identity” can itself be thought of as an organizational practice. In an effort to move beyond the opposition between objectivism and subjectivism present in so much of the current organizational identity discourse, we conceptualise organizational identity as a practice that can simultaneously evoke prior meanings and create conditions for new ones. This conception draws on Giddens (1984), who sought to overcome the paralyzing dichotomization of “structure”\(^i\) and “agency” by proposing that social structures constitute and are constituted by human action, with structure and agency mutually embedded in ‘structuration’ practices (and see also Bourdieu 1990). Conceptualizing organizational identity as a practice moves us beyond a purely functional view of organization identity interested in outcomes alone, or a process view focused only on medium/process. Instead, a practice perspective integrates both elements of these

\(^{1}\) This notion is already embedded in Albert and Whetten’s original formula of identity as a set of propositions about reality framed as claims -- “claimed central character … claimed distinctiveness … [and] claimed temporal continuity” (1985: 265; emphasis added).
dualities, allowing us to focus on the recursive relationship between process and outcome. This “practice”-oriented use of the construct can been seen more clearly in its relation to strategy.

**Connections between Organizational Identity and Strategy**

A variety of different relationships have been suggested to exist between organizational identity and strategizing. Some scholars imply that organizational identity can be thought of as a strategic asset, which should be closely linked to its unique source of competitive advantage (Whetten & Mackey, 2002), or “managed” in light of externally imposed organizational categories (Elsbach & Kramer, 1996). Organizational identity has been linked to the resource-based view of the firm, and described as a “classic, socially complex resource” (Barney, in Reger et al., 1998: 117).

Other scholars adopt more of a process view of organizational identity, and are inclined to propose that organizational identity operates as a form of strategic lens or filter influencing how issues, emotions and actions within organizations are interpreted (Dutton & Dukerich, 1991), constraining organizational actions and decision-making processes (Fombrun, 1996), providing confidence for proactive behaviour (Gioia & Thomas, 1996), lending institutional legitimacy necessary to attract resources (Brown, 2001), and helping define issues as threats or opportunities (Dutton et al., 1994). Organizational identity also serves as an orienting framework for strategic discussions, as “you have to know who you are before you can take action” (Reger et al., 1998: 113). Shared views of an organization’s identity have been claimed to indicate an orientation that implies what is appropriate, natural and valued for an organization to do (Kärreman & Alvesson, 2001), and more particularly may mediate strategic agenda concerns (e.g. Dutton & Penner, 1993). Organizational identity claims may frame how resources become emphasized, prioritised and deployed, and how perceptions of core capabilities are constructed (Glynn, 2000).
Increasingly, strategy is viewed neither as artefact nor process, but as a dynamic set of situated practices, which lead to successive adjustments between an organization and its environment. We propose that organizational identity practices can have such an important impact on strategy that they themselves can be regarded as practices of strategizing (see Table 1). In making this claim, we follow Weick’s (1995) claim that identity construction is a primary characteristic of *sensemaking*, which in turn is an essential element in strategizing (Schneider, 1997). Knowledge of ‘what an organization is’ can be a necessary precondition for mobilizing an effective and complete strategy – not in only in situations of reactions to crisis management, but in situations where strategy for the future is being proactively crafted. More than a screen, identity constrains the generation of strategic options in the first place, as well as allowing organizations to conceive of options and see new strategic opportunities (Gustafson, in Reger et al., 1998).

When strategizing, organizational members have to contend with simultaneous pressures to differentiate their firms while seeking legitimacy (Deephouse, 1999). An overemphasis on simply imitating successful performers (e.g. Eisenhardt & Martin, 2000) in an institutionalist fashion may lead to strategies that depart from a firm’s organizational identity. Too much emphasis on differentiation may lead to strategies that lack meaning for organizational stakeholders. When organizational members talk about the identities of their organizations, they ground these pressures for differentiation and mimesis in their organization’s own particular context. In this sense, organizational identity can be thought of as a vital element in the practice of strategy.

Table 1: Practice Implications for Organizational Identity and Strategy

<table>
<thead>
<tr>
<th>Notion of Strategy</th>
<th>Notion of Organizational Identity</th>
<th>Strategy-Organizational Identity Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Content</td>
<td>Organizational identity as an asset</td>
<td>Organizational identity as an additional strategic variable</td>
</tr>
<tr>
<td>Process</td>
<td>Organizational identity as a dynamic capability</td>
<td>Organizational identity as a lens or filter for strategy processes</td>
</tr>
<tr>
<td>Practice</td>
<td>Organizational identity formation as medium <em>and</em> outcome</td>
<td>Organizational identity as strategizing</td>
</tr>
</tbody>
</table>
To shed more light on the relationship between strategy and organizational identity, we now turn to explore how these elements play out in an organizational setting. Methodologically, exploring organizational identity as a practice would call for closely documenting how subjects describe their organization and tracing the consequences of these descriptive action(s), an almost “ethnographic” focus (Giddens, 1984: 284). We take up the challenge of casting the practice of defining organizational identity as a strategy practice by looking to a case study depicting a change in strategy practice resulting from the act of describing an organization’s identity. We created and studied the context within which management teams charged with strategic activities could discuss the identity of their organization. We then followed these identity discussions through to how they discussed their organization’s strategies, and how this reflexively influenced their characterizations of organizational identity.

**Illustrative Case Study**

The issues we were seeking to examine in this paper – organizational identity, strategy, and the relationships between them – are necessarily complex and often subjective (Reger et al., 1998). Furthermore, they are situated in multilayered contexts, characterized by different types and levels of feedback loops and causalities (Langley, 1999). Given that we are at an early stage of developing new theory about a conceptual relationship, our approach has been to both build theory on the connection between organizational identity and strategy practice deductively, while exemplifying our claims through use of an illustrative case study (e.g. MacIntosh & Maclean, 1999). Rather than emphasizing the effects or consequences of organizational strategy making, we sought to examine the intersubjective processes of meaning creation at the root of making claims about organizational identity as part of the practice of strategy.
Our case study describes elements of strategy practice in three divisions of Chemalot\textsuperscript{2}, a privately held specialty chemicals firm with a worldwide workforce of approximately 4,500, in Europe the Americas, and the Asia Pacific region. The authors facilitated three workshops for the strategy-making teams of each Chemalot division, at the request of the company’s top management. Importantly, senior company management believed that the three strategy teams would need to experience a different method of generating strategy—a new strategy practice—in order to produce new and better content, and it was with this end in mind that the authors designed and facilitated these workshops drawing on insights reported in Bürgi et al. (2005). One of the authors co-facilitated all three of these workshops, while the other co-facilitated one of them. The primary activities of the workshops were group construction of models of the organizations and their market environment using LEGO® building materials. Our analysis focuses on these constructions and on the intensive discussions among the strategy team members during the activities.

Data was gathered through an iterative process that combined both ethnographic interview (Spradley, 1979) and observational mechanisms. Semi-structured interviews of all participants were conducted before and after the workshops. The pre-workshop interviews lasted an average of 40 minutes. In these discussions, subjects were asked to characterize the strategy-making processes in their division, the overall strategic situation of their division, and their involvement with the strategy-making process. Finally, they were asked for their ideas about specific strategic challenges and opportunities that they felt were not being addressed immediately by the organization. Several participants came to the interview with copies of the PowerPoint presentation that had been developed to present divisional strategy to corporate top management. The workshops were documented with a combination of note taking, still photography, and a total of 40 hours of videotape recording. The videotaping focused on overall views of the group interactions, rather than on any specific individual(s), providing a relatively complete

\textsuperscript{2} “Chemalot” is an invented name. The real name of the firm has been altered at their request in order to preserve their anonymity. The detailed characterization of the firm, the participants, and the strategy development process here represents not only the prior period of research at Chemalot, but also a condensation of the extensive pre-workshop interviews.
document of participants’ actions, words, and constructions throughout the entire event. Approximately two months after the workshops, participants were contacted for a 30-minute telephone interview. They were asked to describe the workshop itself, and then characterize its effect on their divisional strategy. We also sought their reflections about the nature of the workshop itself. We also had email exchanges with several participants both before and after the workshop, concerning the same sort of subjects covered in the interviews.

The material in the case study was generated from the author’s review of the interview notes and videotapes, which were also used to generate primary categories characterizing strategy practice at Chemalot before, during and after the workshops. These categories were subsequently compared to existing literature, with the aim of raising the paper’s theoretical level (Eisenhardt, 1989).

**Strategy Practices and Organizational Identity in Chemalot**

**Overview**
Headquartered in the French-speaking part of Europe, Chemalot had been controlled by its founding family for over 100 years. With an annual turnover currently in excess of USD 1 billion (as of 2002), its primary focus was on the design and production of very specific types of chemical compounds used in high-end consumer products. The company consisted of three major externally oriented divisions -- *Fragrances*, *Flavours*, and *Specialty Chemicals* -- and a small corporate staff – the DG, or *Directoire General*. The DG was closely controlled by members of the founding family, and oversaw the strategic planning and revenue target processes of the divisions.

*Fragrances* was the oldest division, and often regarded as the very visible “standard bearer” of the firm. Historically, Fragrances had been highly profitable but by 2002, industry consolidation had created larger competitors, which began to pressure the division’s bottom line. *Flavours* was the newest Chemalot division, founded in the 1990’s as an attempt to leverage the company’s molecule development process in the
food industry. While initially profitable, Flavours began to suffer net losses in the late 1990s, and had come to be referred to as the “problem child” of the organization. Specialty Chemicals handled all of the basic engineering and production of Chemalot, and produced basic components of the flavours and fragrances for sale both within Chemalot and to external companies.

**Strategy Practices at Chemalot**

Chemalot as an organization had developed a formal strategy-development process only in the late 1990’s. In 1998, the DG decided to establish a strategic planning and implementation cycle for the Fragrances and Flavours divisions, with each division developing its own 3-year strategic plan and presenting it to the DG. Once approved by corporate top management, these plans were announced throughout the corporation as the “X3” strategic plans. In 2001, the cycle of strategic plan development began again with a review of the X3 plans, and formulation of what would be called the “X6” strategic plans, which would also include the Specialty Chemicals division.

In the X3 strategy development phase, both the Fragrances and Flavours divisions followed an externally oriented practice of conducting detailed industry and financial analyses, and using the information gathered to formulate market, client, and revenue targets. The Fragrances X3 plan included detailed market segment financial forecasts driving what it called its “preferred client” strategy, meaning the division would concentrate on clients that produced the largest amounts of revenue, and diversify points of contact and commerce with them. The Flavours X3 plan consisted of an elaborate and highly analytical review of the processed foods industry they served, which was very fragmented (the two biggest players together constituted only 4% of the total market). This analysis had been used to drive an internal reorganization of the entire division, creating a great number of separate departments, each of which focused on a small cluster of market segments.

In developing their X6 strategic plans in 2001, both the Fragrances and Flavours divisions conducted what one analyst called “just an update” of the previous plans, and
submitted the new plans to the DG for approval. In the Fragrances division, the “update”
consisted of simply supplementing the quantitative analysis with new numbers from the
preceding years. The Flavours division added a few categories to their market segment
analysis, included new detailed tables of growth rates needed to hit financial targets, and
provided a geographical market analysis with accompanying “market actions.” The
Specialty Chemicals division had begun to implement a “Balanced Scorecard”
management tool in 2000, which formed the basis for its X6 plan, presented in
PowerPoint as with the other divisions. The plan included specific organizational
production targets identified in the Balanced Scorecard process and the steps they
intended to follow to reach them, although the Balanced Scorecard implementation was
running a year late in the division.

During interviews, members of all three strategic planning groups revealed some
uneasiness about the X6 planning process. A strategy manager from Fragrances
commented: “The strategic vision of X3 was not lived through people. People were
reassured that we had such a plan, but it wasn’t critical to what they did on a daily basis.
We now want to bring it closer, bring it home to people, and make it tangible in their
behaviour.” A senior member of the Flavours division’s strategy development team put it
this way: “The X3 didn’t address implementation. In fact, we had success with the
strategy despite the lack of implementation focus.” The focus of the Specialty Chemicals
division was more about delays in the Balanced Scorecard process, with a senior manager
commenting: “It’s a heavy process. There’s so much formalism that it is quite difficult to
use.”

In early 2002, all three divisions presented the DG with initial versions of their new X6
strategies, but senior management was dissatisfied with them. The top corporate strategy
officer commented that the content of the plans was too similar to X3, and that the
processes used to develop this content were ineffective. Before formally approving
updated divisional strategic plans, therefore, they wanted to generate new and different
content for the plans using unconventional methods. The authors of this paper were
engaged to conduct workshops for each of these three divisions, the primary outputs of
which were a set of detailed 3-dimensions constructions made with the LEGO® building system. The workshops involved bringing together the strategy team, and though their intensive interaction and collaboration discussing and building models of their organizations, and the many institutions, groups, and elements affecting them. Our analysis focuses on these constructions and on the intensive discussions among the strategy team members during the activities.

**Strategy Workshops**

Each workshop for a Chemalot division was conducted over the course of two consecutive 8-hour days, and alternated between building activities and active discussions. The workshop consisted of structured exercises using a standardized set of 3,000 individual LEGO® pieces of a variety of colors, shapes and sizes, following a series of guidelines that were consistent across each session. After three “warm-up” exercises, participants spent time using the materials to build a model of how they saw the identity of their organization. The exercise was defined in relatively broad terms, so that the resulting construction could be as detailed or as abstract as the participants wanted. After a period discussing these constructions, the group then worked together to build a single model of their organization, again within relatively loose constraints. Once this had been completed and thoroughly discussed, the participants also constructed as a group a great variety of models of the many external forces and factors in their environment.

The workshop for the Fragrances division included nine participants, four of whom had been responsible for developing the strategic plan and presentation as well as holding full-time responsibilities in other areas (directing specific lines of business, key accounts, etc.). Four middle managers from different parts of the business were also invited to participate to contribute “new” and “different” points of view to the strategy development process. The ninth individual was the Division President. All six participants from the Flavours division had played an active role in the development of divisional strategy. The group consisted of five functional managers and the vice president of strategy, who
had been in charge of the strategy development process. In the Specialty Chemicals division, the group consisted of all but two members of the top management team, including the Divisional President. This group included people who managed all the functional and geographic areas of the division, and were responsible for developing the strategy presentation to the DG.

**Fragrances Division: The organization as author of “love stories.”**

In Fragrances division workshop, the group together constructed a model focusing on the dominant workflow of the organization (see Table 2 for a summary of workshop results). They emphasized a complex series of processes by which client requests for specific chemical compounds were fulfilled on a project-by-project basis. Their model consisted of a linear, single long axis, with an “innovation engine” at the beginning of the process representing their R&D team and the new molecules they would generate. At the other end of the model, a set of stairs rose up to the generic “client project,” represented by a large animal. The group also built a small, mobile vehicle, piloted by a client relationship manager, covered with flower-like emblems of the specialty products that the division provided to clients. Several members of the group actually moved this piloted vehicle through the steps of the workflow, ultimately placing it on the steps as if presenting the “client project” with a bouquet. Participants stated that this model showed their continuous efforts to bring value to clients. The group described their organization as an ongoing process that routinized the production and delivery of a product saturated with romantic emotion – hence the presentation of a “bunch of flowers.”

At several points during the 2-day process of constructing this detailed model, participants made comments about the relevance of this model to their existing strategic plan. Near the end of the workshop, the group focused entirely on what the model implied for their plan, quickly concluding that it did not mention an element they felt was actually at the heart of their organization, namely the ability to evoke and manage emotion with their products. One participant (a member of the strategy development team) said: “If you look at the strategic plan, where is the ‘love’ part? Where is the
emotional part that is such a big part of our products? It’s not there.” After intensively focusing on the characterization of their organization during this workshop, this team decided to revise their strategic plan.

Table 2: Summary of Chemalot Divisional Strategy Workshops

<table>
<thead>
<tr>
<th>Chemalot Division</th>
<th>Organizational Identity Representation</th>
<th>Central idea</th>
<th>Impact on Strategy Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fragrances</strong></td>
<td>A single complex process of managing projects to create “love stories” with clients</td>
<td>The love proposal</td>
<td>Revise to focus strategic action on emotional dimension of their products</td>
</tr>
<tr>
<td><strong>Flavors</strong></td>
<td>An uncoordinated proliferation of departments chasing different market niches</td>
<td>The tube through the labyrinth</td>
<td>Revise to focus strategic action on developing more of the productive tube relationships</td>
</tr>
<tr>
<td><strong>Speciality Chemicals</strong></td>
<td>An information network broadly interdependent with other Chemalot divisions</td>
<td>Interdependent network within and without</td>
<td>Coordinate Balanced Scorecard targets with other divisions’ strategic priorities</td>
</tr>
</tbody>
</table>

Approximately two months later, the executive in charge of the Fragrances division met with us to discuss how this plan had changed. The division had retained the quantitative analyses and the “preferred client” structure at the core of the plan, but they also drafted an internal communications campaign to convey to all employees the importance of the emotional charge in their products. The key messages of this campaign were also integrated into the presentation to corporate top management, as the most prominent “theme” of the strategic plan.

**Flavours Division: The tubes of value through the labyrinth**

The Flavours workshop participants constructed a model depicting their division as three separate departments. They added more and more detail to the model, because, as they discussed what they had built, new implications about their own organizational structure continued to occur to them. After a number of iterations of this nature, the construction
began to include a high level of internal structural complexity. The resulting labyrinthine model had a variety of elements symbolizing differences in components, personnel, strengths, weaknesses, and techniques of the three internal departments. At what they called the rear of the model, participants built a narrow set of communication channels to a pair of support departments which, they stated, were perpetually clogged with a stream of information requests far in excess of the “bandwidth” available for them to be dealt with.

At a distance from the main model, participants built many small constructions of their clients and customers. They noted that the distance between the model of their organization and those of the many clients indicated how difficult it was for them to develop and maintain successful client relationships. A few remarked that there were some instances of successful and profitable client relationships, and they indicated these with a specific element: long, narrow tubes arcing in space above the model of the division but connecting the production activities with clients. By the end of the workshop, the participants were directing much of their discussion to this latter element, which they began to refer to using the shorthand expression “tube relationships.” Participants observed that these relationships seemed to thrive because they did not adhere to the protocols laid down by the organizational structure – in fact, they avoided them.

Nearly five hours into the second day of the workshop, after having completed their constructions, the participants of the Flavours division workshop began discussing their current strategic plan. Prompted by a direct question from one of the group, the divisional director of the strategy development process stated out loud that he now felt the plan was inadequate in light of what the workshop had made manifest: that the organization’s structure was choking its ability to satisfy key clients. Several others then agreed that much of the division’s strategic plan simply reflected the complexity of their organizational structure, without defining clear actions. “We’ve just underlined where the bottlenecks are in our value creation” and not focused on increasing the number of tube relationships, said one participant. The group concluded that the “tube
relationships” represented the most productive way they could improve their customer delivery strategy—including creating means of bypassing the organizational labyrinth.

The most senior participant in the workshop emailed the authors a week afterwards, and described how he had reviewed the model construction with the Divisional President and the Corporate Vice President for Strategy, with what he called “positive results.” In follow-up interviews we found that a team from a large management consultancy had been engaged to streamline and simplify the organizational structure. A newly-revised strategic plan, furthermore, was based on this new organizational structure.

**Specialty Chemicals Division: The network beyond the division.**

The Specialty Chemicals workshop participants had great difficulty in building a model to represent their organization. An initial model emphasized an orderly division of labor among different functional areas, but it provoked extensive disagreement among participants. Some participants wanted to focus on problematic internal relationships in the division, and they began constructing a new model of the organization with which they were all much more in agreement. The new model consisted of a flat surface, like a playing field or the circuitry on a microchip, with specific departments such as production, marketing, and planning, represented by a specific individual, situated in it. The participants also built connectors and chains between these individuals to indicate particularly important flows of information, although they then added what they called “gates” that opened and closed to illustrate obstacles in their network of communications.

In a final phase of building, they constructed small models of the other divisions in Chemalot. The flows of information that they had depicted in great detail within their division they now extended outwards, to be continuous with these other divisions. Upon completion of this large network of connections flowing both within and outside their division, several participants agreed that they had never really grasped the extensiveness of their information network. It was particularly important, they commented, to take note of the fact that the decisions they took as a division had more impact on other divisions than they had previously credited.
In the concluding discussion of the workshop, the group agreed that their current strategy of depending on a Balanced Scorecard approach to set operational targets was fundamentally correct. But, reflecting on their organization as a complex interpersonal, interdependent, and informational network, several of them insisted that working with this tool alone caused them to neglect the need to coordinate their activities with those of their sibling divisions. This, they felt, was a vital aspect to their strategic situation they had previously ignored. Follow-up interviews with these individuals revealed that their strategic plan remained largely unchanged. However, the chief executive of the Specialty Chemicals division had completely revised an annual “state of the division” memo that was circulated throughout his organization to emphasize the need to pay attention to inter-divisional cooperation and coordination.

**Discussion**

Scholars from both the strategy content and strategy process schools have made a variety of claims concerning the relationship between strategy and organizational identity. When strategy content researchers have focused on a relationship with organizational identity they have tended to regard the latter merely in terms of content, e.g., as an organizational asset leading to competitive advantage—an additional variable to be considered in the generation of strategy—which can be characterized using lists of essential organizational attributes (Elsbach & Kramer, 1996). Strategy process scholars have tended to focus on organizational identity as a more dynamic organizational capability, a cognitive screen through which resources and assets can be evaluated and deployed (Gioia & Thomas, 1996), or as a mechanism mediating strategic agenda concerns (Dutton & Penner, 1993). Such interpretations of organizational identity also depend to some extent on identity attributes or indicators, although in these cases the attributes focus more on capabilities than on static assets (Glynn, 2000)
The much newer strategy-as-practice movement has not made extensive claims concerning the relationship between strategy and organizational identity practices, and it is on this connection that we focus in this paper. We propose that a practice focus calls for an examination of how practices of characterizing organizational identity might both enable and constrain practices of strategy making. As our case study of these interventions illustrates, when members of an organization characterize its identity, they make implicit claims about what they deem to be salient organizational assets or capabilities, and these claims both enable and constrain possibilities for action. And since the evaluation of these possibilities is itself the heart of strategizing, the relationship between organizational identity and strategy may be one of mutual constitution: strategizing shapes organizational identity, even as characterization of organizational identity shapes strategy.

Structure(s), Giddens points out, are rules, resources, or sets of transformational relations organized as properties of social systems (1984:25). The organizational identity formation process in the three divisions of Chemalot were examples of such structures: each agreed upon act of defining the identity is a resource (e.g. Glynn 2000), or a transformational relation (e.g. Fiol 2001) influencing the properties of the particular organization. These identity representations were both constraining and enabling to the actors in these workshops, and they were both outcome and medium of social life. As outcomes, they were instantiated in the historical and experiential knowledge that the participants drew upon to arrive at the consensual, intersubjective characterizations of the organizations – authors of love stories, tubes of value, networks beyond the divisional boundaries – produced as social accomplishments in the workshops. But they were also media of the social life of the participants, as they transformed the previously stabilized strategy presentations, and, by implication, had consequences (both intended and unintended) for the social life the organization. The case study thus illustrates how the intersubjective meaning-making and meaning-negotiation practices of characterizing the organization’s identity can simultaneously be a practice of strategy.
The case study further shows the potential for “second order” social science concepts to become incorporated as “first order” concepts in the action of research subjects is an important part of the ‘double hermeneutic’ of social research (Giddens 1984). In this sense, the conditions set by the researchers for the workshop participants to build a model of their organization could be construed as the deployment of ‘organizational identity’ as a ‘second order’ concept. However, set in the context of action of the participants, each of the groups made the identity of their organizations a ‘first order’ concept within their social life, by characterizing their organizations as part of their strategy practices. This phenomenon exemplifies a double hermeneutic loop between the practices of researchers and the practices of their research subjects.

**Conclusion**

This paper discusses how *strategy and organizational identity relate at the level of practice*, i.e., at the level of the social practices in which organizational identity is characterized and in which organizational strategies are defined. We adopt this approach because strategic practices within organizations frequently involve the making of identity claims, and identity-related practices often have immediate strategy implications. The specific case we have presented has, moreover, illustrated the relationship between identity and strategy practices as one of *mutual construction*. Our work thus responds to calls for study of the strategizing practices (Wilson & Jarzabkowski, 2004) while providing empirical data that extends the “practice paradigm” into the highly abstract area of the relationship between identity and strategy.
References


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