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## ORGANIZATIONAL IDENTITY

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### ABSTRACT

The intent of this chapter is to introduce and develop the concept of organizational identity and the related concepts of dual and multiple identity. A large number of empirical questions and hypotheses are developed that together comprise an identity distinctive framework for the study of organizations, including the relationship of identity to the organizational life cycle. A new methodology, extended metaphor analysis, is proposed for studying dual and multiple identity organizations. This method, which also has applicability to the study of organizational culture, is extensively illustrated in the case of the modern research university, which is metaphorically considered as both a church and a business.

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The objective of this chapter is to define and develop the concept of 'identity' within an organizational setting, to consider what the term or, organizational identity might mean that is clear, distinctive, important, useful and measurable. Historically, identity has been treated as a loosely-coupled set of ideas, distinctions, puzzles, and concepts that are best considered as a framework or point of view (Erickson, 1980, 1968; James, 1890; Mead, 1934). The empirical questions and hypotheses derived from this framework are not tightly interrelated and clearly bounded as would be the case in a well developed theory (Blumer, 1969). Our task is to build on this literature, to make the term 'organizational identity' scientifically tractable. Specifically, our objective is to define, analyze, and illustrate identity in such a way that multiple empirical questions and hypotheses become visible. So that individual hypotheses and questions can be identified and easily referenced, we use the notation, superscript "Q," to denote statements that are important empirical questions, and "H" to denote statements offered as hypotheses.

Our discussion is organized in two parts. Part I examines a number of issues concerned with conceptualizing and defining organizational identity. Part II illustrates the concept of identity and dual identity in a concrete organization by means of a method that we label *extended metaphor analysis*.

## I. THE THREE CRITERIA DEFINITION OF IDENTITY

Organizational identity as a concept has two uses. First, it is employed by scientists to define and characterize certain aspects of organizations—the scientific concept of organizational identity; and secondly, it is a concept that organizations use to characterize aspects of themselves (i.e., identity as a self-reflective question). Our goal in the following discussion is to address both uses, to contribute to the development of identity as a scientific concept, and to examine how organizational members use the concept of self-identity.

With respect to an organization's use of the concept, a prototypical sequence leading to questions regarding identity might be the following: an organization may decide which of several new products to market, which of several companies to acquire, which of several divisions to sell, or how to absorb a 20% budget cut internally. In short, organizations face choices of some consequence. Debate surrounding the alternatives is usually carried out, at least ideally, in terms of some model of rationality in which questions of information, probability, and expected utility dominate the discussion. When these considerations are not sufficient to resolve

the question, and the importance of the question is inescapable, questions of information will be abandoned and replaced by questions of goals and values. When discussion of goals and values becomes heated, when there is deep and enduring disagreement or confusion, someone may well ask an identity question: "Who are we?" What kind of business are we in?" or "What do we want to be?"

In this sequence lies a principle of solution; namely, that a problem will be solved in the easiest, most satisfactory way: by obtaining facts if that is easy, by calculation if that is easy, or by discussing values that are easiest to discuss and on which there will most likely be a consensus. Questions of identity will, typically, be raised only when easier, more specific, more quantifiable solutions have failed. When the question of identity is raised, we propose that an organization will form a statement that is minimally sufficient for the purpose at hand. It does so, we speculate, because the issue of identity is a profound and consequential one, and at the same time, so difficult, that it is best avoided. Consequently, under ordinary circumstances, the answer to the identity question is taken for granted.

When the question of identity triggers a search for answers in the organization's culture, philosophy, market position, or membership, we propose, by way of a preliminary definition, that an adequate statement of organizational identity satisfies the following criteria:

1. The answer points to features that are somehow seen as the essence of the organization: *the criterion of claimed central character*.
2. The answer points to features that distinguish the organization from others with which it may be compared: *the criterion of claimed distinctiveness*.
3. The answer points to features that exhibit some degree of sameness or continuity over time: *the criterion of claimed temporal continuity*.

For purposes of defining identity as a scientific concept, we treat the criteria of central character, distinctiveness, and temporal continuity as each necessary, and as a set sufficient. To develop identity as a scientific concept, we bring relevant theory to bear on each of the three criteria of our definition. What we will define as important about an organization will depend on how we characterize the organization as a whole. Consider the notion of organizational culture (Louis, 1981; Pondy, Frost, Morgan, & Dandridge, 1983). Is culture part of organizational identity? The relation of culture or any other aspect of an organization to the concept of identity is both an empirical question (does the organization include it among those things that are central, distinctive and enduring) and a theoretical one

(does the theoretical characterization of the organization in question predict that culture will be a central, distinctive, and an enduring aspect of the organization). We will use the three defining criteria of organizational identity as a framework for our discussion. Each criterion, or aspect of a provisional statement of identity, generates a host of empirical questions and poses certain distinctive hypotheses and propositions that together form an emerging research agenda for an identity distinctive framework.

#### *Identity as a Statement of Central Character*

What the criterion of central character means is that the concept of organizational identity, whether proposed by a scientist, by another organization, or by the organization itself, must be a statement of identity which distinguishes the organization on the basis of something important and essential. However, no theory at this point is capable of providing a universal list of all aspects of an organization that could be said to be important against those which could be said to be demonstrably unimportant. Often the issues will become important for a purpose. It is therefore not possible to define central character as a definitive set of measurable properties. Instead, for a given organization, a given purpose, and from a given theoretical viewpoint, one must judge what is or is not central.

The central character criterion raises a number of empirical questions about the organization's concept of identity. For example, how do organizations answer the identity question (Q1), and how are their answers affected by the context of the question (Q2)? Just as an individual may supply his fingerprints, name, address or social security number as different forms of identification for different purposes, so an organization may also focus on different essential characteristics depending on the perceived nature and purpose of the inquiry. For example, we expect organizations to provide different answers when they are contemplating acquiring a new subsidiary as opposed to preparing a legal brief supporting a claim for tax exempt status. When making an acquisition, decision makers will likely consider how the alternative business under consideration will affect the culture, product mix, financial status, and strategic goals of the acquiring company. Whereas, in the case of the court battle over a firm's tax classification, the characteristics of its membership, the humanitarian nature of its activities, and the source and use of its revenues will all be scrutinized.

These contrasting statements of identity present an interesting comparison. In the first case, the organization's identity is being discussed between organizational members only and there is no immediate threat to the organization's core identity. In contrast, in the court case the es-

sential characteristics of the organization will be debated openly between adversaries and the outcome will have serious long term ramifications for essential, defining characteristics. A common ingredient in both cases is that the essential characteristics of the respective organizations are the focus of important decision making activities. Organizational leaders are attempting to define the organization's central characteristics as a guide for what they should do and how other institutions should relate to them. Furthermore, the key actors involved are concerned with the impact that future activities will have on the core organizational identity. Thus we see that alternative statements of identity may be compatible, complementary, unrelated, or even contradictory. How organizations elaborate, disambiguate, or defend a given statement of identity in the face of challenge is a fruitful line of research suggested by an identity distinctive framework (Q3).

#### *Identity as a Classification that Identifies: Single, Dual and Multiple Identity*

A primary meaning of the term identity in most formulations is that identity is a classification of the self that identifies the individual as recognizably different from others (and similar to members of the same class). This is the sense of identity that Erickson refers to as *individual* identity (Erickson, 1980, p. 109). In this usage, identity is linked with the term identification. Identity serves the function of identification and is in part acquired by identification.

While it is likely that there will be some empirical overlap between the essential and unique criteria of identity (in those cases where an essential element of an organization also makes it unique from others), these criteria are nonetheless logically independent, since all essential characteristics need not be unique and vice versa. For example, in the quest for brand loyalty it is not sufficient for a company to point out to consumers the essential ingredients in a product that justify its purchase. Marketing campaigns go beyond this and emphasize how product x differs from all other competing products, which may share most or even all of the same ingredients.

Organizations define who they are by creating or invoking classification schemes and locating themselves within them. From a scientific point of view (McKelvey, 1983; McKelvey & Aldrich, 1983; Scott, 1981), the classification schemes implied by statements of identity are likely to be highly imperfect. The schemes may not be completely elaborated or defined, their dimensions may be assembled without a consistent plan and without care to their independence. The organization may only be ambiguously or vaguely located within each scheme, and different schemes may be

employed on different occasions with self-interest the only principle of selection.

The dimensions selected to define an organization's distinctive identity may be quite eclectic, embracing statements of ideology, management philosophy, culture, ritual, etc. Relevant dimensions may include habitual strategic predispositions; for example, a known willingness to take high risks, as might be the case for a company that is distinctively defined by its entrepreneurial activities. Indeed, in those cases in which a distinctive identity is prized, one might expect organizations to select uncommon dimensions of interorganizational comparison as well as uncommon locations along more widely employed dimensions. In addition, which classification scheme is invoked may well depend on the perceived purpose to which the resulting statement of identity will be put. In this sense there is no one best statement of identity, but rather, multiple equally valid statements relative to different audiences for different purposes.

From our point of view, the formulation of a statement of identity is more a political-strategic act than an intentional construction of a scientific taxonomy. We treat the problem of imprecise, possibly redundant, or even inconsistent multiple classifications at different levels of analysis not as a methodological problem to be solved, nor as a deficiency of the concept of identity, but as a description of the facts of self-classification to be examined and explained. What is of interest is studying the ways in which the organizational self-classification implied and articulated by a statement of identity departs from the requirements of a scientific taxonomy (McKelvey, 1983). It is important to entertain the possibility that precise self-classification may be both impossible and, more importantly, undesirable for a number of reasons (Q4):

1. Ambiguous classification may prevent the organization from being typecast and thereby rendered more predictable than desired.
2. The complexity of the organization may make a simple statement of identity impossible;
3. Since organizations change over time, an overly precise or micro-classification might quickly become outdated;
4. Since identity is usually assumed and only critically examined under certain conditions and then resolved with a minimal answer, we would not expect the formulation of identity to be honed to great precision.

For these, as well as other reasons, our view of organizational identity refers to a process of classification that is typically at variance with the canons of constructing scientific taxonomies (for example, that the same organization must be classified into the same categories by multiple in-

dependent observers or judges). Indeed, what we find fascinating about this concept are the dynamics behind cases where agreement is unlikely. This leads us to wonder, "Under what circumstances and on what bases will there be disputes about the issue of identity change, and under what conditions and in what ways will these disputes be resolved?" (Q5)

The identity examination process can be conducted both internally and externally with varying degrees of specificity (Meyer & Rowan, 1977). Externally, the question, "What kind of organization is this?" is asked by scientists to establish boundaries of generalizability, by laymen to facilitate social interaction and commerce, and by public officials to establish responsibility and eligibility. In general, this question can be answered adequately utilizing a fairly gross categorization scheme (e.g., age, business/nonbusiness, approximate number of members, scope of activities, and location). In contrast, the more piercing question, "Who are we?" tends to focus on more specific, sensitive, and central characteristics (e.g., ethical, entrepreneurial, employee-oriented, stagnating, and predatory).

However it is conducted, the search is always for that formulation that will distinguish the organization from others. For the individual, the search for identity has historically sought to distinguish man from machine (what is alive from what is not) and man from other "lower" forms of animals. A traditional answer to what makes man distinctive and therefore provides his identity is that he has a self; whereas, machines and animals do not. The important point is that how distinctiveness is defined depends critically on what other objects of comparison are deemed relevant.

Two issues are closely associated with the notion of identity as a classification that identifies: the issue of distinguishing between public and private identity, and the issue of conveying identity to others.

One of the traditional distinctions within the identity literature is between the presentation of self to outsiders (public identity or personal) and the private perception of self (private identity). This distinction suggests two propositions at the organizational level: First, the greater the discrepancy between the way an organization views itself and the way outsiders view it (keeping "intentional ambiguity" within reason), the more the "health" of the organization will be impaired (i.e., lowered effectiveness [H1]). When organizational members possess a view of the organization's goals, mission, and values, that differs radically from views held by outsiders such as customers, regulatory bodies, financial institutions and competitors, the organization will have difficulty generating the political and resource support necessary to guarantee its survival (Cameron & Whetten, 1983a; Goodman & Pennings, 1977; Pfeffer & Salancik, 1978). Second, publically presented identity will typically be both more positive (H2) and more monolithic (H3) than the internally perceived

identity. For example, universities typically present themselves as the realization of different but harmonious purposes, such as teaching, research and service, rather than as organizations torn between conflicting objectives. The university does not make its claim for public resources on the desirability of creatively managing the tension derived from inherently incompatible goals. It prefers to see itself as an umbrella for the synergistic combination of diverse and valued ends.

While information about organizational identity is often disseminated via official documents such as annual reports and press releases, public identity is also often conveyed through signs and symbols. An identity distinctive framework highlights questions surrounding the choice and modification of these symbols, such as logos and sales slogans, product packaging, and the location and appearance of the corporate headquarters. This does not mean that the study of signs and symbols is the exclusive province of an identity framework. However, the study of signs and symbols does naturally arise out of a conception of identity as identification (as in "identification with").

Many credit the miraculous recovery of the Chrysler corporation to the public's (congress, bankers, customers, unions) identification with Lee Iacocca as a dedicated, energetic, innovative leader whose company deserved another chance. He successfully portrayed Chrysler as an underdog who was fighting for survival against great odds. By aligning his company's cause with core societal values, he was able to weld together a diverse coalition of supporters.

*Mono and dual identity organizations.* In both everyday language as well as in more formal scientific discourse, we tend to treat most organizations as if they were either one type or another, for example, church or state, profit or nonprofit. This taxonomic tradition assumes that most organizations have a single and sovereign identity. The alternative assumption is that many, if not most, organizations are hybrids composed of multiple types (H4).

By a hybrid we mean an organization whose identity is composed of two or more types that would not normally be expected to go together. Of such an organization we would say that it is part X and part Y, the simplest case of which is a hybrid of two types, a dual identity organization. Thus, it is not simply an organization with multiple components, but it considers itself (and others consider it) alternatively, or even simultaneously, to be two different types of organizations.

We take as indirect evidence for the existence of hybrids the difficulty of applying any taxonomic scheme to any set of existing organizations, which almost always results in a number of cases that are difficult to classify (Scott, 1981, p. 45). Rather than attribute the difficulty of achiev-

ing precise classification solely to deficiencies of the taxonomic scheme itself (e.g., imprecise rules of classification, insufficient information about the organization), we prefer to point to the probable existence of genuine hybrids.

We distinguish two forms of duality, one in which each unit within the organization exhibits both identities of the organization and one in which each internal unit exhibits only one identity—the multiple identities of the organization being represented by different units. The former, in which each internal unit exhibits the properties of the organization as a whole, we label the *holographic* form. The latter, in which each internal unit exhibits only one identity, is the *ideographic* or *specialized* form. These two forms of internal structure give rise to very different kinds of organizations.

The ideographic form of dual identity is analogous to Thompson's (1967) concept of buffering an organization's core technology with support systems in that the central mission of the organization is sheltered from external demands by a cadre of specialists who are only marginally involved in the core activities and ideology of the organization. Oftentimes, their primary commitment is to their professional role in the organization, rather than the central institutional values of the organization. An example of this structural arrangement might be a bank that is operated by a religious organization. The central decision makers are also church officials committed to advancing the interests of the church through the bank, as well as insuring that the bank operates according to the moral code of the church. But the peripheral functions of the banking operation (e.g., accountants and computer operators) are performed by personnel hired primarily on the basis of their technical expertise. Within this structural arrangement the organization's pluralism is evident across units but not within units. Each unit is staffed with pure-types and interaction between units is limited by the normal structural impediments of couple bureaucratic institutions.

In contrast, the holographic form of dualism is more similar to the Theory Z approach to management proposed by Ouchi (1981) in which different, and to some extent conflicting, management styles are blended together and diffused evenly throughout the entire organization. In the case of the bank operated by a religious order, the holographic form would require that all members of the organization be members of the sponsoring church and that their performance would be evaluated using the joint criteria of technical proficiency and religiosity.

It is interesting to speculate about the relative adaptive advantage of the holographic and ideographic organizations. On the one hand the ideographic organization is likely to possess greater variety, since it contains greater specialization and more pure types. (Relaxing the condition that

all elements must subscribe to a common value system in a normative organization allows for greater variability.) Hence, following Ashby's law of requisite variety (1962) members of ideographic organizations should be better prepared to monitor diverse environmental conditions and formulate appropriate recommendations for adaptive organizational modifications (H5).

On the other hand, the obvious disadvantage of the ideocentric organization is the relative difficulty it has gaining commitment from its members for a given course of action. While it has become almost axiomatic to state that organizations are composed of political interest groups vying for control over the collective resources (Pfeffer & Salancik, 1978), the conflict in an ideographic organization is more fundamental. It is a struggle, not simply over alternative budget proposals, but over the very soul of the institution. In the case of the religiously owned bank this type of struggle will be signaled by the accountants referring to the controlling administrators as impractical religious fanatics and the accountants being labeled as valueless mercenaries. As the relative power of the various ideological groups builds and diminishes, the identity of the organization as a whole will be altered in complex, leading outsiders to complain that the organization cannot decide what it wants to be or who it wants to serve. Hence, while the holographic organization has less diversity to draw upon in formulating a "correct" plan of action, once a plan has been proposed leaders will be able to draw upon common characteristics across all units as the basis for establishing consensus (H6).

### *Identity Over Time*

The temporal aspect of the concept of identity is essential. A central proposition in the identity literature is that loss of identity (in the sense of continuity over time) threatens an individual's health. In fact, it was Erickson's original observations that the disturbances of army personnel after World War II might be derived from their loss of continuity with their previous life that led him to originate the concept of ego identity as a sense of sameness over time which was necessary for psychological health (Erickson, 1968).

Is this the same as saying that change is difficult? In a certain sense, yes, since change may involve loss. But what an identity framework adds that is distinctive is a concern with the characteristic ways human beings deal with loss through mourning, grief, and ritual. Therefore, by applying an identity framework to the study of organizations we are naturally led to ask questions about mourning and grief during changes involving loss, and about the existence, desirability, and feasibility of identity-related

rituals [e.g., "organizational funerals" conducted for plants that are closing or subsidiaries that are being sold, (Albert, 1984)].

At the individual level, an identity distinctive inquiry is one that examines the interplay between what an individual may potentially become, what is available to him at a given time, and how those sets of roles and identities are themselves changing over time (Lifton, 1970). Specifically, it addresses three issues: (1) the potential of the individual assuming different identities or roles; (2) the kinds of roles or identities currently available; and (3) how the relationship of (1) to (2) is affected by the historical forces operating at the time.

At the organizational level it is interesting to speculate about the analogues of gaining and losing identity-related roles, such as parent and child, friend and enemy, policeman and outlaw, leader and follower, teacher and pupil. Certainly the frequent reference to terms like industry leader, maverick, predator, and entrepreneur in the business literature suggests that organizational roles exist. An identity distinctive framework underscores the need to examine how new roles come into existence, how organizations choose (or back into) one role rather than another, and how that action affects the organization's internal and external identity. The identity interaction model (Cooley, 1922; Goffman, 1959; Mead, 1934) states that individual identity is formed and maintained through interaction with others. At the organizational level this poses the question of whether an organization can be said to undergo socialization into a particular role through interaction with other organizations (Q6). If so, are the general laws that describe the socialization of an organization similar to those that describe the socialization of an individual into an organization?

The identity literature suggests that similar processes indeed occur at both levels. In discussing individual identity formation, Erickson (1968) analyzes the problem of identity formation in terms of a series of comparisons: (1) outsiders compare the target individual with themselves; (2) information regarding this evaluation is conveyed through conversations between the parties ("polite boy," "messy boy") and the individual takes this feedback into account by making personal comparisons with outsiders, which then; (3) affects how they define themselves. It follows from this logic that organizational identity is formed by a process of ordered inter-organizational comparisons and reflections upon them over time (Albert, 1977).

*When identity becomes a salient issue: some time-dependent hypotheses.*

Perhaps the most useful contribution of the individual identity literature to the temporal aspect of identity is in the form of a question: Can we predict when organizational identity will emerge as an issue for an or-

ganization as a function of time-dependent processes that affect many if not all organizations (Q7)? While we acknowledge that life cycle development/concepts are controversial, especially at the organizational level (Cameron & Whetten, 1983b), we propose that the concept of identity suggests by analogy a number of intriguing testable hypotheses at the organizational level. Specifically, we suggest that the question of organizational identity will be particularly salient or important during the following life cycle events (H7–12):

1. *The formation of the organization (H7).* When the organization is forming and defining exactly what its niche will be, questions of goals, means, technology (all of which are components of defining who and what the organization is) will be salient.
2. *The loss of an identity sustaining element (H8).* If, for example, the founder of a young organization prematurely leaves, a period of soul-searching about organizational identity will occur in the process of searching for a suitable successor.
3. *The accomplishment of an organization's raison d'être (H9).* The March of Dimes has become the classic example of an organization that worked itself out of a reason for existing. In that case, the organization maintained its central mission of raising money for health research and shifted its focus from polio to birth defects. But a wide range of alternatives were examined at the time, including some which would have significantly altered the central focus of the organization.
4. *Extremely rapid growth (H10).* When the ratio of choices faced by an organization is very high relative to its perceived constraints, a condition that might occur when profits or other resources greatly exceed their habitual use, then we can expect the organization to consider issues of identity. In a sense this is a condition analogous to adolescence when excess capacity is in search of use and direction.
5. *A change in "collective status" (H11).* Marriage, birth, and divorce have been noted as marker events likely to trigger the reevaluation of a person's self definition. In organizations, the threat of a hostile takeover, the consummation of a carefully planned merger, the divestiture of a previously central subsidiary, or the acquisition of a firm outside the parent company's industry will likely precipitate sharp debates regarding institutional mission, values, and identity.
6. *Retrenchment (H12).* Retrenchment necessarily involves the definition of organizational identity because it requires the use of budgeting priorities which in turn require an answer to the question of

who and what an organization is and what it wants to be (i.e., its descriptive and prescriptive identity) (Whetten, 1980). We hypothesize that the issue of organizational identity may be most acute during retrenchment following a period of slow rather than rapid growth. When organizations grow slowly, they acquire additional goals, missions, and objectives (and the different definitions of identity which these tend to imply). The incompatibility of the differing definitions remains latent until retrenchment forces their discovery.

We can further develop the issue of identity change over time by means of the following diagram utilizing four common life cycle events (Birth, Growth, Maturity, Retrenchment) as markers for the temporal dimension. For purposes of illustration the two poles of the Y axis are labeled U for utilitarian identity, and N for normative identity. These two orientations will be described more extensively in the second half of the paper. For our discussion of Figure 1, it will be sufficient to think of a normative organization as a church, and a utilitarian organization as a business. Five paths are illustrated in Figure 1 representing several hypothetical paths of identity change (or lack of change) that may take place over the organizational life cycle. To simplify the diagram we have shown these paths for only the normative organizations. A complete diagram would also

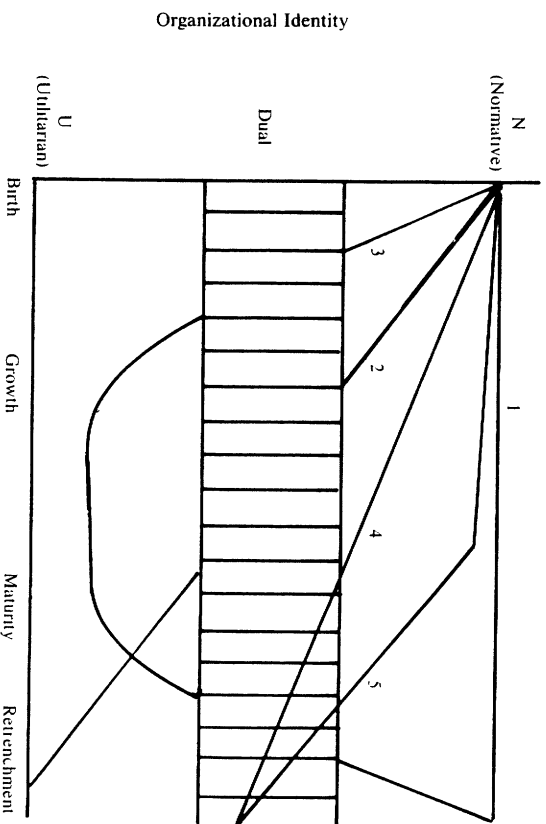


Figure 1. Alternative paths of identity change over the organizational life cycle.



include the mirror image of these five paths for utilitarian organizations. Before we comment on each path we would like to propose a general tendency for the entire set of monotonic curves, specifically the tendency for monoidentity organizations to assume dual identities.

*The drift from mono to dual identities.* A common proposition in the life cycle literature is that the identity of organizations frequently shifts from A to B at critical transition points (Kimberly, 1980; Lodahl & Mitchell, 1980). This generally occurs very gradually, and hence has been referred to as identity drift. Our proposal is related but different in an important way. We, too, are convinced that a key to understanding the evolution of an organization is tracking shifts in its identity over time, but we are primarily interested in the drift from A, or B, to AB. While the shift in an organization's identity by a process of *substitution* is obviously an important aspect of the life cycle model, it is the shift resulting from the process of *addition* that we feel has been overlooked in the literature thus far. The arrows in Figure 1 illustrate our belief that over time there is a general tendency for mono-identity organizations to acquire a dual identity (H13). With increasing size churches may become more like businesses and businesses may adopt more of the normative structure and values of churches.

There are a number of reasons for postulating a drift towards dualism—reasons which are, in effect, a statement of the advantages and disadvantages of mono vs. dual identity at different points in the life cycle. Without attempting a comprehensive discussion in advance of the empirical documentation of the dualistic shift in a given case, the following reasons for expecting a dualistic shift seem plausible.

1. *Environmental complexity.* If the environment within which the organization is embedded grows more complex over time, presenting both a mix of opportunities and constraints, then a dual identity organization should have adaptive advantages over a mono-identity organization (H14). Again, following Ashby's principle of requisite variety, organizational effectiveness depends in part on the match between organizational complexity and environmental complexity. We propose that over time organizations acquire dual identities both to exploit the opportunities of an increasingly complex and changing environment, as well as to cope with increases in environmentally imposed constraints and regulations. The rapid increase in administrative ratio in institutions of higher education during the past two decades in response to a potential expansion in governmental regulation and intervention illustrates this purpose.

2. *Duality by default.* There is a tendency for some organizations, particularly those in the public sector, to acquire multiple identities simply

because they become the repository of all things that other organizations will not undertake (H15). For organizations with relatively little control over the scope of their mandate we expect this will be a common path to duality.

3. *The problem of identity divestiture.* It is generally easier to acquire a new identity during growth than to divest an identity during a time of retrenchment (Albert, 1984). Organizations tend to become committed to what they have been and seldom substitute new identifying characteristics for old ones (H16). If this proposition is true, then a drift towards duality would seem to be the necessary result of a process of identity accretion.
4. *Organizational success.* Very often organizations that are eminently successful in pursuing a single identity enter a second domain of activity because of their success in the first (H17). For example, the highly profitable and visible business firms in major metropolitan cities are often invited to assume a major role in supporting the arts. Similarly, a highly successful church may find itself overwhelmed with the administrative and economic detail necessary to meet the needs of its burgeoning congregations. In both cases, the highly successful mono-identity organization tends to acquire a dual identity by virtue of its success.

*Path specific hypotheses.* Path 1 of Figure 1 illustrates an organization that retains its identity throughout its life cycle. Paths 2 and 3 portray an organization changing its identity over the course of its life cycle, but consistently retaining a single identity (normative followed by utilitarian). In Path 2 this change is permanent, whereas in Path 3 the organization reverses back to its earlier ideological roots after a brief period of trying a new identity. While these shifts may be deliberate, for example, to exploit new opportunities, they are more likely to occur as a result of identity drift, especially for young organizations (H18) (Lodahl & Mitchell, 1980). As noted earlier, the identity of an organization during the growth phase of its life cycle exists often only in a latent form. It is taken for granted and lies submerged under the press of the day-to-day problems of managing growth. Under these conditions organizations often begin to play roles and take on orientations different from those originally envisioned by its founders. But this transformation process often occurs so unobtrusively and at such a slow pace that it is not fully recognized until an organizational crisis forces members to explicitly examine their collective identity. In some cases when the shift is recognized it is welcomed and pursued with great intensity (Path 2), while in others organizational members are shocked by the extent of the drift and take deliberate actions to return to their ideological roots (Path 3).

Fundamentalist churches and medical clinics provide interesting examples of these two paths. Many fundamental Christian denominations



have undergone a radical shift in identity with the advent of the "electronic church." Several religious groups sponsor programs on television, including "wholesome family entertainment," Sunday morning services, revivals, talk shows, and fund raising campaigns for Christian colleges. This dramatic change in the form of worship has created considerable debate in the sponsoring church organizations. Advocates point to expanded impact, while detractors lament the loss of intimacy and the apparent intrusion of commercialism into their religious experience. The question, "Are we a church or a broadcasting service?" has led some churches to drop or at least modify their support of religious programming on television.

In a similar fashion when a group of independent physicians join together to form a medical clinic, debates over the identity of the emerging organization are quite predictable. The doctors hire professional managers to handle the business aspects of the clinic, but because they are part owners in the operation they insist on making recommendations for how the clinic could be operated more effectively. However, when the business managers respond to pressures to increase profitability with such measures as cost cutting, the doctors invariably complain about a loss of concern for the welfare of their patients. Discussions between the physicians bearing on the question, "Are we a business or a humanitarian organization?" influence the clinic's movement along Paths 2 and 3.

In general, we hypothesize that with increasing size and over time, a church will begin to look more like a business (H19), than a growing business will look like a church (H20). This occurs for the reasons outlined by Weber (1968) in his discussion of the routinization of charisma. Young, normative organizations are generally founded upon the ideological vision of a charismatic leader. Over time, the success of the movement creates administrative challenges that can be met adequately only by the establishment of formal organizational structures, rules, procedures, etc. Empirical support for this proposition comes from Pettigrew's (1979) study of English public (our private) schools. He found that public schools which were the most successful through their initial growth and maturity phases replaced their entrepreneurial founder with a "steady state manager" capable of routinizing what initially began as an ideologically driven educational program.

However, it is also interesting to examine the case of utilitarian organizations that acquire a normative identity. To some extent this is the path described by Selznick (1957) in his discussion of the process of institutionalization in which the technical activities of an organization become infused with value beyond that associated with their technical function. As part of this process, businesses begin to define their value in terms of their contribution to the broad normative purposes of the society,

instead of the more narrow economic marketplace. Selznick argues that institutionalization involves and requires that administrators become statesmen. The assumption of this new role is associated with a new set of incentives to maintain society's values and culture whether through philanthropy, assuming an active role in a private sector sponsored employment and training program (like the National Alliance of Businessmen), or by encouraging executives to take leaves of absence to serve in full time government or ambassadorial positions, teach in universities, and so forth.

A particularly interesting case of the acquisition of dual identity is an economic organization that acquires a normative identity by establishing relations with normative organizations. For example, a business may donate time and money to a charitable organization such as the United Way or the local arts council. If such activities are undertaken over a long enough time period and with enough commitment and emphasis, they may become part of the business' identity as a civic minded organization, a commitment which then becomes part of its fundamental character and which distinguishes it from other businesses. The advantage of a normative identity that is assumed by means of an interorganizational relationship rather than by a transformation of the organization itself is the ease with which such relationships can be modified or terminated when required. On the other hand, it can be argued that establishing an interorganizational link to a normative organization, rather than signaling movement towards the acquisition of a dual identity, is precisely the mechanism for avoiding it. The organization is in the position to claim a normative identity without the internal modification that the acquisition of such identity requires.

If Path 4 illustrates an incremental and long term tendency towards dual identity, Path 5 illustrates the hypothesis that scarcity motivates the acquisition of dual identity (H17). At such times, dual identity can occur for both internal and external reasons. Faced with retrenchment, a church, for example, may hire financial experts who may become so important that the financial criteria they espouse, such as cost effectiveness, may come to directly challenge other principles of decision making and the identity of the organization in the process. In its struggle for economic survival the normative organization may rightly fear the ironic truth of the slogan that it may be necessary to destroy the organization in order to save it. With respect to its external environment the organization may point to the economic benefits of its continued existence. The church in this example may point to its role in providing services to the poor which otherwise would have to be provided by others. Thus, a normative organization under attack can be expected to prepare a utilitarian defense, just as a threatened utilitarian organization will also seek to defend itself

on normative grounds (H22). Economic-utilitarian organizations will claim not only that they provide jobs and earn a profit for their stockholders, but that they contribute to the community at large. Who, after all, contributed to the museum when it was in need or gave jobs to the poor and absorbed the cost of training them, etc.

Summarizing our discussion of the pressures supporting the adoption of multiple identities, we hypothesize that Path 1 occurs infrequently (H23) and that Paths 2 and 3 occur less frequently than Paths 4 and 5 (H24).

## II. AN ILLUSTRATION OF DUAL IDENTITY

### *A Strategy for Discovering the Dimensions of Identity*

As a scientific concept, identity can be conceived of as a multidimensional construct where the problem is to identify, define, and then measure the dimensions of interest. There is, of course, no mechanical discovery procedure for what dimensions should be considered in a given case, just as, at the level of individuals, there is no agreed upon list of identities or roles that an individual might assume in the world. Our discussion thus far has considered the normative utilitarian dimensions. There are a large number of others that may be of interest but whatever dimensions are selected, the challenging scientific project is always how to define and measure them.

There are two broad, well-established approaches to the problem of definition and measurement (Pondy & Olson, 1977). The approaches differ in the extent that one begins with precisely defined dimensions. One may begin with no dimensions in mind at all. This approach, associated with an anthropological tradition, is purely inductive. A given organization is examined in detail without an explicit preconceived theoretical viewpoint, and those dimensions that define what is core, distinctive, and enduring are arrived at by inductive generalization from the organization's peculiar characteristics. At the other extreme, one may work deductively from a theoretical viewpoint that suggests or supplies relatively well defined identity-relevant dimensions. For example, the dimension of profit/nonprofit is likely to be considered important in all economic treatments of the organization, and this dimension has achieved some definitional precision based on a body of theory and accepted practice, namely, tax law.

A third alternative that we illustrate here adopts a middle course. If there is no comprehensive theory to predict how many identities an organization has, or how the dimensions of each are to be defined, then

another alternative is to *characterize* rather than to define each provisional identity and then carry out what we call *extended metaphor analysis* (EMA) as a way of retrospectively sharpening the definition of each identity and the dimensions that underlie or compose it.

Extended metaphor analysis can be viewed as a method for defining and characterizing one organization in terms of another. With respect to the normative-utilitarian dimension, EMA is a way of asking in what ways a given organization is like a church (representing a normative organization), or a business (representing a utilitarian organization). The ability to sustain two alternative metaphorical descriptions of the organization is the primary test of duality. To establish duality it must be shown that each metaphor can be applied to events of fundamental character that distinguish the organization from others, over time. The hypothesis of duality also assumes power to the extent that the metaphor is capable of being applied to a wide variety of organizational events, in short, to the extent that the "fit" between the target organization and its metaphorical analogue is both close and extensive.

The target organization we have selected for demonstrating this method is the modern research university. Our hypothesis is that this organization has a dual identity, that of a church (normative identity) and a business (utilitarian identity). Further, we postulate that the identity of the modern research university has shifted from its normative, largely religious origins towards an increasingly utilitarian posture. This shift from a single to a dual identity illustrates Path 4 in Figure 1.

The discovery that an organization has a dual identity can be an important key in understanding its behavior under any circumstances, but particularly when issues of identity are assumed to be pivotal. One such time, according to our previous analysis, is retrenchment. For this reason we will follow our brief description of the university as a dual identity organization with a description of some of the implications of dual identity for understanding how this type of organization responds to retrenchment. As noted earlier, a dual identity organization facing retrenchment would be expected to encounter a host of difficulties in formulating policy and strategy and coping with internal conflict.

*A characterization of the normative-utilitarian dimensions.* We will preface our analysis of the comprehensive research university with a more extensive discussion of the normative and utilitarian constructs, drawing on the works of Parsons (1960), Etzioni (1975), and Cummings (1981).

A utilitarian organization is defined as one that is oriented towards economic production (Parsons, 1960). The principal case is the business firm, which will be the subject of our illustration. The business firm is an organization governed by values of economic rationality, the maxi-

zation of profit, and the minimization of cost, and for which financial return is both a condition of continuing operation and a central symbol of success. "Products are marketed on a full payment-of-cost basis involving prices governed by marginal utility, not by 'need.' Loyalties and obligations to the organization are defined in terms of 'self-interest.' Remuneration is the major means of control over lower participants and calculative involvement characterizes the orientation of the large majority of participants" (Etzioni, 1975, p. 31, and 47).

The business firm is expected to "pay its way" on a utility-marginal productivity basis. In the long range it is expected to meet its costs through the monetary proceeds of its operations, with profit the symbol of its success and effective operation. An employee is expected to be paid what his services are worth as determined by a competitive market and will not be blamed for quitting if he can do better.

The business firm is a relatively centralized organization. Its procedures are removed from "democratic" norms. This centralization is legitimized by the expectation that management will be competent and that the interests of management and of the employees will be similar.

The concept of normative identity is typified by Parson's pattern maintenance organization, the principal examples of which center on organizations with primarily "cultural," "educational," and "expressive" functions (Parsons, 1960, p. 40). Examples of organizations with clear normative patterns are: religious organizations, including churches, orders, and monasteries; a subcategory of political organizations that have a strong ideological program; general hospitals, universities, and voluntary associations. Normative power is the major source of control over most lower participants, whose orientation to the organization is characterized by high commitment. Compliance rests principally on the internalization of organizational directives that are accepted as legitimate. Leadership rituals, manipulation of social and prestige symbols, and re-socialization are among the more important techniques of control (Etzioni, 1961).

Utilitarian organizations are largely managed by information, normative organizations by ideology, a distinction between two logical systems of management that was the subject of Cummings' presidential address (Cummings, 1981). As Cummings states:

Management by information places major emphasis upon the instrumental function of managerial action and of organizational roles in society. . . . This logic of management is most expressly seen in the technical functions of organizations and in the development of technologies and structures that are appropriate for processing and implementing nonstrategic decisions. Management-by-ideology . . . aims to design . . . organizational systems to serve the expressive functions of organizations in a society. The roles of leaders and followers are quite different in this management

system. The purposes of organizations are assumed to be posterior, they are assumed to be basically rationalizations for organizational action. In addition, the cohesiveness of organizations is provided not by information, logic, and rationale, but by the acceptance of shared values, shared beliefs, and intensive socializational experience (Cummings, 1981, p. 2).

With these preliminary comments regarding the underlying constructs, we turn now to a description of the university as a dual identity organization.

*The university's dual identity as church and as business.* The university emerged from the cloistered environment of the monastery as the Age of Enlightenment created a demand for and legitimized the public pursuit of knowledge and understanding (Taylor, 1980). Consequently, it is quite natural to expect that the university of today should contain vestiges of its religious origins (Nisbet, 1979). This can be seen in the fact that both the church and the university have assumed the role of "living in the world, but not of the world." This means that they both assume that they have been given the role of leading the world rather than being led by external secular forces. Members of both organizations view outsiders as heathens to be converted/educated. It is believed that this transformation will make vulgar men virtuous. The value of this metamorphosis is supported in both institutions by an elaborate set of beliefs about the blessings of being righteous/knowledgeable. These include: being released from the bondage of sin/ignorance; enjoying the benefits of inspiration/wisdom; and earning a sense of personal pride as a result of disciplining base instincts to achieve a higher, more righteous/refined level of development. Personal sacrifices (including financial contributions to the agent of transformation) are justified in terms of enhanced long term rewards (blessings in heaven/enhanced life time earnings).

Neither institution is expected to compete for members (parishioners/students) in the same way that businesses compete for clients or customers. Indeed, that would be viewed by our society as undignified. (Only recently, as both institutions have suffered significant drops in membership, have they resorted to extensive advertising for support.) In general, society expects both institutions to be slow to change because they both serve as significant repositories of tradition. Universities and churches provide relief from the fast-paced, often meaningless and haphazard, day-to-day activities. Religious and educational traditions, symbols, and rituals provide members a much needed representation of stability and security in their otherwise chaotic, anomic life. They enable individuals to periodically reaffirm what they feel are society's core values (Kamens, 1977).

For example, churches and universities have constructed elaborate rites-of-passage to commemorate the transitions from youth to adulthood

(Bar Mitzvah), single life to married life (marriage), uneducated to learned (graduation). In these ceremonies participants and spectators alike renew their commitment to the underlying value system of their society. Recognizing the importance of these key transitions occurring under the aegis of these ideological institutions, civil marriages and "voc-tech" educational degrees are viewed with contempt by the true believers. They are viewed as instrumental transactions, rather than rites-of-passage. Because they don't recognize that part of the reason for going to college is to become socialized into a culture, and that part of the reason for getting married is to reaffirm support for essential moral values, the legitimacy of these secular imitations of sacred events is discredited by the faithful.

The university is like an ecumenical council. Each department has its own faith (discipline) and the university basically represents a "federation of faiths." The university derives its status from the quality of the federation members (colleges). Its function is to adjudicate disputes between the various denominations (departments) and to facilitate collaboration on issues of common concern. This arrangement accounts for the reluctance of university administrators to allocate resources disproportionately across departments. To say that Department A should have part of its funds withdrawn so that they can be given to Department B is tantamount to saying that the beliefs, values, and claims of one faith are more valid than those of another.

A common problem in all ideological organizations is assessing effectiveness. How can you measure the effectiveness of a teacher in fostering inquisitiveness, or the effectiveness of a minister in increasing faith? Because it is impossible to arrive at a consensus about how to measure ideological goal fulfillment, there is a tendency in churches and universities to substitute measures of efficiency for measures of effectiveness (Whetten, 1981). Since performance measures have a powerful effect on members' allocation of time and effort across activities, the natural consequence is that the organization inevitably becomes means instead of ends oriented.

For example, because we can't determine what percentage of a minister's congregation are admitted into heaven when they die, the quality of a minister's performance is instead judged by the average attendance at his meetings and the size of this congregation's weekly contributions. Similarly, since we can't quantify the long term impact of a teacher on a student we make some assumptions about the maximum number of students a teacher can effectively instruct and then treat faculty/student ratios as indicators of the quality of education.

There are many similarities between the ideology of the professor and the priest. Both universities and churches extoll the virtues of poverty. Somehow, being poor is supposed to be ennobling. Being rich, on the other

hand, is viewed as debilitating because it interferes with one's single minded pursuit of religious/scholarly objectives. This view is of course consistent with the finding that under certain conditions the provision of external incentives for a task can undermine its perceived intrinsic worth (Deci, 1977).

The similarity between the ideology of the professor and the priest is also reflected in the explanation given for either individual forsaking his/her "calling" and joining a secular organization. In both cases, they basically conclude that the personal sacrifices they are required to make as members of the clergy or faculty are not worth the benefits. (These include low salary, restricted choice of places to live, pressures of the job, and in some cases the opportunity to marry and have a family.) In both cases defectors generally do not leave until they are personally convinced that leaving the university or church is not tantamount to ending up in purgatory, i.e., it is still possible to be intelligent, cultured, idealistic, religious, single-mindedly committed to a life of service or learning after leaving the university or church.

Churches and universities have similar socialization practices and reward status hierarchies. Both require a long apprenticeship, or novice period, during which a person is formally scrutinized by senior members of the organization. This period of proving oneself does not simply focus on technical skill proficiency. The commitment of the novice to the ideology of the organization is also critical. Once novices are ordained/given tenure, they have considerable autonomy in the organization. Consequently, the organization is very vulnerable to claims of both malpractice (failure of technical skills) and malfeasance (failure to fulfill normative expectations). Hence the need for very long socialization periods in both organizations (graduate school, post doc, assistant professor/divinity school, internship, assistant minister).

That a university also has an identity as a utilitarian organization is evident from the claim that its training will be of use to the individual and to society. The concept of utility is at the heart of the notion of service which is part of the trinity of missions (teaching, research, and service) by which the organization justifies its support. The demonstrated utility of applied science and technology during World War II encouraged the view that science and technology were not to be valued for their own sake, but because they were necessary for both an enhanced quality of life and national defense. Federal research support for scientists, for which the university served as a conduit, helped change the identity of the university from a religious institution to a utilitarian one (Moynton, 1980).

Since that time the university has had considerable difficulty satisfying its normative goal of living in the world but not of the world. As the

amount of resources required to support research grew substantially in recent decades, universities found themselves increasingly competing with secular institutions for external support (Coleman, 1973). The requirements for competing successfully in the secular marketplace have resulted in a significant transformation of the academy. Normatively it still clings to its medieval roots as a religious institution, but its reward structure has become increasingly outcome-oriented. For example, faculty are rewarded less for how much wisdom they instill in the next generation, than for the number of publications they produce. The logic underlying this reward structure is that publications are a more fungible commodity than wisdom. The university can take publications and Nobel prizes into the marketplace and use them to barter for resources to buy the newest model of electron microscopes, etc.

The dysfunctional outcome of this trend is that the university is increasingly viewed by its members and external support groups as more instrumental (Jencks & Riesman, 1968; Kerr, 1963). Consequently, the organization is less able to use normative devices for securing commitment to the institution's goals. When faculty members perceive that they are being evaluated on the basis of the volume and quality of the commodities they are producing for the organization to sell in the marketplace, rather than on the basis of their contribution to the organization's missions of spreading the gospel of enlightenment, they respond in kind. One highly visible sign of this shift in commitment is the rapid growth of faculty unions in higher education (Cameron, 1982).

When we state that the university has begun to assume a utilitarian identity as well as a normative one, we mean more than that it has utilitarian goals as part of its mission statement. The internal organizing rules, norms, and attitudes increasingly reflect a utilitarian point of view. Our hypothesis is that the transformation of the university from a normative to a hybrid organization has occurred so slowly that its impact on internal work activities has largely gone unnoticed by participants. The lack of tension between these conflicting personas in the past can also be attributed to the combination of its peculiar organizational structure and relatively abundant resource support. The loosely coupled (Weick, 1976) ideographic structure of the university has acted as a set of boundaries, keeping apart what might be conflicting points of view, philosophies of education, rules of procedure, and priorities. Because it is a loosely coupled system, not only have departments that might be expected to champion normative vs. utilitarian identities been kept separate, but faculty (who as a body represent a normative identity) and administration (who represent a utilitarian orientation) rarely tend to cross the boundary between them. Professors of humanities rarely become accountants and vice versa.

### *Organizational Identity*

During retrenchment, however, the conflict between normative and utilitarian identities, previously latent during growth and stability, becomes manifest in a series of issues:

*Selective vs. across-the-board cuts.* Small cuts, perhaps out of a sense of fairness and a desire to avoid the maximum pain caused any one unit will generally be distributed across the board. We hypothesize that a normative organization should be better able to sustain a deep across-the-board cut than a utilitarian one because normative organizations typically require a period of long socialization which generates a feeling of cohesiveness and common faith (H25).

The argument for across-the-board cuts is either that all elements of the organization are equally important to its survival and/or that it is impossible to tell which element is more important than any other. In our previous discussion of the university as an ecumenical council we pointed out that it is difficult to argue that one faith is more important than another on grounds that both faiths can accept. For this reason, university members will prefer that even deep cuts be administered across-the-board (Whetten, 1981).

Normative and utilitarian components within a dual identity organization may be expected to argue that *its* strategic focus is the one that the organization as a whole should adopt. Business and professional schools, and to some extent the sciences, particularly the applied sciences such as engineering, would be expected to propose some version of utilitarianism; namely, the doctrine that things ought to be valued according to their utility as determined in the market-place. Nonapplied disciplines might well be expected to champion an alternative theory, such as the value of knowledge as an intrinsic good.

What is retained in a normative organization is likely to be different than what is retained in a utilitarian organization if only because the principles on which such decisions are made are quite different (H26). In a normative organization, the principle for determining what ought to be retained is tradition. In a utilitarian organization, the principle is cost-effectiveness (i.e., the instrumental claim that to delete something and retain something else maximizes some overall utility). In the case of the university, we could expect the university's normative components to respond to retrenchment by deleting all forms of knowledge other than those that existed in the medieval university. What is new is suspect. On the other hand, the utilitarian elements of the university should press to retain all that has value in the marketplace regardless of its date of origin. In parallel with this preference, we can expect normative elements of the university to utilize qualitative criteria in making decisions whereas utilitarian elements should prefer quantitative criteria.

*Attitudes toward leadership.* There is some reason to believe that normative\* and utilitarian organizations have different patterns of leadership (H27). Stinchcombe states, "Utilitarian organizations tend to have a multi-level, highly differentiated rank structure. . . . Normative organizations tend not only to be comparatively egalitarian, but also to stress the distinction between members and nonmembers, insiders ("believers") vs. outsiders ("heretics"), as the central status criterion, over any internal differentiations" (Etzioni, 1975, p. 278). If this characterization of the difference between normative and utilitarian organizations is true (and we can think of some major exceptions), then members of utilitarian organizations should expect the problem of retrenchment to be solved at the top, while members of normative organizations will demand greater participation and consultation.

Effective leaders of dual identity organizations should personally and support both identities. University presidents who were never professors (ordained members of the priesthood) will always be considered managers, not leaders. This deficiency should impair their effectiveness during retrenchment when they must be perceived as the champion of the normative as well as the utilitarian values of the institution.

*Impact of retrenchment on organizational members.* In utilitarian organizations, it is expected that members will stay or leave the organization depending primarily on the presence or absence of economic incentives (Hirschman, 1970). A threat to the economic health of the organization will cause members to leave. In normative organizations, however, it is assumed that members will leave only if they suffer a loss of faith. A leader of a normative organization will therefore expect disclosure of an outside threat to bind members more closely to the organization and to mobilize them in its defense. We hypothesize that the reverse will be true for utilitarian organizations (H28). In addition, normative organizations may have a greater tendency to regard themselves as unique than utilitarian organizations. If this is true, then individuals should be especially reluctant to leave since they will feel that they have nowhere else to go.

*Organizational learning.* Utilitarian organizations can be expected to seek management advice from outsiders more readily than normative organizations, who are probably inclined to believe that only an insider, a true member of the faith, can understand the workings of the organization (H29). For example, when the university has management problems, it is unlikely to hire outside management consultants for fear that they will not understand the culture of the organization or that they will make recommendations alien to it. The university is more likely to form a blue ribbon committee of Nobel prize winners (high priests) to solve internal

management problems despite the fact that these individuals have little management expertise.

*Planning for scarcity.* Normative organizations are often prevented by law, and most certainly by ideology, from storing purely economic wealth against the contingency of future scarcity. Economic wealth not pressed into the service of the normative ideology of the organization would be considered misused. As a consequence, normative organizations will always be economically vulnerable, unless they are able to hide their wealth (from themselves and others) and/or unless they are able to redefine its meaning (H30).

The problems experienced by Boystown, a well known home for orphans located near Omaha, Nebraska, in the early 1970's reflect this point. A newspaper article in the *Omaha Sun* in 1972, reported that Boystown had an endowment of over \$209 million, or \$300,000 for every resident—making it one of the richest incorporated villages in the United States. Since fund raising campaigns are based primarily on a perception of extreme need, this revelation was embarrassing to administrators at Boystown and made soliciting extremely difficult for several years. In an effort to justify their wealth, the trustees of Boystown announced an ambitious campaign to fund research on problems of youth.

*Merger and divestiture.* One common solution to retrenchment is merger since savings can often be achieved by eliminating duplication. Merger, however, is much more difficult if what is being brought together constitutes different faiths (H31). While there are always difficulties associated with merging two units, merger between utilitarian units can claim justification that both can accept, namely the bottom line. Mergers between normative components or units does not have recourse to this common justification. In extreme cases, the argument is often made that merger is the only means to survival, but the critic is always present who will say that merger entails the loss of the organization, not its survival. Hence, just as it is extremely difficult, if not impossible, to merge faiths, so also is it impossible to divest a faith without a sense of irreparable loss.

*Attitudes toward marketing the mission of the organizations.* Utilitarian organizations engage in advertising and marketing, while normative/religious organizations engage in missionary work. In both cases, the organization seeks the benefits of increased size and support. Normative organizations, however, sometimes object to advertising on the grounds that selling something of intrinsic worth is demeaning or undignified. The argument seems to be based on the claim that if something of intrinsic worth can be demonstrated to have instrumental value, its intrinsic worth is diminished (i.e., to sell is to diminish the value of what is sold, see



Deci, 1977). For this reason, we can expect the normative core of the university to be ambivalent about "selling" the university to outside constituents (H32).

*The discovery of priorities.* Not only would normative vs. utilitarian organizations be expected to arrive at different priorities in response to scarcity, but perhaps even more importantly, they will differ in the means by which those judgments are formulated (H33). As we have pointed out, normative and utilitarian organizations have different attitudes toward leadership, authority, participation, etc., all of which are involved in formulating priorities. The task of leadership in dual identity organizations undergoing retrenchment is to invent a mechanism for the discovery of organizational priorities that does not a priori value one organizational identity as more important than another; to do otherwise is to prejudice the issue which is at stake.

This example of the university as a church and as a business is intended to demonstrate the face validity of the concept of dual identity and to point to its potential theoretical and practical utility. We have not attempted a full and complete description of a business or a church, nor have we sought to identify all those features within the university to which they might be applied. Both of these tasks form the subject matter for future research along with the consideration of other metaphors and the possibility that a given organization may have more than two identities. The necessary first step however was to demonstrate that at least some aspects of the university could be viewed in terms of those two metaphors. Ultimately, the case for duality should be grounded not merely in the *type and importance* of organizational events that fit within another kind of organization, but by the *extent and distribution* of metaphorically interpretable events throughout the organization. An isolated instance is unlikely to be decisive (although it may be instructive). This was in part the reason that it was important to demonstrate that many aspects of the university could be viewed as churchlike or businesslike. Of course, EMA does not address the question of whether the university in our example is a church or is like a church (in some ways). If a university's identity as a school (neither church nor business) shrinks, there is a point where one may want to say *it is* a church and/or a business, not that it acts like them. Exactly when this point is reached is not something we can comment on here, but bears further thought.

#### *Further Description of Extended Metaphor Analysis*

Since the ability to sustain two alternative metaphorical interpretations of those organizational events that are somehow central, endure over

time, and differentiate the organization from others is a major test of the hypothesis of dual identity, it is appropriate to comment about EMA in greater detail. EMA is in part a technique of sense making (Weick, 1969). One way in which an individual or organization makes sense of an event is by locating it as an instance of a more general law or framework. This is the hallmark of one form of scientific explanation, that Hempel and Oppenheim call the covering law model (1965). EMA can be conceived of as a method for constructing and elaborating a framework, i.e., an alternative organizational identity, within which events can be located and in terms of which they can be seen as sensible and intelligible. In concrete terms, the method consists of the evocation and testing of comparative and metaphorical statements of the following kind. With respect to some puzzling organizational event, (e), is the organization more like an X organization or a Y organization? Is (e) more likely to occur in X or Y? (frequency criterion). Is (e) better understood or made sense of if we think of it as occurring in organization X rather than Y (sense making criterion). Can we predict some new fact if we assume that the organization is like an X rather than a Y (predictive criterion). If for a given organization we proceed in this manner asking in what ways it is like a large number of different organizations and we consistently come up with only the same two organizations in which a large class of events make sense, than we tentatively entertain the hypothesis of dual identity.

Of course, it is important to point out that metaphors distort and mislead as well as inform and make sense of aspects of organizational life. Hence, as part of the method, it is important also to include the question, in what ways is it misleading or inappropriate to consider a given organization to be like another.

We summarize this discussion of EMA in the following five steps.

1. Assemble a group of puzzles, difficulties, dilemmas, problems, features, characteristics, etc. for a target organization. For example, in our previous illustration take the puzzle that universities tend not to hire management consultants.
2. Characterize and broadly define a set of alternative organizations, institutions, etc. This is a critical step. If the candidates for multiple identity are narrowly chosen; for example, if it is proposed that an organization is both a high tech and a chemical company, it is not clear that this multiple classification will clarify anything of interest. Therefore, it is impossible to determine in the abstract whether an identity candidate will be of practical use.
3. Carry out EMA, as in our example of the university, asking in what ways the target is like each of the metaphor candidates.



4. Determine whether the target organization faces any of the six conditions predicted to be times when the issue of identity is likely to be salient (Figure 1). This suggests the extent to which conflicts over deep seated identity issues are likely to be visible for investigation (and by inference, the extent to which organizational difficulties and conflicts will likely be attributable to conflicts between identities).
5. Using each metaphoric identity predict a new set of difficulties that were not included in the original set obtained in step 1, and/or a new set of difficulties that could arise under another set of conditions, for example, merger rather than or in addition to retrenchment. In this step we treat organizational identity as a Gestalt of properties. If a candidate identity is that of a church, for example, then we know that rituals will tend to be present along with certain kinds of goal preferences, etc. A description of a church, therefore, provides a domain to be searched for possible analogies. Does the target organization have rituals? In what way are they similar and in what way different to those of the church, etc.? Each metaphoric identity can be searched for areas of similarity and difference to the target organization.

## SUMMARY AND CONCLUSIONS

Conceptually, this chapter focused on the meaning, significance, and definition of the term identity as it is applied to organizations. We have presented identity as:

1. A particular kind of question. The question, "What kind of organization is this?" refers to features that are arguably core, distinctive, and enduring. These features reveal the identity of the organization. We have pointed out that identity literature is largely silent on which features an organization will select or claim. What is clear, however, is that organizations are capable of supplying multiple answers for multiple purposes, and that to recognize that fact and study the conditions that provoke different answers and the relationship of those answers to each other is an identity distinctive inquiry.

2. A distinctive framework for investigation. One value of the term identity and its conceptual surround is that it invites us to consider certain issues, ask certain questions, examine certain phenomena in a particular way that, if not exclusive, is at least distinctive. For example, the entire set of propositions examining the life cycle represents an identity distinctive point of view. New questions arise, such as whether organizations are socialized into their societal roles by rules and procedures isomorphic to those that describe and explain how individuals are socialized into organizations.

3. A critique of the mono identity assumption. A major objective of this chapter has been to introduce and illustrate the concept of dual identity and to explore its implications for the management of organizations.

In general, this chapter should be read as a beginning formulation of the identity of organizational identity in which we have proposed a set of ideas, empirical questions, and hypotheses that together might be considered core, distinctive, and enduring. What the identity literature offers is not a single concept or theory but a diverse set of ideas, modes of analysis, questions and propositions. It is this richness that may be of use to organizational theory.

## NOTES

1. While we will use the terms of organizational identity, organizational culture, and organizational character, we do not intend this usage to imply a principle of reductionism or its opposite. Identity and character usually apply to individuals, culture applies to societies. An organization is neither. Thus, while we use the terms organizational identity and organizational character, we do not wish to treat the organization as an individual, which is to claim that the whole is like one of its parts; nor, while we retain the term organizational culture, do we wish to treat an organization as identical to the society in which it is embedded, which is to claim that the part is the same as the whole.

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