

Organizational Identity and Its Implication on Organization Development

Yueh-Ysen Lin
University of Minnesota

Organizational identity is defined as a set of statements that organization members perceive to be central, distinctive, and enduring to their organization (Albert & Whetten, 1985). It is influential to behaviors of both leaders and members in many aspects within an organization. By reviewing current theoretical and empirical literature, this article integrates several research directions of organizational identity in order to delineate the relationship between organizational identity and organizational development and change. Implications and possible directions for future research are discussed as well.

Keywords: Organizational Identity, Planned Organizational Change, Organization Development

For the last decade, organizational identity has emerged as a new focus in organizational research. Organizational identity is defined as an enduring, distinctive, and central statement perceived by an organization's members (Albert & Whetten, 1985) to answer questions such as "Who are we?" "What are we doing?" "What do we want to be in the future?" Research of organizational identity focuses on several dimensions, such as the formation of organizational identity, and its relationship to organizational culture and image (Ashforth & Mael, 1989; Gioia, Schultz, & Corley, 2000; Hatch & Schultz, 2002), multiple identities and identity management (Albert & Whetten, 1985; Pratt & Foreman, 2000), and identity and organizational change (Brown & Starkey, 2000; Dutton & Dukerich, 1991). Organizational identity is important since it affects actions, interpretation, and decision making of organizational members and the management. Several studies also show that organizational identity has a huge impact on organizational change processes.

This paper attempts to address the following questions. What is organizational identity? How does organizational identity affect organizational change? Is it a barrier that hinders an organization's change plan? Can it be a means for organizations to facilitate planned change processes? In this paper, I focus on the influence of organizational identity on planned change process, or organization development (OD), which is referred to any kind of planned, system-wide, managed, and behavioral-scientific change effort initiated by the management or change agents in order to improve an organization's effectiveness and performance through planned interventions (Beckhard, 1969). A planned change process is different from other kinds of organizational change processes (i.e. life cycle, evolution, dialectic, see Van de Ven & Poole, 1995) by some distinctive characteristics, such as its goal orientation, adaptation through strategic choices, and single organization as the unit of change (Van de Ven & Poole, 1995).

The purpose of this paper is to delineate the relationship between organizational identity and planned organizational change. By reviewing current literature and research regarding organizational identity, this paper presents a general picture about organizational identity and its influential role within an organization. It also articulates the importance of organizational identity to organizational planned change processes. This paper contains three sections. First, the definition of organizational identity, its influence on organizations, its formation, as well as its relationship with organizational culture will be introduced. Second, the influence of organizational identity on organizational change process, both positive and negative, will be discussed. Last, a holistic framework of the relationship between organizational identity and planned organizational change is proposed. Possible directions for future research are addressed in the conclusion section, as well.

Organizational Identity

Definition of Organizational Identity

Albert and Whetten (1985) define organizational identity as a set of statements that organization members perceive to be central, distinctive, and enduring to their organization. The definition reveals three critical criteria: *centrality*, *distinctiveness*, and *durability*. *Centrality* means that the statement should include features that are important and essential to the organization. Identity as a statement of central characters defines what is important and essential to the organization. (Albert & Whetten, 1985).

The criterion of *distinctiveness* emphasizes that the identity statement should be able to distinguish the organization from others. A distinctive identity statement usually includes organizational ideology, management philosophy, and culture. It helps the organization locate itself in a specific classification. The character of *durability*

emphasizes the enduring nature of organizational identity. It implies that organizational change is difficult to start because the loss of organizational identity will have strong impact on the organization (Albert & Whetten, 1985).

Influence of Organizational Identity

According to the definition, an identity statement is collectively and cognitively held by organization members to answer questions such as “Who are we?” “What business are we in?” and “What do we want to be?” Organizational identity influences both leaders and members within an organization. For organizational leaders, organizational identity is influential on their decision making activities within an organization. Typically, identity questions surface and attract the management’s attention when they cannot find easier, more specific, and more quantifiable solutions regarding specific organizational issues (Albert & Whetten, 1985). By defining the organization’s identity, organizational leaders establish a fundamental base that serves as the guide for them to engage in decision making activities (Albert & Whetten, 1985)

Organizational members are affected by an organization’s identity as well. Since social identity theory suggests that individuals have the natural tendency to identify with social groups and define themselves with the connection with these groups (Pfeffer & Salancik, 1978), organizational members’ answers to identity questions have strong influences on their judgment of and identification with their organizations (Albert & Whetten, 1985). This identification in turn affects the establishment and maintenance of members’ self-esteem (Humphrey & Brown, 2002). Organizational identity provides organizational management and members with a key lens for their interpretation and sensemaking about occurring events for their organizational life (Dutton & Dukerich, 1991; Elsbach & Kramer, 1996). The results of member interpretation and sensemaking direct members’ behaviors and actions within the organization (Dutton & Dukerich, 1991).

Formation of Organizational Identity

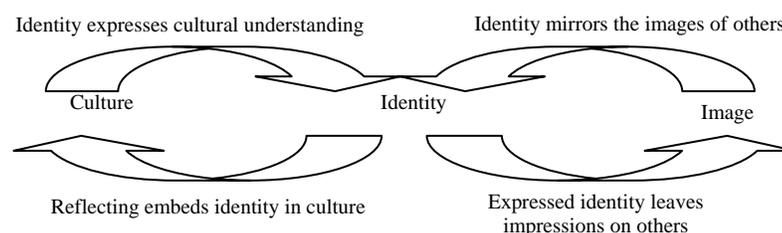
Based on the identity interaction model and individual identity theory (Cooley, 1922; Erickson, 1968; Goffman, 1959; Mead, 1934), Albert and Whetten (1985) argue that interaction and comparison with other organizations are keys to the formation of organizational identity. Similar to individual identity, the formation of organizational identity is a *process of ordered interorganizational comparisons* (Albert, 1977). During the processes, members constantly compare their own organization with target organizations and obtain evaluative information from other parties which, in turn, affect members’ definition and identity of their own organization.

Identity scholars hold different opinions regarding the relationship between organizational identity and organizational culture. For example, Albert (1998) argues that a particular organizational culture may, or may not, be part of organizational identity, depending upon the relevance and importance of culture to the identity question. Yet, some researchers clearly propose a dynamic relationship between identity and culture to explain the formation of identity (Ashforth & Mael, 1989; Gioia et al., 2000; Hatch & Schultz, 2002). For instance, Ashforth and Mael (1989) argue that the important values in organizational culture are critical determinants to the psychological process of identity formation. Only when individuals identify with the central, distinctive characteristics of the culture will they be willing to attach to a social group. This psychological process of attachment, in turn, reinforces individual identity as well as the solidity of organizational identity (Ashforth & Mael, 1989).

Hatch and Schultz (2002) propose another dynamic model to illustrate the relationship between organizational identity, culture, and image (see figure 1). According to the model, members express their understandings of their organizational culture through organizational identity, which in turn, affects the perception of others outside the organization about the organization. The outsiders’ perception, or organizational image, in turn, affects the organizational identity, which again is reflected in the central elements of the organizational culture.

Despite the dynamic arguments of the formation process of organizational identity challenges the criterion that durability, it is considered as a better condition for organizational change, since it provides the organization with the flexibility and adaptability to respond to the environmental demands. The influence of identity on organizational change will be detailed discussed in the following section.

Figure 1 Hatch & Schultz’s (2002) Organizational Identity Dynamics Model



Organizational Identity and Resistance to Planned Organizational Change

Since organizational identity represents an ostensible set of central, enduring, and distinctive statements with which members define their organization, it provides an important psychological anchor for members in time of upheaval (Gustafson & Reger, 1995). Organizational identity, however, is also a possible source of resistance to change (Dutton & Dukerich, 1991; Gustafson & Reger, 1995). For example, from a psychodynamic perspective, Brown and Starkey (2000) examined the relationship between organizational identity and organizational learning. Analogous to individual identity theory, organizational members have the tendency to maintain their collective self-esteem and identity by not questioning their existing self-concept (Brown & Starkey, 2000). Learning and receiving new information are likely to evoke organizational members' feelings of anxiety and trigger some kind of defense mechanisms. This is particularly true when the new self-concept is inconsistent with the existing beliefs and self-image (Brown & Starkey, 2000). As a result, these defense mechanisms hinder organizational learning by influencing how members of the organization search, interpret, use, and store new information.

From a more concrete viewpoint, organizational identity influences management and members within an organization in several ways; from organizational leaders' actions and decision making regarding change initiatives, to members' interpretation of organizational events and actions. Moreover, organizational identity affects members' comparison processes and evaluation of strategies and actions as well. These influences are discussed in the following sections.

Organizational Identity as Action Guidelines

Organizational identity serves as guidelines leading managers' actions and decision making in relation to planned change process. For example, Fox-Wolfgramm, Boal, and Hunt (1998) conducted a longitudinal study to examine banks' adaptation processes to a new governmental regulation, which had a strong impact on the banks strategies and operations. The research focused on two types of banks, one termed a *prospector* and the other a *defender* (Miles & Snow, 1978). Broadly speaking, a prospector organization is more dynamic, more decentralized, but less formalized and specialized than a defender. Prospector organizations usually have broader product lines, tend to focus on innovation and emerging market opportunities, and emphasize creativity over efficiency. On the contrary, defender organizations are characterized as less dynamic and place less emphasis on innovation. Defender organizations also tend to focus on efficiency over creativity and innovation (Miles & Snow, 1978).

Given the different characters of the two types of bank organizations, Fox-Golfgramm et al. (1998) expected different responses between the two banks to the new regulation. Since the prospector bank has features of flexibility and dynamics, and is open to environmental change, it is expected to adjust itself faster without needing much external stress and confronting much internal resistance. On the other hand, the defender bank was expected to be less effective and to encounter more resistance in responding to necessary change during the adaptation process, given its more formalized and less dynamic features.

Surprisingly, the results showed that both banks encountered resistance, though for different reasons. For the defender bank, the top management resisted in taking action because they felt the new regulation did not fit with their "hometown identity". The prospector bank felt that they had already met the requirement. This study supports Gioia and Thomas's (1996) conclusion, which argues that, under conditions of change, top management team members' perceptions of organizational identity play a critical role in their sensemaking process and issue interpretation.

Organizational Identity as an Interpretative Lens

In addition to the influence on management's decision making and sensemaking processes, the second way that organizational identity affects organization members is its provision of a lens through which members interpret events occurring within the organization. In a case study of the New York Port Authority's dealing with the homelessness problem, Dutton and Dukerich (1991) examined how organizational identity and image affects its members in making sense and interpreting their organization's responses to a nontraditional and emotional strategic issue. They found that the importance of organizational identity is shown in three dimensions: issue interpretation, emotion, and action.

In the dimension of issue interpretation, organizational identity serves as a reference point for organization members to assess the importance of an issue which, in turn, becomes predictors of members' willingness to invest in the issue. If the scope of the issue continuously expands over time, or the issue threatens the core components of the organizational identity, or the organization takes actions that seemed to members as inconsistent with their identity, organization members tend to "judge the issue as more important and the organization as more committed to it" (Dutton & Dukerich, 1991, p.545). In other words, organizational identity defines to what extent the issue is likely to threaten the organization and helps the organization to resolve the issue by transforming it into an opportunity (Jackson & Dutton, 1988). Additionally, organizational identity also affects the meanings that members

give to an issue, which in turn, leads to different solutions for the issue (Dutton & Dukerich, 1991).

Beside issue interpretation, organizational identity also provides directions for explaining members' emotional expression about an issue. That is, members are expected to have positive emotions when actions taken are congruent with their organizational identity, while negative emotions is more likely to be generated when the actions are inconsistent with their identity. Moreover, identity also affects the pattern of organizational actions through its serving as guidelines for members to find acceptable solutions, to understand how actions are shaped, and to evaluate the success of actions (Dutton & Dukerich, 1991).

Organizational Identity as Cognitive Schema

In addition to serving as guidelines for management actions and a lens for member interpretation, organizational identity serves as a cognitive schema composed of beliefs and assumptions of organizational processes (Fiol & Huff, 1992; Reger et al., 1994). This schema influences how members encode and store new information, as well as how they draw inference from events with ambiguous or missing information (Reger et al., 1994). Since organization members use the cognitive schema to integrate prior and new knowledge, they tend to focus on new information consistent with their existing schema (Fiske & Neuberg, 1990), and ignore incongruent information. The tendency of focusing on congruent information is called "cognitive inertia," referring to the "resistance to changes that deviate from existing schemas or frames" (Reger, et al., 1994, p566).

Reger et al. (1994) use the concept of cognitive inertia to explain the high failure rate of total quality management (TQM). Traditionally, a successful TQM implementation within an organization focuses on a "paradigm shift," requiring a total, radical change in members' basic philosophy in the organization (Dobyns & Crawford-Mason, 1991; Munroe-Faure & Munroe-Faure, 1992). This kind of change intervention can only be understood and interpreted by members using their existing schema; yet, it is very likely that the new concepts of such intervention are not part of members' current cognitive schema. Thus, the radical change challenges members' assumptions and the identity of the organization and, in turn, results in members' uncomfortable feelings and resistance to the intervention. This resistance makes large-scale change such as TQM difficult to achieve (Reger et al., 1994). This argument again affirms the important influence of organizational identity on organizational change interventions.

Organizational Identity as Comparison Reference

Organizational identity not only affects managerial actions, as well as member interpretations and actions, but also serves as a reference point for comparison. As mentioned in the previous section, organizational members compare their organizational identity with actions taken by the management to judge the legitimacy of the action (Dutton & Dukerich, 1991). Likewise, members also compare their current identity with the envisioned organizational identity. Envisioned organizational identity, refers to an ideal or desired identity that represents what the management want the organization to be in the future (Reger et al., 1994). This envisioned identity can be reinforced through the creation of visions by organization leaders. Fox-Golfgramm et al. (1998) argue that the congruence between the current and envisioned identity has a strong influence on the permanent success or not of a change intervention. That is, members' resistance to a change intervention is more likely to occur if inconsistency exists between the current and envisioned identity (Fox-Golfgramm et al., 1998).

In addition to the envisioned identity, organizational image is another target for members to make comparison with. As defined previously, organizational images have to do with how organizational members believe outsiders think about their organization (Dutton & Dukerich, 1991). Thus, members' perception of organizational images affects their own view of themselves as well as of the organization. On the one hand, when the perceived image and identity are consistent, members tend to accept the status quo and, thus, no change will occur. On the other hand, when incongruence exists, changes may, or may not, occur because organizational members need to make further judgment to see if the discrepancy is important and worthy their efforts on change (Gioia et al., 2000).

The external pressure for change provides organizational members yet another target to compare with their identity and image (Dutton & Dukerich, 1991; Fox-Golfgramm et al., 1998). More specifically, when the pressure for change is in opposition to members' organizational identity and image, either current or envisioned, the resistance for change is likely to be higher than it is when the pressure and identity are congruent (Dutton & Dukerich, 1991).

In summary, organizational members make comparisons continuously, but the influence on organizational change varies across types of comparison. For example, the inconstancy between envisioned and current identity is likely to generate resistance; however, the consistency between the two leads to inertia, which possibly reduces the likelihood of successful change (Reger et al., 1994). Therefore, it is important to understand the influence of organizational members' comparing organizational identity with other targets, such as vision or envision identity, image, and external force for change. As long as the relationship is understood, the organization is more capable to achieve expected goals by appropriate managerial manipulation.

Identity and Success of Organizational Change

Notwithstanding organizational identity affects members' willingness to and acceptance of change interventions, it still can be a key steppingstone to achieve successful organizational change when well utilized. Several main themes have been created to explore the positive influence on and application to organizational change processes. Some argue that identity is not enduring; rather, organizational identity is characterized by instability (Gioia et al., 2000), plasticity (Fox-Golfgramm et al., 1998), or even multiplicity (Albert & Whetten, 1985; Pratt & Foreman, 2000). Some propose that ongoing identity change is a means for organizations to successfully change (Brown & Starkey, 2000; Gioia et al., 2000). Others consider identity as a multi-layer construct with both core and peripheral parts, so that organizational change can happen without changing core identity (Gustafson & Reger, 1995). Still others propose to take advantage of the discrepancy between either current and envisioned identity, or current identity and image, to create the impetus for change (Reger et al., 1994). Even though most of these views are proposed on theoretical bases, rather than empirical studies, they still provide rich and insightful implications for future researchers and practitioners in the field of organizational change. These four themes are discussed in the following sections.

Instability and Plasticity of Organizational Identity

By definition, one of the essential features of organizational identity is its temporal continuity. Change, discontinuity, or loss of identity is very likely to create a painful situation and threaten the organizational health (Albert & Whetten, 1985). Later researchers, however, challenge the notion and propose that identity might be less than enduring and more instable and flexible (Gioia & Thomas, 1996).

With the case of defender and prospector banks, Fox-Wolfgramm et al. (1998) propose that organizational identity in fact has a feature of plasticity. The plasticity of identity has two survival functions. First, it allows the organization to easily adjust its niche width, by quickly expanding business scopes in turbulent environments, but effectively refocusing when the environment is stable. Second, the plasticity of organizational identity makes it more flexible to easily handle and satisfy the needs and expectations of diverse stakeholders. Further, Fox-Wolfgramm et al. (1998) argue that, within limits, the flexibility and plasticity of organizational identity allow organizational adaptation and change without fundamentally changing members' organizational identity. This particularly illustrates the adaptation process of prospector bank to the new regulation by simply incorporating new elements with their existing ones. The defender bank, however, seemed to have less plasticity than the prospector (Fox-Golfgramm et al., 1998). This difference stresses the diverse influence of organizational identity on organizations with different strategy orientations.

On the other hand, Gioia et al. (2000) have a different interpretation of the instability and adaptability of organizational identity. Through the examination of relationship between identity and image, they argue that "the seeming durability of identity is actually contained in the stability of the *labels* used by organizational members to express who or what they believe the organization to be, but that the meaning associated with these labels changes so that identity is actually mutable (p.64)." Gioia et al. (2000) further use Hewlett-Packard (HP) as an example to illustrate the mutability of organizational identity. They cite Collins and Porras's (1994) article which states that the "H-P way" has been used as an expression of core values of HP's identity for decades, yet the underlying meaning of the specific values and actions has changed several times (Gioia et al., 2000, cf. Collins & Porras, 1994). Hence, Gioia et al. (2000) propose that the instability and mutability of identity is primary a result of its ongoing interrelationships with the more fluid organizational image. Moreover, they suggest that the instable and adaptive feature actually help organizations increase their flexibility in response to the changing environmental demands (Gioia et al., 2000).

Multi-layered Organizational Identity

Gustafson and Reger (1995) adopt a different perspective, seeing organizational identity as a construct with the inner and outer layers. The inner layer refers to the core, intangible, abstract attributes of identity that addresses questions such as how things are done. This core layer of identity focuses on specific organizational contexts and reflects in organizational culture and values that directly influence the production processes, the firm, and the environment. On the other hand, the outer layer of organizational identity refers to the tangible, substantive, and concrete attributes that answer questions such as what is done. Different from the core attributes, the substantive attributes focus on particular time and environmental conditions.

According to Gustafson and Reger (1995), the best way to promote organizational change is to renew the organizational identity but still maintain a stable sense of "who we are". Therefore, under turbulent circumstances, organizations with a stable core identity coupled with a changeable substantive identity are more likely to successfully respond and adapt to the changing environment. In that ideal case, the stable core identity helps organizational members ensure a clear and solid sense of stability, while the changeable substantive identity

provides them with flexibility to accept necessary changes. Nevertheless, holding a set of changeable identity does not necessarily mean that change is easy, rather, it is just relatively easier when compared to the change of the core identity (Gustafson & Reger, 1995).

Multiplicity of Organizational Identity

A stream of identity research focuses on the multiplicity of organizational identity, suggesting that an organization might have multiple sets of identities that are either compatible, neutral, or conflict with each other (Albert & Whetten, 1985). Since it is argued that organizations with multiple identities are considered more adaptive to environmental change (Albert & Whetten, 1985; Pratt & Foreman, 2000), an organization is likely to consider shifting from mono identity to dual identity over time, in particular when environmental complexity is increasing with mix of opportunities and constrains (Albert & Whetten, 1985).

Multi-identity organizations exist in two forms. Within *holographic* organizations, different sets of identities are shared by across all the units within the organization. The advantage of a holographic organization is that congruence and agreement among units is easy to reach with few conflicts. This kind of organization, however, has a significant deficiency. Its lack of diversity is very likely to debase the accuracy of its decision making and actions (Albert & Whetten, 1985).

On the contrary, each unit within an *ideographic* organization tends to hold different identity respectively and, thus, the multiple identity of the organization is a totality of the identities of each unit (Albert & Whetten, 1985). Generally, an ideographic organization benefits from its diversity of opinions and perspectives, which helps the organization and its members better monitor the changing environment and formulate appropriate actions and strategies for organizational adaptation. This diversity, however, leads to more conflicts and more difficulties in obtaining commitment and consensus to an action (Albert & Whetten, 1985).

Since organizations can either benefit from or be harmed by possessing multiple identities, it is important for organizations to find a way that can maximize the advantages and minimize the disadvantages at the same time. According to Pratt and Foreman (2000), organizations with an optimal numbers of identities will have the best adaptability and competitive advantage. They present the notion of “identity management” and suggest that, according to the current identity plurality and identity synergy of an organization, organizational leadership can manage their organizational identity in four ways: compartmentalization (preserving all identities without seeking integration and synergy), deletion, integration (fusing multiple identities into a distinct new one), and aggregation (retaining all identities and forging links among them). With the of identity management practices, organizations can attain the optimal condition and maintain the best effectiveness of multiple identities.

Changeability of Organizational Identity

Brown and Starkey (2000) examined the relationship between organizational learning and identity from a psychodynamic standpoint. In addition to their discussion that existing organizational identities are likely to hinder the learning process, Brow and Starkey (2000) also suggest that organizational learning can be promoted by fostering the changeability of the organizational identity in three ways. First, to better adapt to the changing environment, organizations should frequently conduct critical self-reflectivity. This frequent self-reflectivity can continuously force the organization to question its current identity and to cultivate alternative perspectives in order to attain the necessary change and evolution to a more adaptive identity. Second, dialogue about future identity should be integrated into an organization’s strategic management so that the leaders can reexamine the current identity constantly (Brown & Starkey, 2000). Last, organizations should foster and attain an attitude with which organizational members can be more willing to face threats to their organizational identity and accept the necessary change for a more mature identity (Brown & Starkey, 2000).

Identity Gap and Organizational Change

Reger et al. (1994) name the discrepancy between current and envisioned organizational identity as “identity gap”, referring to the “cognitive distance between the perception of the current and the ideal identity (p.574).” In the previous section, it was argued that the inconsistencies between current and envisioned identities increase member’ resistance to change. Yet, other researchers consider the discrepancy as way to provide motivation to change current identity (Cantor & Kihlstrom, 1987; Higgins, 1989). For example, Huff, Huff, and Thomas (1992) suggest that the widened gap between current and ideal identity creates “organizational stress” (p.58), which triggers members’ dissatisfaction and perceived imperfection about organization-environment fit. In order to reducing the uncomfortable feeling evoked by the inconsistency, organizational members tend to seek ways to diminish the perceived gap. This tendency further becomes an impetus for the organization to change (Higgins, 1987).

According to Reger et al. (1994), the influence of identity gap on the likelihood of organizations’ acceptance of change depends upon the width of the gap. Specifically, if identity gap is too narrow, organizational members tend to perceive change as unnecessary. In that case, members’ belief of a sufficient alignment between current and ideal states results in high inertia hindering organizational change (Reger et al., 1994; Higgins, 1989). Conversely, if the

identity gap is too wide, organizational members tend to perceive change as unattainable. As a result, the over-widened identity gap leads to high stress, which in turn, increases members' resistance to change (Higgins, 1987). Given that both overly-narrow and overly-wide identity gaps result in members' low acceptance of change, a notion of "change acceptance zone" is proposed to articulate those situations when a moderate identity gap creates the optimal driving force for organizational members to perceive and proceed with the necessary change (Huff et al., 1992; Reger et al., 1994).

Expanding on the notion of a change acceptance zone and the ideas of core/substantive identity attributes, Reger and colleagues suggest a new tectonic change mode that allows organizations to proceed to change by creating moderate identity gap (Gustafson & Reger, 1996; Reger et al., 1994). Different from incremental change which focuses on small but continuously modifying a specific component of identity, and revolutionary change which tends to create a huge identity gap and radical change process, tectonic change refers to change with a moderate scope, pace, and duration. The main strength of this tectonic change model is that, by creating moderate identity gap step by step, it allows an organization to destruct its undesired or outdated substantive identity without radically affecting its core identity.

Conclusion

In this paper, the concept of organizational identity and its influence on organizational process as well as organizational change were introduced and discussed. This is a relatively new but rich field for organizational researchers, and that is why this topic leads in such diverse directions. Most of the literature and concepts of organizational identity are developed and established more on a theoretical base, rather than empirical studies. Thus, it is of the most importance to fuel more researchers' interests in focusing on empirical studies on this topic. In so doing, the idea of organizational identity and its values can be more applicable to practitioners and future researchers.

A Framework of Organizational Identity and OD Interventions

According to the discussion in previous sections, the influence of organizational identity on planned change process is twofold. On the one hand, organizational identity serves as a frame of reference for organization management and members to interpret organizational events. Resistance to change arises at either the level of management or individual members when there is inconsistency between identity and the interpretation of events. On the other hand, organizational identity can be a means of manipulation to facilitate the success of planned change. This function is particular significant during the stage of goal setting and envisioning.

Here I propose a holistic framework (see figure 2) by integrating previous research findings of organizational identity into a planned change model in order to explain how organizational identity affects the change process in different stages at different organizational levels. I use a teleological model proposed by Van de Ven and Poole (1995), which suggests that a planned organizational change is a circulate process composed of *dissatisfaction, searching/interaction, goal setting/envisioning, and plan implementation*. Two assumptions should be addressed. First, I assume that an organization's identity statement consists of both core and peripheral portions. The core part of the identity statement is more enduring and hard to change, while the peripheral part is more plastic and flexible. Second, given that organizational identity is a perceived construct with core and peripheral elements, I assume that the management and members of an organization might hold different identity statements based on from which level or angles they see the organization.

Based on this framework, resistance to a planned change effort can occur at either the management level or the organizational member level. At the management level, the management uses organizational identity as a frame of reference to search the meanings and interpretations when encountering a dissatisfactory situation. Resistances to take any actions are likely to arise from two aspects. First, when there is perceived consistency between the situation and the management's organizational identity, they are likely to stay unchanged since the management feel that there is no need to change. On the other hand, if there exists a discrepancy between the situation and current identity, the cognitive inertia results in the management's being unwilling to change, in particular when they are satisfied with the organization's status quo. The mechanism to push the management to cope the resistance in order to take further action is the strength of the crisis.

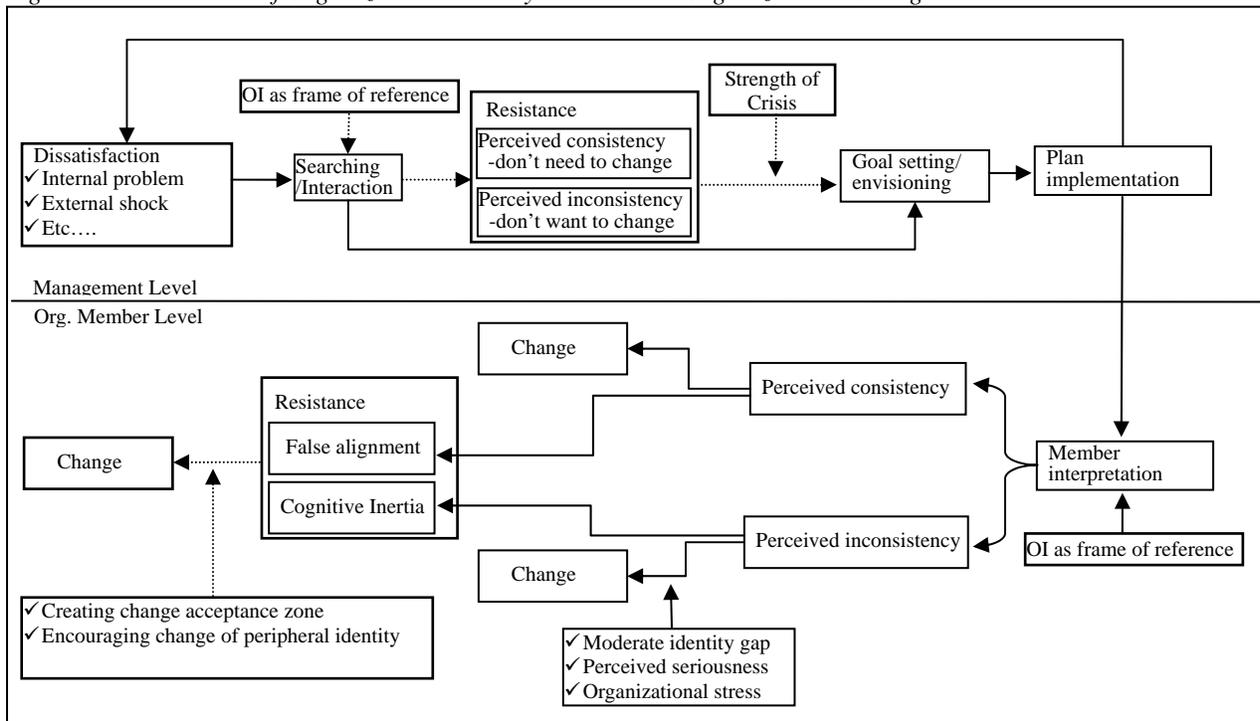
At the organizational member level, the explanations for the resistance of change are similar to the ones at the management level. Nonetheless, the ways that these resistances are managed are different. According to the framework, organizational identity also serves as a frame of reference for organizational members to make sense of the implementation of a change intervention. Both perceived consistency and discrepancy between identity and the intervention are likely to lead to either acceptance of change or resistance to change. More specifically, when organizational members perceive inconsistency, there are three possible mechanisms to force members to accept the

change intervention. First, the inconsistency creates a reasonable and moderate identity gap which reduces members' sense of possible negative impact and difficulty of the change. Second, even though the gap between their organizational identity and the management' action is huge, organizational members are still willing to change as long as they interpret the huge gap as the extent of seriousness of the issue. The last mechanism has to do wit the organizational stress and cognitive dissonance. Whey organizational members experience an identity gap, which lead to their uncomfortable and dissonant feelings; they will try to take action to change in order to reduce the experienced dissonance.

When resistance to change appears at the organizational member level, no matter from false alignment or cognitive inertia, the management needs to find out solutions in order to diminish the resistance. Three ways are proposed to help resolve the issue. First, the management can create a change acceptance zone and moderate identity gap by proposing a not-too-far envisioned identity or vision. By using this means, it sometimes might be necessary to break a goal of change into a set of subgoals, so that the implementation of a change intervention can be advanced on an incremental base. In addition, the management can cultivate the plasticity and flexibility of organizational identity by enriching its peripheral attributes. In so doing, organizational members can have more adaptability to respond to change activities inconsistent with their core identity.

This is a holistic model to illustrate the relationship between organizational identity and planned organizational change. There are still many issues that are worth of further research and examination. For example, what are the contingent factors that determine which mechanism are appropriate to be adopted under a specific circumstance? What is the threshold for a crisis to trigger management's response to their resistance and action for further plan implementation? These are empirical questions and need further attention in order to strengthen this framework.

Figure 2. Framework of Organizational Identity and Planned Organizational Change



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