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**BUILDING A CASE FOR INCLUSION OF
ORGANIZATIONAL IDENTITY
IN TURNAROUND RESEARCH**

S. Jeyavelu¹

¹ Assistant Professor, Indian Institute of Management Kozhikode, Kozhikode – 673 570
(email: velu@iimk.ac.in)

BUILDING A CASE FOR INCLUSION OF ORGANIZATIONAL IDENTITY IN TURNAROUND RESEARCH

The objective of this paper is to build a case for inclusion of organizational identity construct in turnaround research. After a brief review of various perspectives in turnaround research, the paper traces the major findings in turnaround actions and types. Based on the exhaustive list of turnaround actions, seven turnaround action themes were identified - top management change, asset reconfiguration, organizational restructuring, strategic change, substantive changes in membership, transformational change, and functional/ efficiency changes. These seven turnaround themes are mapped into the three organizational identity conceptual criteria – *ideational* (collective answers to the question ‘who are we?’), *definitional* (the conceptual domain of central, enduring and distinguishing characteristics of an organization) and *phenomenological* (a context of profound organizational experience) (Whetten 2006). To extend support four turnaround typologies are also mapped onto these criteria. The analysis clearly indicates the pervasiveness of identity related dynamics in turnaround. The plausible organizational identity dynamics in each of the themes and the managerial implications are enumerated in detail. The paper concludes with suggestions for further building the case for including organizational identity in turnaround research.

Keywords *Organizational Identity, Decline, Turnaround*

INTRODUCTOIN

Performance decline is an ever present danger and an integral part of organizational reality. The Asian economic crisis in the 1990s is indicator of the stark reality of the impact of the emerging context on firm performance (Ahlstrom and Bruton 2004; Mellahi and Wilkinson 2004). Research on organizational decline and turnaround has grown substantially from days of Whetten’s (1980) call for increasing focus on decline as compared to best practices and excellence. Still many questions remain unanswered on the nature, content, context and process of decline and turnaround (Arogyaswamy, Barker and Yasai-Ardekani 1995; Chowdhury 2002; Khandwalla 2001; Maheswari and Ahlstrom 2004). Turnarounds are special situations that involve intense emotions due to changes in management cadre, retrenchment and downsizing, and changes in the organizational structure, systems and processes. It might include change in the nature of an organization itself due to drastic changes in the internal organization and changes in asset-resource configurations.

Organizational identity (OI) a construct considered critical under profound organizational experiences has not been studied by organizational researchers in the context of decline and turnaround.

OI is interlinked with decline and turnaround, and is relevant to both turnaround academicians and practitioners because of the following reasons. First, turnaround context indicates a deviation from achieving organizational objectives and hence a threat to the continued existence. Such a context warrants self reflection and introspection, specifically in self definitional domains. Managers when faced with reducing performance and likely extinction raise questions like ‘why are we doing what we are doing?’, ‘what business are we in?’, and ‘what is the purpose of our existence?’ and so on. Such questions give raise to answers that reflect the OI, i.e. the answers broadly indicate the themes of answers to the question ‘who are we?’ even if that was not asked directly (Whetten and Godfrey 1998).

Second, turnaround constitutes changes in the organizational configuration – change in asset-resource configuration, change in top management, change in organizational membership due to retrenchment/downsizing, change in organizational strategy, structure, systems and processes, and also change in organizational image & reputation (Albert and Whetten 1985; Khandwalla, 2001; Whetten 2006; Whetten and MacKey 2002). Many of these changes are in the domain of those characteristics that define an organization and hence turnaround is likely to involve OI response except in cases where the turnaround changes organizational characteristics that are not part the collective self definition.

Finally, most turnarounds involve a major over haul of the top management including the CEO (Barker and Patterson 1996). The top management is the default spokesperson for the

organization; they shape the OI over time by their decisions; and interpret OI for strategic decisions on behalf of the organization. Any change in the top management under decline is likely to change the dynamics between the OI, strategy and its interpretation, and top management as the shaper and interpreter of OI (Hatch and Schultz 1997).

Turnaround management without OI will be complicated with managers addressing collective identity level issues through dummy variables like organizational culture, brand, image and reputation among stakeholders (Whetten and Mackey 2002). Turnaround managers might be less effective without understanding the inter play between an organizational members' "Who are we?" and "How do we do things here?"; reciprocal linkages between identity, projected image and reputation; and the impact of change implementation on collective self definitions and members' response to it. Researchers might be able to theorize better with OI as it is deeper level construct than the current variables in turnaround research. Since, how turnaround happens is not yet fully explained by the existing theories, OI might provide the additional explanation to understand how a declining organization is turned around.

ORGANIZATIONAL IDENTITY

Organizational Identity (OI) is a self definitional concept extrapolated from self identity literature and applied to organizations. It is the collective self definition of an organization by its members, consisting of those attributes that define the organization, differentiates it from comparable others and is stable over time (Albert and Whetten 1985; Whetten 2006). OI is considered as the claims an organization's members make about its defining characteristics (Albert and Whetten 1985); or the shared beliefs or a mental model of what the organization is (Fiol 1991 & 2001; Hatch and Schultz 1997). It is also construed from the self reflective

narratives of the organizations and its members especially the elites (Brown and Humphreys 2006; Chreim 2005). Organizational identity is not only the most referred to attributes but also the deep rooted values and beliefs in the collective psyche of the organization that the members themselves may not be aware of (Brown and Starkey 2000). OI discourse is observed under profound experiences and in the process of making long term high impact decisions (Corley, Harquail, Pratt, Glynn, Fiol, and Hatch 2006; Whetten 2006).

Albert and Whetten's (1985) seminal conceptualization describes organizational identity as satisfying the three criteria – “claimed central character...claimed distinctiveness...claimed temporal continuity” (p265). Whetten (2006) later defined OI as members' claims of central, enduring and distinguishing (CED) characteristics of an organization. Centrality in OI refers to the core versus the peripheral characteristics, characteristics shared by all members, essential characteristics or fundamental and deep rooted characteristics versus surface level characteristics (Corley et. al. 2006). OI characteristics tend to remain stable over time which is referred as the enduring nature. These attributes differentiate an organization from its comparable others and also serve the function of distinguishing it as special in itself (Whetten 2006).

Elucidation of an organization's identity is done by extracting the themes in the collective answers to the question, ‘who are we?’. Organizational identity also involves intense emotions. OI is referred to, experienced or triggered during profound organizational experience. Reflecting on the evolution of the field of organizational identity, Whetten clarifies that the original OI conceptualization was based on the three components - “...the *ideational* component equated organizational identity with members' shared beliefs regarding the question “who are we as an organization?”; the *definitional* component proposed a

specific conceptual domain for organizational identity, characterized as CED features of an organization; and finally the *phenomenological* component posited that identity related discourse was most likely to be observed in conjunction with profound organizational experiences” (Whetten 2006: 220).

OI is referred to rarely and only under special conditions and not in every day living. A manager would not refer to OI when deciding on the sales promotions but would refer to OI when deciding between alternative marketing channels like direct selling and through distributors. Organizational members refer to their collective self definitions only when they are faced with long term high impact decisions, there is a threat to the existing identity, a key person or founder who has been key OI defining factor leaves the organization, there is a change in the classification of organization due to product-market changes, an organization is merged with another, an organization is acquired, an unit of an organization is spun off, there is substantial change in organizational membership due to retrenchment or voluntary attrition, a major change in an organization’s asset/resource configuration, a major change in the organizational processes and outcomes, when there is a difference or conflict between the experienced identity and organizational actions leading to cognitive distress (or identity dissonance), and when the organizational identity attributes become obscure and ambiguous (Albert and Whetten 1985, Corley and Gioia 2004, Corley et. al. 2005, Dutton and Dukerich 1991, Elsbach and Kramer 1996, Gioia and Thomas 1996, Gioia, Schultz and Corley 2000, Whetten and Godfrey 1998, Whetten 2006).

The fluidity and dynamism of the OI is heatedly debated with no emerging consensus. Some argue that if it changes than it is not identity, whereas others attribute a dynamism to OI. Gioia, Schultz and Corley (2000) differentiate organizational characteristics as enduring or

continuing in nature. The central and distinctive characteristics of an organization may retain the meanings associated with the labels over time leading to the enduring nature. It is also possible that the labels may remain the same over time but the meanings might change leading to a continuing characteristic. Researchers have pointed to the need for both continuity and change in identity, arguing that stability in organizations can be achieved by adopting intangible or abstract identity attributes that allow for a variety of applications as the environment changes (Ashforth and Mael, 1996; Barney et al., 1998; Gustafson and Reger, 1995).

For an organization's identity to change it goes through a process of de-identification, situated re-identification and identification with core ideology (Fiol 2002). De-identification is the process of breaking of the individuals' identification with the organization. Alternative attributes are provided which are then identified by individuals i.e re-identification takes place. The sum total of the individual identifications emerge as the new identity.

When an organization's identity is threatened then members respond in a way that is coherent with the OI. Identity dissonance is experienced by organizational members when there is a perceived threat to the OI. Threats to OI could be in terms of a. image that does not match with the OI, b. the managerial decisions are seen as conflicting with OI, c. an ambiguity in the OI is experienced due to lack of strong OI referents or absence of OI referents (Dutton and Dukerich 1991).

Organizational members identify with their organization through a process of self selection and socialization. It is also possible that members dis-identify with their organization. The members' experiences are made sense in the context of the organizational culture, the

collective meaning making process results in the collective conceptualization of the organization. Organizational culture is the symbolic context for the development and maintenance of the identity. Top management is the default spokesperson of the organization, interpreter of the organizational identity and promoter of identity change. The top management's vision and leadership shapes the collective experiences and meaning making and hence the identity (Hatch and Schultz 1997). Reger and Gustafson (1994) argues that the top management of an organization would be able to transform the organization only if they are able to change the organizational identity. Organizational identity is expressed and enacted by its strategy and is inferred, modified or affirmed from it (Ashforth and Mael 1996).

An organization's communication to the external stakeholders the essence of its identity is called as the *projected identity*, the image held by the organization as that of the external stakeholders' image of the organization is the *construed image* and the feedback given to the organization in terms of acceptance of premium for its products and services and availability of resources (human, financial and so on) constitute the reputation of the organization (Whetten and MacKey 2002).

TURNAROUND

Organizational turnaround is the purposeful managerial action to bring an organization out of decline and become profitable. Turnaround research gained prominence in the 1980s after Whetten (1980) called for a systematic study of organizational decline and turnaround going beyond the study of best practices. Irrespective of research trends, turnaround practice is ever contemporary as indicated by the Asian economic crisis (Ahlstrom and Bruton 2004).

Turnaround research has focused on turnaround actions (Lee, Mathur and Gleason 1998; Schendel, Patton and Riggs 1976; Slatter 1984), turnaround strategies (Hambrick and Schechter 1983; Hoffman 1989), contingent models of turnaround (Hofer 1980; Maheswari 2000), stage models of turnaround (Arogyaswamy et.al. 1995), process models of turnaround (Bibeault 1982; Manimala 1991), turnaround typologies (Hambrick and Schechter 1983; Khandwalla 1991, 1992, 2001; Schendel, Patton and Riggs 1976), retrenchment as choice in turnaround (Khandwalla 1991; Pearce and Robbins 1994), and effect of country context on turnaround (Ahlstrom and Bruton 2004; Fisher, Lee and Johns 2004; Khandwalla 1992, 2001).

Organizational decline or the turnaround situation may be caused by internal or external factors (Pearce and Robbins 1993). Internally decline may be due to erosion of efficiency, past managerial mistakes, inertia leading to mal adaptation, erosion of competitiveness, availability of resources and so on. External factors that induce decline are changing customer preferences, changes in socio-economic-political environments, technological discontinuities, industry life cycle, economic deregulation and globalization (Barker and Duhaime 1997; Bibeault 1982; Maheswari and Ahlstrom 2004; Pearce and Robbins 1993). Hambrick and Schechter (1983) among others found that the turnaround strategies are dependent on the cause of decline. Organizational that are declining due to operational causes opt for operational turnaround actions and strategic causes of decline for strategic turnaround actions and rarely were operational decline addressed with strategic turnaround actions.

The decline can vary in its pace. Decline can be sudden, gradual or creeping and lingering depending upon the speed with which decline sets in (D'Aveni 1989). The period of decline can also vary. In some organizations turned around fast and in rare cases it can go on for

decades. Extended period of decline creates problems of legitimacy and hostility from stakeholders (Maheswari and Ahlstrom 2004). Decline can vary in terms of severity also. Research has found that the choice of turnaround actions and strategies depend on the severity of the decline (Arogyaswamy et.al. 1995; Hofer 1980). The pace, period and severity of decline determine the consequences of turnaround, the timing of such consequences and turnaround strategies.

Turnaround can take place in two or more stages. The retrenchment / decline stemming stage is the first stage of the two stage model followed by recovery stage (Arogyaswamy et.al. 1995; Robbins and Pearce 1992). Bibeault (1982) identified five stages in turnaround change at top, evaluation, emergency, stabilization and re-posturing. Manimala (1991) found three turnaround stages arresting sickness, reorienting, and institutionalization & growth in addition to those mentioned above. Chowdhury (2002) identified four stages in turnarounds decline, response initiation, transition and outcome, where as Balgobin and Pandit (2001) identified seven - decline and crisis, triggers for change, recovery strategy formulation, retrenchment and stabilization, and return to growth.

Researchers have also been fascinated with turnaround strategies. A dual strategy model depicts turnaround strategies as strategic and operational (Schendel, Patton and Riggs 1976; Hofer 1980). Hambrick & Schechter (1983) identified revenue generating, product-market refocusing, -asset reduction and cost cutting turnaround strategies among successful turnaround firms.

One of the major turnaround research themes was the impact of change of top management on turnaround and choice of internal versus external person (Barker and Patterson 1996; Barker,

Patterson and Mueller 2001; Lohrke and Bedeian 2004). In the context of developing countries substantial retrenchment has been a major focus (Khandwalla 1992 & 2001). Turnarounds across national cultures have also been gaining critical recognition (Ahlstrom and Bruton 2004; Bruton, Ahlstrom and Wan 2003; Fisher and Lee 2004; Khandwalla 2001).

Turnaround Actions and Organizational Identity

Turnaround researchers have identified a large number of turnaround actions (refer table 1). These actions can be classified into tough and tender elements, and internal versus external focused elements (Khandwalla 2000); strategic and operational actions (Schendel, Patton and Riggs 1976; Hofer 1980); fundamental and strategic actions (Khandwalla 1992); and entrepreneurial and efficiency actions (Hambrick and Schechter 1983). Analysis of the turnaround actions leads to seven broad themes that are found across studies - *top management change, asset reconfiguration, organizational restructuring, strategic change, substantive changes in membership, transformational change, and functional/ efficiency changes*. Refer table 3 for the turnaround actions that constitute each of these themes. The seven turnaround themes together address all the perspectives possible for turnaround – strategic, entrepreneurial, tough, tender, external, internal, operational and efficiency focuses for turnaround. (refer table 4).

Mapping of the seven themes on three OI criteria – ideational, definitional and phenomenological criteria indicate that all except the last satisfy these. Each of the six of the themes involve profound organizational and individual experiences, linked in some way to changes in CED characteristics and relate to the changes in the answers to the question ‘who are we?’. Functional and efficiency changes for turnaround might also involve the three

criteria selectively. (refer table 5). This clearly indicates that organizational identity plays a major role in the turnaround from decline.

Turnaround Types and Organizational Identity

Management and organization scholars have a tendency to resort to typologies to simplify complex organizational phenomena. Both empirical typologies and conceptual taxonomies have been a part of turnaround research. In turnaround, types reduce the complex relationships across a large number of variables into cognitively manageable few. There are a large number of turnaround actions and the possible combinations are very large but in reality, rarely are all the possible combinations observed. Once types are identified either conceptually or empirically, it is possible to elaborate exhaustively the intricate interactions and relationships.

Schendel, Patton and Riggs (1976) empirically identified two turnaround types – the strategic turnaround and the operational turnaround. Hofer (1980) predicted that the two types were contingent on the strategic and operational health of the organization respectively. Hambrick and Schechter (1983) identified three turnaround types – asset and cost surgery, selective product/market pruning and piecemeal moves; and Khandwalla (1992) four types – surgical reconstructive, surgical productivity / innovation oriented, non surgical innovation oriented and non surgical transformation oriented turnaround. Later Khandwalla (2000) enumerated eight basic turnaround types empirically extracted from one hundred and twenty cases based on ten turnaround actions.

Mapping organizational identity construct criteria on the four typologies it is observed that most of the types satisfy these. Others also show no indication of absence of these three

criteria and depend on the turnaround actions deployed (refer table 2). Strategic, entrepreneurial, surgical or transformational turnarounds, all involve high emotions, change in defining attributes and discourse of collective identity. Table 2 explicates the presence of linkages between turnaround and organizational identity.

ORGANIZATIONAL IDENTITY DYNAMICS AND MANAGERIAL IMPLICATIONS IN TURNAROUND

The organizational identity dynamics during turnaround are many fold. Actions that are expressions of the identity will find least resistance and can be implemented easily. Turnaround actions if they are perceived to be incongruent with organizational identity members will lead to experience of a cognitive dissonance or identity dissonance. When CED characteristics are changed as a consequence of certain actions members experience distress and identity dissonance is induced. When there is a sudden loss of identity referents or changes in the collective there is an ambiguity in the collective self definitions. The living, experienced, expressing and meaning making realities of the organizational members might be changed in the course of turnaround.

Different turnaround actions have different effects on organizational members and the collective identity dynamics. Table 3 elaborates the turnaround themes, specific actions that constitute them, the organizational identity dynamics involved and implications for managers. Functional and efficiency actions might change the day to day work behavior but experientially it may not mean any change. Changes in the top management break the organization from the past and the present and provide an opportunity for change. It also creates a vacuum in the meaning making system in the organization. This leads to anxiety and stress due to the abrupt break and uncertainty in the meaning making processes. It signals the

determination for change and modifies the image held by stakeholders and their expectations. Organizational restructuring changes the experienced reality as the changes in the organizational structure, systems and processes change role expectations and behavior and the experiencing of the organizational context. Members will start to de-identify with the organization if they don't participate in the process of restructuring due to break of the bond of identification between the individual and organization. If the implemented changes are in conflict with member expectations then they will dissociate themselves from the organization, become mute observers and in extreme cases dis-identify with the organization.

Substantial changes in the organizational membership changes the sense of collective itself lead to lack of confidence, collective self esteem. In certain contexts where there is an implicit assumption of life time employment collective helplessness, anger and frustration will be experienced. The survivors also experience distress and review their identification with the organization. Since the collective as it was in the past does not exist, it is easier for the managers to shape the identity. Transformational turnaround actions change the role/task behavior, the experience of the work place and organization, forms of collective expressions and the meaning making process leading to transformation of the collective self definitions i.e. organizational identity. Transformation actions can lead to reinterpretation of the existing identity, transform it or change it. It also changes in the image and reputation among stakeholders.

Asset reconfiguration and strategic change actions change the schema of collective self categorization by changing the reference points like industry, geography, customer segmentation and so on. Acquisitions and mergers are can be sources of identity attributes. Closures, shut down and spin offs can lead to fragmentation of the identity. Fragmentation

might lead to compromising valuable resources for competitive advantage or core competencies due to complex linkages between organizational parts, learning, knowledge, identity and core competencies. Strategic change exposes the organization to alternative images through interaction with stakeholders and can be a source of new identity attributes. The interactions between the internal and external stakeholders and the changes in identity, projected image and reputation harbinger a new cycle which can be virtuous or vicious.

Turnaround managers have the choice of continuing with the existing identity, reinterpret the identity labels in the changed context, transform the identity or change the identity to something new. Each of these choices has implications in terms of the available set of turnaround actions. Turnaround managers should be conscious of the impact of their decisions on organizational identity. There is a need for managers to clearly understand the identity and its linkages to organizational phenomena before attempting any turnaround. Each turnaround action should be vetted for their impact on organizational identity so that there are no surprises. Even simple efficiency improving actions should be clearly demarcated in terms of linkages to CED attributes.

Turnaround managers have to be wary of the following – organizational identity ambiguity, organizational identity dissonance, identity fragmentation, de-identification and dis-identification in its various forms. Collective identity ambiguity indicates lack of coherence in the shared meanings or collective claims and can be a strategic choice for initiating a movement from the existing identity. De-identification, ambiguity and re-identification should be planned and anticipated process and not unexpected / unanticipated during turnaround. Dis-identification can create negative consequences and is not desirable hence should be avoided during turnaround.

SUMMARY AND CONCLUSION

This paper attempted to build a case for including organizational identity concept in to turnaround research. Seven turnaround action themes covering eight perspectives and four typologies were identified and the three organizational identity conceptual criteria were mapped on to them. The analysis clearly shows that there organizational identity plays a role in the organizational dynamics during turnaround. However to add to the case, it is possible to map the organizational identity dynamics in other prominent turnaround research perspectives like stage & process models (Arogyaswamy et. al. 1995; Bibeault 1982) and contingent models of turnaround (Mone, McKinley and Barker 1998). The paper elaborated the organizational identity dynamics involved in each of the seven turnaround themes and the managerial implications. De-identification, dis-identification, fragmentation along with identity dissonance and ambiguity are some of the prominent dynamics. The dynamics can hinder the turnaround or act as a catalyst. Turnaround managers have the choice of continuing of existing identity, reinterpreting of it in the context of changes, transforming it or creating a new identity. Managers need to assess and understand the organizational identity and its linkages and be clear of the impact of their turnaround action on the above. Organizational identity dynamics should preferably be a managerial choice and not an unanticipated / unexpected consequence in turnaround.

To integrate the organizational identity research with turnaround research the arguments of this paper need to be validated empirically. Hopefully this paper would initiate meaningful discussions leading to further empirical research and theoretical developments.

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Table 1 Review of Turnaround Actions

| Author | Turnaround Actions | |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bibeault (1982) | <ul style="list-style-type: none"> • Strong leadership • Tight budgetary control • Accounting responsibly • Core business | <ul style="list-style-type: none"> • Redeployment of assets • Cash flow forecasting • Absolute control by management • Attitude change |
| Fisher, Lee and Johns (2004) | <ul style="list-style-type: none"> • Recognition of decline problem • Matching the solution to the cause of decline • Replacement of the CEO or top management team | <ul style="list-style-type: none"> • Ownership change • Retrenchment • Speed of action and • Rate of (pre-turnaround) decline of the distressed company |
| Hambrick & Schechter (1983) | <ul style="list-style-type: none"> • Asset Cost Surgery -significant reduction in R&D, marketing, receivables and inventories -significant reduction in plant and equipment newness • Increase in employee productivity | <ul style="list-style-type: none"> • Selective Product/Market Pruning -increase in relative prices, direct costs, and product quality -decreased marketing expenses and inventory expenses -reduced receivables, decline in capacity utilization |
| Khandwalla (1992; 2000) | <ul style="list-style-type: none"> • Managerial overhaul • Asset-cost surgery • Tighter controls and financial mending • Transformational changes • Restructuring and empowerment | <ul style="list-style-type: none"> • Product market refocusing actions • Sales push • Operational excellence actions • Cost shedding • Strategic shift |
| Lee, Mathur and Gleason (1998) | <ul style="list-style-type: none"> • Asset sales • Employee layoffs • Executive replacement • Acquisitions • Debt restructuring | <ul style="list-style-type: none"> • Bankruptcy filing • Dividend cut • Financing • Merger |
| Schendel, Patton and Riggs (1976) | <ul style="list-style-type: none"> • Management change • Organizational change • Marketing changes • New products and R&D • Acquisitions • Diversification | <ul style="list-style-type: none"> • Cost cutting • New control systems • Divestiture • Decentralization • Modernization |
| Slatter (1984) | <ul style="list-style-type: none"> • Change of management • Financial control • Organizational change • Product/market reorientation • Improved marketing | <ul style="list-style-type: none"> • Acquisitions • Asset reduction • Cost reduction • Investment • Debt reduction & other financial strategies |

Table 2 Turnaround Types and Applicability of Organizational Identity

| | | <i>Ideational</i> | <i>Definitional</i> | <i>Phenomenological</i> | |
|-----------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------|----------------------------------|-----------------------------------------------------------|--------------------------------------|
| Turnaround Types | Turnaround Type | Does it entail profound experience? | Is it about CED characteristics? | Is it related to the answer to the question "Who are we?" | Is Organizational Identity affected? |
| Schendel, Patton & Riggs (1976); Hofer (1980) | Strategic turnaround | Yes | Yes | Yes | Yes |
| | Operating turnaround | May be; No | May be; No | May be; No | May be; No |
| Hambrick & Schechter (1983) | Asset & cost surgery | Yes; May be | May be | May be | Yes, May be |
| | Selective product/market pruning | May be | May be | May be | May be |
| | Piecemeal moves | No | May be | No | No |
| Khandwala (1992) | Surgical reconstructive | Yes | Yes | Yes | Yes |
| | Surgical productivity/innovation oriented | Yes | May be | May be | Yes; May be |
| | Non-surgical innovation oriented | May be | May be | May be | May be; No |
| | Non-surgical transformation | Yes | Yes | Yes | Yes |
| Khandwala (2001) | Tighter controls and financial mending, product market refocusing turnaround | Yes | Yes | Yes | Yes |
| | Managerial overhaul turnaround | Yes | Yes | Yes | Yes/Maybe |
| | Tighter controls and financial mending turnaround | Yes | May be | May be | Maybe |
| | Operating excellence turnaround | Yes | May be | May be | Maybe |
| | Surgical, transformational, empowerment, operating excellence, cost shedding turnaround | Yes | Yes | Yes | Yes |
| | Restructuring and empowerment and sales push turnaround | Yes | Yes | May be | Yes |
| | Strategic shift, cost shedding, product market refocus turnaround | Yes | Yes | Yes | Yes |
| | Cost shedding, operating excellence, managerial overhaul turnaround | Yes | Yes | Yes | Yes |

Table 3 Turnaround Themes and Organizational Identity Dynamics

| Turnaround Theme | Actions | Organizational Identity Dynamics | Managerial Implications |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Top management change | <ul style="list-style-type: none"> • Change of CEO / MD / President • Change in board configuration • Change in top management team | <ul style="list-style-type: none"> • Vacuum in the meaning making processes, potential for new interpretation and change in identity • Change in the projected image & hence stakeholder expectations • Signals organizational determination for change & break from past • High anxiety and stress among internal stakeholders due to uncertainty <p><i>How do we know who we are?</i></p> | <ul style="list-style-type: none"> • Managerial actions not bound by history • Potential for creating a new identity, reinterpret the existing identity or transform the existing identity • New managers need to be aware of implications of their actions on identity • Assessment of the identity and its linkages to past strategies & decisions, and decline is critical • Balancing the historical, emerging & aspired identities important |
| Asset reconfiguration | <ul style="list-style-type: none"> • Spin off • Divestiture • Acquisition • Merger • Plant closure | <ul style="list-style-type: none"> • Changes in classification / comparative schema • Organizational identity dissonance if actions are seen as incongruent with identity • Organizational identity dissonance if expunged part holds CED characteristic • Acquisitions & mergers a source of new identity attributes • Can lead to fragmentation of identity <p><i>What are we?</i></p> | <ul style="list-style-type: none"> • A choice in organizational identity management, pruning of self classification schema • Acquisitions can inspire identity change process or hamper it • Asset reconfiguration without appropriate diagnosis can stall turnaround and compromise core competencies |
| Organizational restructuring | <ul style="list-style-type: none"> • Organizational redesign • Decentralization • Business process reengineering • Flat / horizontal structure • Team based structure • SBU / profit centered structure • Changes in systems & processes of various functions | <ul style="list-style-type: none"> • Change in everyday behavior and living of the collective • Organizational identity dissonance if turnaround actions and/or consequential changes are seen as incongruent with identity • Change in historical manifestation of identity • Can initiate dis-identification & de-identification • Change in the experienced reality <p><i>How are we a collective?</i></p> | <ul style="list-style-type: none"> • Process of restructuring plays critical role in achieving objectives of retaining or changing identity • Resistance to change due to work culture can be more effectively managed with an identity based approach • Identity can be indirectly addressed by changes in power distribution, structure, roles and behavioral expectations |
| Strategic Change | <ul style="list-style-type: none"> • Change in competitive & growth strategies • Changes in core competencies • Domain changes • Product /market changes | <ul style="list-style-type: none"> • Changes in classification / comparative schema • Organizational identity dissonance if turnaround actions and/or consequential changes are seen as incongruent with identity • Exposure to alternative images of stakeholders | <ul style="list-style-type: none"> • Changes in strategies have potential for changing identity, so it should be a choice • Clarity in short, medium and long term effects & influences on identity is required • Can change identity over time without the |

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|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <i>How do we fulfill our reason for existence?</i> | organization realizing it |
| Substantive changes in membership | <ul style="list-style-type: none"> • Retrenchment of workers • Retrenchment of managers • Voluntary retirement schemes • Shift from permanent workers to contractual workers | <ul style="list-style-type: none"> • Survivor syndrome, reduction in morale & collective self esteem, and collective helplessness • Collective as defined in the past does not exist – hence change ready • Questioning and review of membership and identification • Disruption in collective meaning making process • Individual and organizational identities are intertwined in developing lifetime employment contexts → mass scale identity problems <p><i>Who constitute the WE/US ?</i></p> | <ul style="list-style-type: none"> • Managers need to be aware of the impact of substantive changes in membership on survivors, retrenched employees and image • Alternatives need to be actively considered in contexts where social security is absent • If necessary retrenchment processes should safe guard the individual’s dignity in a honorable way • In developed economy context retrenchment process communicates the top management style and their interpretation of organizational reality |
| Transformational Change | <ul style="list-style-type: none"> • Participative change • Empowerment • Change agent programs • Stakeholder management • Mindset change • Culture change | <ul style="list-style-type: none"> • Creation of a new identity • Transformation of the existing identity or • Reinterpretation of existing identity labels • Transformational processes enable collective meaning making, ie identity formulation and evolution • Transformation of the living, experiencing, expressing and meaning making reality • Changes external attributions and reputation <p><i>How are we different from who we were?</i></p> | <ul style="list-style-type: none"> • Transformational changes can reinterpret or transform the existing identity or create a new identity • Organization wide changes that are likely penetrate deep & remain for long in to the organization • The cost of transformational changes should be balanced with the expected results • Apt for decline caused by deep rooted internal and external causes |
| Functional/ efficiency changes | <ul style="list-style-type: none"> • Change in debt equity ratio • Training for competency • Change in budgeting & accounting • Shop floor reorganization • Changes for productivity & quality improvement • Sales push, pricing changes, promotions, etc | <ul style="list-style-type: none"> • Change is most likely to be change in expression of organizational identity and not have much impact on identity and is easily manageable • Rarely it might be a change in CED characteristics- might lead to resistance, anxiety and stress <p><i>How can we exist more efficiently?</i></p> | <ul style="list-style-type: none"> • Clear delineation of CED characteristics from other attributes is important for change implementation • Attributes that can become future identity attributes should be promoted • Actions with quick results can initiate new CED characteristics under identity ambiguity & effectively used |

Table 4 Turnaround Themes and Focus of Turnaround

| Turnaround Theme | Strategic Focus | Entrepreneurial Focus | Tough Focus | Tender Focus | External Focus | Internal Focus | Operational Focus | Efficiency Focus |
|-----------------------------------|------------------------|------------------------------|--------------------|---------------------|-----------------------|-----------------------|--------------------------|-------------------------|
| Top management change | Yes | | Yes | | Yes | Yes | | |
| Asset reconfiguration | Yes | Yes | Yes | | Yes | Yes | Yes | Yes |
| Organizational restructuring | | | Yes | | | Yes | Yes | Yes |
| Strategic change | Yes | Yes | Yes | | Yes | | | |
| Substantive changes in membership | Yes | | Yes | | | Yes | | Yes |
| Transformational change | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Functional/ efficiency changes | | | | Yes | | Yes | Yes | Yes |

Table 5 Turnaround Theme and Applicability of Organizational Identity

| | <i>Ideational</i> | <i>Definitional</i> | <i>Phenomenological</i> | |
|-----------------------------------|-------------------------------------|----------------------------------|------------------------------------------------------------|--------------------------------------|
| | Does it entail profound experience? | Is it about CED characteristics? | Is it related to the answers to the question “Who are we?” | Is Organizational Identity affected? |
| Turnaround Theme | | | | |
| Top management change | Yes | Yes | Yes | Yes |
| Asset reconfiguration | Yes | Yes | Yes | Yes |
| Organizational restructuring | Yes | Yes | Yes | Yes |
| Strategic Change | Yes | Yes | Yes | Yes |
| Substantive changes in membership | Yes | Yes | Yes | Yes |
| Transformational Change | Yes | Yes | Yes | Yes |
| Functional/ efficiency changes | May be | May be | May be | May be |



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| <i>Author(s):</i> <p>S.Jeyavelu Indian Institute of Management Kozhikode IIMK Campus PO-673570, Kozhikode, Kerala, India Ph:(91-495) 2809244 email: velu@iimk.ac.in</p> | <i>Institution(s):</i> <p style="text-align: center;">Indian Institute of Management Kozhikode, Kozhikode, Kerala, India</p> |
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| <i>Abstract:</i> <p>The objective of this paper is to build a case for inclusion of organizational identity construct in turnaround research. After a brief review of various perspectives in turnaround research, the paper traces the major findings in turnaround actions and types. Based on the exhaustive list of turnaround actions, seven turnaround action themes were identified - top management change, asset reconfiguration, organizational restructuring, strategic change, substantive changes in membership, transformational change, and functional/ efficiency changes. These seven turnaround themes are mapped into the three organizational identity conceptual criteria – <i>ideational</i> (collective answers to the question ‘who are we?’), <i>definitional</i> (the conceptual domain of central, enduring and distinguishing characteristics of an organization) and <i>phenomenological</i> (a context of profound organizational experience) (Whetten 2006). To extend support four turnaround typologies are also mapped onto these criteria. The analysis clearly indicates the pervasiveness of identity related dynamics in turnaround. The plausible organizational identity dynamics in each of the themes and the managerial implications are enumerated in detail. The paper concludes with suggestions for further building the case for including organizational identity in turnaround research.</p> | |
| <i>Key Words/Phrases:</i> Organizational Identity, Decline, Turnaround | |
| <i>Referencing Style Followed:</i> | |