The Importance of Organizational Identity for Strategic Agenda Building

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Janet Hill, manager of the Port Authority (PA) Bus Terminal in New York City sat in her office perplexed. Joe Ruotolo, her customer service representative, had just left her office, reporting that in last night's count, homeless persons sleeping in the bus terminal had reached the phenomenal level of 900 persons a single night! The outside weather was excruciatingly cold (wind-chill factors put the temperature at −35 degrees Fahrenheit). Janet sat in her boots the drab of the bus terminal's facilities for persons who had to sleep outdoors in the cold, but as a manager, she knew that the presence of homeless persons in the terminal was severely affecting the level of services that this terminal could provide for its customers. However, she felt her hands were tied by the limited set of options that the PA had for effectively dealing with the homeless issue, and management's continual claim that the PA was not in the business of providing social services. She had tried before, both on her own, in meetings with her directors, and in conjunction with other terminal managers, to get the 'top guns' of the organization to see and feel that the issue of homeless persons present in the bus terminal was a significant strategic issue for the organization. However, in her mind, to date her efforts to get the homeless issue on the agenda of the PA had been futile. She was convinced desperate, and called in a friend who was a management researcher at a local university to see what advice could be gleaned from the 'literature'. With a note of desperation
This chapter develops a framework for understanding the importance of an organization’s identity in the process of strategic agenda building. The purpose of the chapter is three-fold. First, we establish the concept of strategic agenda building processes in organizations, and briefly review previous work on factors affecting how and when issues ‘make’ an organization’s strategic agenda. Second, we focus on the concept of organizational identity as a critical component of the organizational context that affects strategic agenda building. We describe what the organization’s identity is when conceptualized as an organizational and as an individual-level construct. Finally, the major issue of the paper is on articulating the process by which an organization’s identity affects strategic agenda building. Path one pertains to the process by which the organization’s identity systematically affects organizational members’ perceptions of issues and their motivation to invest in (e.g. spending time to understand an issue), and act on (e.g. willingness to ‘go to bat’ to get others to see the issue as important) the issue. Path two describes how an organization’s identity gets embedded in routines and programs that shape the processes and create the outputs of agenda building. By the chapter’s end, we hope to be able to provide one set of answers to Janet Hill’s query: How does one get an issue on the organization’s strategic agenda? Our answer says understanding the organization’s identity is an important keystone for understanding this process.

AN ORGANIZATION’S STRATEGIC AGENDA AND THE PROCESS OF STRATEGIC AGENDA BUILDING

An organization’s strategic agenda (Dutton, 1988) or issue portfolio (Park and Heff, 1988) refers to the set of issues that consumes top decision-makers’ collective attention at any one time. Where attention in organizations is a limited and relatively scarce resource (March and Shapira, 1982), and where attention allocation is an important precursor to decisions and action (McCall and Kaplan, 1985), knowing how and when strategic issues consume attention is a key lever to understanding how and when organizations change (Dutton and Duncan, 1987b, b). For example, in the 1970s, top management in US car manufacturers varied in their timing and degree of attention that they invested in the issue of changing consumers’ preferences for small cars. The relative absence of attention paid to this issue had a significant effect on corporate performance and the level and type of strategic change that these firms eventually undertook (Yates, 1983). In a more contemporary example, organizations vary considerably in the degree to which top management sees workforce diversity as a legitimate or important strategic issue, with discernible effects on the level and type of organizational response to this issue (Milliken et al., 1990). Two different issues arise from these examples: (1) what are strategic issues? and (2) how does one know an issue is receiving collective attention investment?

Strategic issues refer to events, developments or trends that are perceived to have the potential to affect organizational performance (Ansoff, 1980). What events, developments or trends are perceived to be issues, and how they are interpreted are not objective facts but are social constructions created in an organizational context (Weick, 1979; Daft and Weick, 1984; Feldman, 1989; Weiss, 1989). Thus, what is considered a strategic issue in one organization may be seen as tactical or irrelevant by managers in another. Given the ambiguity (e.g. lack of clear information; see March and Olsen, 1976) and equivocality (e.g. existence of conflicting meanings applied to issues; Weiss, 1979) that mark most strategic issues, the process by which managers try to claim the attention of top management (here called strategic agenda building) is particularly important. Evidence that top management has an issue on the strategic agenda is indirect and hard to specify exactly. The allocation of an organization’s information processing capacity or resources to an issue (Olson, 1971) is one important indication of agenda placement. Evidence that attention has been allocated can be simple and informal: (1) the naming of an issue; (2) time investment in an issue; and/or (3) the collection of information about the issue (Dutton, 1988b, p. 127). Alternatively, evidence that attention has been allocated can be more complex and formal. For example, the creation of a taskforce or a particular role that has responsibility for an issue are strong evidence an issue is consuming vital attentional revenues. In a case study of a chemical firm’s evolving
response to issues of the natural environment, the creation of an environment committee and formal creation of a role called 'chemical hazards engineers' were structural indicators that the environmental issue had become part of the organization's strategic agenda (Mylonadis, 1993).

When an issue is part of the strategic agenda, the issue has been labeled so that individuals may converse about it. For example, in a study of 12 strategic issues over a five-year time period, Dutton (1986a) found that managers used labels for issues to denote that a particular strategic issue was legitimate for the organization. However, beneath the common label, managers often did not agree about the issue's boundaries or its core substance. Although the issue's label had different meanings for various individuals, there was some common focal point that had been legitimated as a concern for the organization. It was this commonality that defined the issues as strategic agenda items.

Strategic agendas are built in at least two ways. One is through the actions of individuals who, through communication and influence tactics, attempt to get others to see, believe, and agree that some controversy, event, development, or trend is an issue for the organization. Individuals' actions that fit this description will be called issue-selling behaviors (Dutton and Ashford, 1993). Issue selling has been described indirectly by innovation and change researchers who have identified the significant roles that particular individuals play in creating momentum for action through legitimization of an idea or solution. They suggest that these individuals' actions are critical for explaining the timing and substance of ideas that are given attention by others. For example, Dean (1987) calls these individuals 'architects'—they are persons who have the right combination of credibility and commitment to push successfully an idea. Other researchers have called individuals playing similar roles 'policy entrepreneurs' (Kingdon, 1984). These are individuals who, through the right means of communication and interpersonal influence, and through persuasiveness to the importance of timing, are able successfully to focus top management's attention on an issue. In the words of Kingdon (1984), they are able to see and act upon policy windows.

The second way that agendas are built is through collective or group-level actions. These actions are some closest to what strategy researchers have described as coalition mobilization around issues (e.g. Narayanan and Fabey, 1982; MacMillan and Guth, 1985). In contrast to the issue selling that focused on individual promotion of an issue, coalition mobilizing emphasizes the processes by which issue attention is focused and activated by a group of individuals. It resembles what political sociologists have described as resource-mobilization processes, where groups in organizations try to affect priorities, policies and actions outside of conventional political channels (Zald and Berger, 1978). Coalition mobilizing around issues (as opposed to around alternatives or solutions) is relatively understudied within the strategic change literature. While there is a common assumption that coalition formation and mobilization are issue-sensitive (e.g. MacMillan, 1978), we know very little about the dynamics of the processes by which a group of individuals negotiate, align, and convince top management that an issue requires attention.

Both issue selling and coalition mobilizing describe processes that are involved in the 'making' of strategic issues. Both processes emphasize the bottom-up forces at work forming an organization's strategic agenda, where momentum and action are developed by persons and groups outside of the top management team. This work builds on arguments of previous researchers who claim that the actions and involvement of middle or nonmanager employees are critical to strategic change and performance (e.g. Bower, 1970; Burgelman, 1983; Schilit, 1987; Wesley, 1990; Wooldridge and Floyd, 1993).

In trying to isolate what accounts for an issue being placed on the strategic agenda, previous researchers have focused on two sets of factors: (1) the issue context, and (2) the organizational context (Dutton, 1988b). The issue context refers to how characteristics of an issue and characteristics of the political context shape and direct the level of exposure to and level of interest in a particular issue. For example, Dutton (1988b) has argued that issues that are perceived as more important and that are more abstract and simple, are better able to gain the exposure and interest necessary for an issue to 'make' the strategic agenda. However, in order to understand why individuals and groups perceive issues in particular ways (assuming that issues are not objective facts but are an amalgam of attributes constructed and emphasized by others), it is important to understand how the organizational context shapes and directs these perceptions. For example, why in some liberal arts colleges was the decline in the number of 18-20 year olds seen by administrators as a legitimate and important issue, feasible to resolve, while in other colleges, the same issue was seen as irrelevant
or impossible to resolve (Milliken, 1990)? Alternatively, why, in some hospitals facing a doctors' strike was this event seen as a major threat to survival, while in others, the same issue was seen as an opportunity to innovate and reduce costs (Meyer, 1982)?

Evidence from previous research suggests that the organization’s context, and in particular the substance of beliefs held by organizational members, is pivotal for determining perceptions of how legitimate, how important, and how feasible to resolve an issue will be (Meyer, 1982; Dutton and Duchan, 1986; Milliken, 1990). Where these perceptions are key to explaining agenda placement for an issue, we need to consider what organizational beliefs are important and how these beliefs motivate individuals and groups to “go to bat” for an issue. We assert that the idea of organizational identity captures beliefs that are critical for shaping the timing and success of strategic agenda building. We represent the different pathways by which organizational identity affects agenda building in Figure 4.1. Before describing how organizational identity affects strategic agenda building, we first need to develop a workable definition of identity beliefs.

DEFINING ORGANIZATIONAL IDENTITY

What members perceive as enduring, central, and unique about their organization describes an organization’s identity (Albert and Whetten, 1985). At the individual level, an organization’s identity describes an individual member’s schema for what that person believes are core attributes shared by members of the organization. Organizational identities vary in terms of the attributes that individuals believe uniquely characterize an organization. Individuals in one organization may see the content of their organization’s identity as conservative, providing superior service, and trustworthy. As this simple example illustrates, an infinite set of attributes can be used to characterize or distinguish one organization from another when viewed through the eyes of organizational members. However, a central assumption of this chapter is that organizations do have identities or sets of attributes that individuals believe others share in distinguishing one work organization as a social group from another (Albert and Whetten, 1985). 

Viewed in this way, organizational identity is a subset of the collective beliefs that constitute an organization of culture (Blau, 1961). Thus, we assume that, on average, there is little variance in what is believed to be central, enduring and distinctive about an organization between organization members, than between organization members and nonmembers. However, scholars of organizational culture remind us that there is considerable variance in the degree to which any set of organizational beliefs or values are shared (Meyerson and Marin, 1987). Nonetheless, we presume that organizations can be described as having an identity (with acknowledgment that the content and structure of the identity is highly variable across organizational and environmental contexts).

Several ideas support the claim that organizations possess identities. First, it is common practice for organizational leaders to articulate and claim what is unique, central and enduring about their organization (Pfeffer, 1981; Albert and Whetten, 1985). Whether or not these claims of uniqueness are empirically valid (e.g. Martin et al., 1983) is less important than the fact that prominent and powerful organizational members engage in communication and influence processes that try to articulate and disseminate the identity of an organization to insiders and outsiders. In fact, the use
of organizational identity as a basis for collective understanding increases as organizations institutionalize the identity creation and dissemination process through public relations and external affairs offices, as well as through formalized socialization practices (Alvesson, 1990). Second, organizations have a broad repertoire of cultural forms beyond leader behavior (e.g. rituals, symbols, ceremonies, stories) that encode and reproduce shared patterns of behavior and interpretation in organizations (Allaire and Firsirotu, 1984). Thus an organizational identity is created and distributed through the cultural and sociocultural systems in an organization, which both shape and are shaped by individuals' beliefs and actions.

Organizational identity has both an individual and an organizational manifestation. At the organizational level, organizational identity describes the collective beliefs that individuals share about what is distinct, unique and central about the organization. Collective identity beliefs are sustained through socialization and institutionalization processes. Shared identity beliefs are communicated to individuals in formal and informal socialization processes, when individuals acquire 'the social knowledge and skill necessary to assume an organizational role' (Van Maanen and Schein, 1979, p. 227). Thus, individuals acquire their sense of an organization's identity through formal orientation programs and informal, personal encounters with members. These programs and persons shape individual expectations about the centrality and distinctiveness of particular attributes of an institution, and by association, characteristics of members who belong to it.

When an organization's distinctive, central and enduring characteristics are institutionalized and preserved in cultural artifacts such as rituals, ceremonies, sagas and routines, then individuals are likely to exhibit consensual beliefs about the organization's identity (Clark, 1979). The shared identity puts boundaries around what an individual's sense of the identity is likely to be. Thus, while different subgroups in an organization may have different interests and vantage points for understanding the organization's identity, the shared characterization puts limits on the level of differentiation that will be tolerated (Young, 1989).

Depending on an individual's tenure with an organization, their role or departmental location, they may vary in the degree to which their individual beliefs about the organization's identity map onto others' beliefs. While some aspects of an organization's identity may be highly institutionalized, other dimensions may be subject to change by individuals. Individuals enter organizations with different values and beliefs. These different values and beliefs can be expressed in ways that help to transform an organization's identity over time. For upper-level managers, this effect is most apparent when new managers enter an organization. Because top managers are in positions of formal power, their new viewpoints may be implemented by changes in organizational strategy, reward systems, or in the ways that an organization is structured. Alternatively, individuals in less powerful positions may shape the organization's identity through role innovation and the promotion of new ideas, which when legitimated as part of the organization's agenda may initiate actions that transform what employees view as distinctive and enduring about the organization. These possibilities are represented in Figure 4.1 by the arrow that connects organizational identity at their individual level with organizational identity as an organizational construct. It is also the relationship implied by the feedback loop that occurs between the set of legitimated strategic issues and organizational identity as an individual and organizational construct.

This general description of identity can be linked to important behaviors in organizations. Organizational identity is important for understanding the process and outcomes of agenda building. Organizational identity matters at two levels of analysis. First, at the individual level, organizational identity influences members' perceptions of issues and their motivations to act on and invest in these issues. Second, at the organizational level, a shared organizational identity activates routines and programs that shape the processes and create the outputs of agenda building. Each of these links is developed in more detail below.

The Importance of Identity Beliefs at the Individual Level

There are two major ways the identity beliefs affect individuals in their strategic agenda building activities. First, the organization's identity affects the perception of issues. These issue perceptions, in turn, affect both issue selling and coalition mobilizing (the two microprocesses we've described are central to agenda building). Second, the organization's identity affects individual's willingness to act on an issue via two paths. First, organizational identity affects actions through issue perceptions. Second, identity beliefs affect
motivation to act more directly, through the link between an organization's identity and a member's self-concept. Each of these links is described in more detail below.

IDENTITY BELIEFS AND THE PERCEPTION OF ISSUES

An individual's beliefs about the organization identity shape an individual's perception of an issue's legitimacy, its importance and the feasibility of resolving it. When issues are perceived as legitimate, important and feasible to resolve, they have a greater chance of securing collective attention of top management (Dutton and Duncan, 1987a).

Organizational Identity and Issue Legitimacy

We propose that the organization's identity affects whether or not an issue is seen as legitimate. The process of issue legitimation is one of social construction, where actions of individuals at all levels interact and create a sense that an issue is acceptable and warrants resource investment (Neilson and Rao, 1987). When an issue is not perceived as legitimate, it is often discounted, downplayed, or side-tracked so that scarce attentional resources are not devoted to it. For example, in one study of the Port Authority of New York and New Jersey's (PA) struggle with the homelessness issue, at an early stage top management viewed the issue as not in the domain of issues the PA should have to resolve. Individuals at all organizational levels expressed a concern that they were not in the social service business, and therefore this issue was an unacceptable and inappropriate corporate concern (Dutton and Duikerich, 1991). However, when the problem worsened to a level where the costs of not taking action became intolerably high, the issue became a legitimate corporate issue (signaled by its appearance in business plans and in top management conversations about the issue), and the organization responded with a significant investment of time and money in the issue (Dutton and Duikerich, 1991). In this example, the PA's identity defined how and when the homelessness issue was seen as a legitimate and acceptable concern for investing scarce corporate resources.

Individuals' beliefs about the organization's identity serve as important reference points for judging whether or not an issue is a legitimate organizational concern. Individuals' beliefs about the organization's identity filter or sort issues into those that are safe to discuss and act upon, and those that are not. The organization's identity also creates expectations for individuals inside and outside of the organization about what issues are the organization's duty or responsibility to act upon. These expectations create incentives for organizational members to see issues that are identity-consistent as both safe to converse about, and desirable to act upon. Sometimes organizational members reluctantly take ownership of an issue because not doing so would create problems with maintaining a desirable organizational identity.

Returning to the case of the PA's struggle with the issue of homelessness, we saw how members' sense of the PA's identity constrained the PA's issue response, particularly in the early issue period (1982-86), when the PA debated over whether homelessness was a legitimate strategic issue for the agency. During later periods in the PA's struggle with this issue, decision-makers reluctantly assumed ownership of the issue, because not doing so violated the expectations of insiders and important outsiders (Dutton and Duikerich, 1991).

The discussion leads us to propose the following hypothesis:

H1: The more that members perceive an issue as identity-relevant (e.g. as affecting the characteristics of the organization's identity), the greater the perceived legitimacy of the issue.

Organizational Identity and Issue Importance

Beliefs about an organization's identity affect individuals' assessments of an issue's organizational importance or perceived value to the organization, as well as importance to one's own self-concept (Dutton et al., 1991). The central point being made here is that what individuals see as distinctive and unique about an organization will affect individuals' assessments of an issue's organizational and personal importance.

Two examples illustrate this relationship. In Meyer's (1982) study of how hospitals responded to a doctors' strike, beliefs about the hospital's identity influenced how administrators interpreted the strike (e.g. as an ideological dilemma, an opportunity to test
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organizational dexterity, or an aberration). The issue was viewed as more important when the strike forced organizational actors to consider actions that contradicted the organization's identity (e.g., questions about laying off workers had to be considered by administrators in a hospital that cherished predictability, self-reliance and its ability to ignore changes in its environment).

The PA's struggle with the issue of rising numbers of homeless persons spending time in PA facilities provides a second example (Dutton and Dukerich, 1991). PA decision-makers initially classified the presence of homeless persons as a police/security problem, and as such, not directly relevant to their major transportation service business. In the eyes of members, the homelessness issue became much more important when it threatened to destroy central components of the PA's identity. For example, PA employees saw themselves as working for a first-class, highly professional organization. When the 'homeless problem' spread from the PA's bus and train locations to the PA 'flags' - its high-class facilities such as the World Trade Center and the airports - PA members saw the issue as much more important and urgent. Similar to the hospital administrators' interpretations of the doctors' strike, organizational identity became a critical reference point for seeing, the issue of homelessness as an important PA problem. This reference point became more significant when decision-makers were forced to consider the possibility that their actions were inconsistent with the organization's identity (Dutton and Dukerich, 1991). In both examples, the identity defined areas of economic and political vulnerability for the organization, that made attending and acting on the issue more critical and urgent for organizational members. It seems that an organizational identity helps individuals to locate motives and skills that others will agree should take precedence (Gephardt, 1984).

Individuals' beliefs about the organization's identity also relate to their perceptions of an issue's personal importance. When an organization's identity is threatened by an issue-related action, then an individual's self-identity is potentially compromised. This reaction occurs because of the potentially close affiliation between an individual's self-concept and the organization for which they work (Ashforth and Mael, 1989; Dutton et al., 1991).

Visible organizations reflect directly on individuals, particularly those who define themselves based on their organizational affiliation. These types of individuals personally feel the costs of identity-inconsistent issues (e.g., the dirty homelessness issue' for a high-class, high-quality organization like the PA). For individuals who derive a large part of their own self-definition through affiliation with the organization, these costs are very painful, making the issue appear more important and urgent. The power of this connection is revealed in a quote from a PA manager observing how the presence of the homelessness issue affected the members' personal reactions:

"You know, that guy that's running the Lincoln Tunnel doesn't have a full perception of how the PA Bus Terminal, or the homeless impact what he does on a day-to-day basis. But the minute he leaves and goes to a cook-out in his neighborhood and meets somebody, this person says, 'What do you do? I'm working for the PA.' They say, 'How can you stand the Bus Terminal? What can you do?' That's the name. That's the symbol of the Port Authority. It's the standard issue. And you know, so personally everybody that's involved in any aspect of working for the Port Authority is identified with that place and with that issue [the homelessness issue]." (Dutton and Dukerich, 1991, p. 538)

These arguments support the following two hypotheses:

H2: The greater the members' perception that an issue is prompting actions that are inconsistent with the organization's identity, the greater their perception of the importance of the issue.

H3: The greater members' perception that an issue will affect valued characteristics of the organization's identity, the greater their perception of the importance of the issue.

Organizational Identity and Issue Feasibility

Individuals' senses of an organization's identity also affect perceptions of the feasibility of resolving issues. For example, Milliken (1980) found that university administrators who perceived their institution as effective and who perceived a strong institutional identity interpreted changing demographic trends as having less effect on their institution (lower effect uncertainty), and had greater confidence that their institution would respond effectively (less response uncertainty). Based on personal results, individual beliefs about organizational identity may reduce effect certainty and inflate response certainty, making an issue appear less important. In this
way, organizational identity beliefs contribute to organizational inertia by constraining individuals’ issue interpretations to be identity-consistent. When strategic issues are identity-consistent, individuals are more likely to believe that they have the skills and competencies for dealing with the issue. When issue feasibility is high, then individuals are more willing to expend scarce resources on understanding the issue because they are more certain that this investment will produce some type of payoff (Dutton and Webster, 1987).

This line of argument suggests the following hypothesis:

H4: The greater the members’ perception of an issue as being identity-relevant, the greater their perception of the feasibility of resolving the issue.

IDENTITY BELIEFS AND THE MOTIVATION TO ACT

Individuals’ willingness to exert effort in selling and resolving a strategic issue reflects their motivation to act on an issue. These effects are related to issue perceptions. One can envision issues and contexts that excite individuals to invest in making an issue an organizational concern. Similarly, one can see how for other sorts of issues, or in different contexts, it might be very difficult to get individuals to invest scarce resources in an issue (such as time or financial resources). For example, in one study of coalition formation around issues (where larger more diverse coalitions are evidence of greater collective issue motivation), researchers found that issues that were perceived as feasible to resolve, and which arose in contexts that were more certain, generated greater motivation to act (Dutton and Webster, 1980). In another study, researchers found that individuals were more willing to invest their own time, and corporate agenda space and money to issues that were perceived as more urgent and more interdependent with other issues (Dutton et al., 1990). Both studies provide evidence that how an individual perceives an issue relates to that person’s motivation to invest in it.

Because organizational identity relates to issue perceptions, the way that individuals see an organization’s identity will affect their motivation to act. The sentiments of organizational members more easily resonate with issues that are identity-consistent (Nelson and Rao, 1987). Thus, if an issue is perceived as legitimate and important, for example, expectancy-valence models of motivation (e.g. Vroom, 1964) would predict that they would be more willing to expend effort to understand and promote action on the issue. If, however, an issue is identity-inconsistent, individuals can choose to redefine the issue to be identity-consistent, take actions to try to revise the identity, or decide not to invest further in the issue.

In addition to the indirect relationship between organizational identity and motivations to act (i.e. through its link to issue perceptions), there is a more direct way that the organizational identity excites individuals to exert effort on an issue. An organization’s identity does more than provide reference points for assessing an issue’s importance or legitimacy. For some individuals it provides a type of character mirror for individuals to build identities for themselves (Dutton and Dukerich, 1991; Dutton et al., 1991). The attributes that make up an organization’s identity, by association, are transferred to individuals who work there, which in turn affect members’ decision-making (e.g. Cheney, 1983), and motivate them to display their organizational affiliations at different times (Cialdini et al., 1976). An organization’s identity helps individuals to give meaning to themselves as social beings (Ashforth and Mael, 1989). Another facility manager at the PA conveys this relationship in a description of how issues and an organization’s identity are related to one’s self-image.

"But I’ve also felt that the Port Authority is - and part of our self-image as I put my fingers on it - is that we do things a little bit better than other public agencies. There’s a whole psyche that goes with that. That is why, when there’s lots of stuff going on (referring to the severity of the homelessness issue), when times are tough, people are nervous a little bit, because that goes to their self-image, which is that the Port Authority does things first class." (Dutton and Dukerich, 1991)

Given the association between the content of the organization’s identity and individuals’ self-concepts, members should be more motivated to push for issues that strengthen valued parts of the organizational identity, issues that add new, attractive components of the organization’s identity, and issues that revise unattractive elements of the identity. Support for this relationship was again evident in the study of the PA’s struggle with the homelessness issue. This study documented that individuals’ motivations to invest in the issue of homelessness were heightened when they incurred a personal stigma by their association with the PA, and the PA’s association with a negatively viewed issue such as homelessness (Dutton and Dukerich, 1991).

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Thus, from this discussion, we add two more hypotheses:

H5: The more that members view an issue as consistent with attractive components of the organization’s identity, the greater their motivation to act on the issue.

H6: The more that members view an issue as prompting actions that revise unattractive components of the organization’s identity, the greater their motivation to act on the issue.

The Importance of Organizational Identity at the Collective Level

Shared organizational identity is the collective version of organizational identity. It describes what individuals agree is unique, enduring and distinctive about an organization. Walsh’s (1996, p. 16) review of the organizational literature on knowledge structures documents the variety of names that have been applied to supra-individual beliefs in organizations— including collective cognitive maps (Axelrod, 1976), hypermaps (Bryant, 1983), dominant logics (Tfaraband and Betts, 1986), negotiated belief structures (Walsh and Fahey, 1986), and organizational minds (Sandelands and Stablins, 1987). However, the concept of a collective or shared organizational identity defines a much narrower domain of knowledge content than the constructs mentioned above because the relevant beliefs are limited to those that define central, enduring, and distinctive organizational attributes.

As with other collective organizational beliefs, collective beliefs about an organization’s identity are embodied in different organizational routines and programs (e.g., March and Olsen, 1989). Organization routines refer to “patterns of behavior that are engaged in by more than one person oriented to a common stimulus” (Feldman, 1989). These routines are closely related to the skills of an organization (Nelson and Winter, 1982). As such, these routines constrain the process and content of strategic agenda building in ways that are described below.

Organizational scholars have acknowledged links between systems of beliefs, routines and procedures in organizations by describing systems that contain both. For example, Shrivastava and Mitroff (1983) call these systems ‘frames of reference’. Johnson (1987) calls them ‘paradigms’, and Hittings and Greenwood (1988) call them ‘archetypes’. Whatever the label, these researchers call attention to the strong link between an organization’s belief system and the routines, programs or structures that perpetuates it. It is this relationship that is often used to explain patterns of organizational inertia. Johnson’s (1987) research provides an example of the link between collective organizational identity and routines that affect agenda building. In his study of the Foster Brothers retail organization, he characterized the firm’s identity as nurturing and paternalistic. These beliefs, in turn, were linked to human relations routines (e.g., promoting from within) and socialization routines. These routines were partially responsible for decision-makers’ resistance to identity-inconsistent information. Also at Foster Brothers, marketing routines consistent with the ‘pile it high, sell it cheap’ identity perpetuated this blindspot, even when it was deleterious for organizational performance. Thus, critical organizational beliefs about an organization’s identity become crystallized in routines and programs, which generate action in particular directions (Starbuck, 1983). Thus, ‘actions are fitted to situations by their appropriateness within a conception of identity’ (March and Olsen, 1989, p. 30).

The organization’s identity is associated with routines that create informational and political resources and processes that affect agenda-building processes and outcomes. At least two sets of routines are important in this regard. First are the routines for data collection that determine what issue-relevant information is available organizationally to make claims that in fact an issue is important and ‘deserving’ of scarce organizational attention. In organizations with formal environmental scanning or issues management systems, the operation of these routines is transparent, and relatively easy to observe. Daft and Weick (1984) make a similar point when they describe organizational interpretation modes that have embedded in them differing degrees and types of routines for information collection and interpretation. However explicit and transparent these data collection routines are, they affect the availability of substance and support for issues that are competing for agenda inclusion.

A second set of routines that relate to a collective or shared identity concern communication and participation routines. Communication routines refer to the general bundle of programs that specify when, where, what, and to whom individuals can communicate about strategic issues. Organizations have very different communication routines that encourage or discourage issue selling or coalition
mobilizing by individuals at lower organizational levels. Communication routines are one way that 'strategic ideologies' (here as manifested in a collective sense of organizational identity) guide discourse about strategic initiatives (in this case, issues), by constraining how individuals can frame issues, where, and when and to whom they can sell the issues, and how they are likely to feel about those efforts' (Westley, 1990, p. 25). As a result, certain forms of issue selling and coalition mobilizing are likely to become institutionalized in organizations. For example, Coib and Edley (1972) identified four different means by which individuals and coalitions in Congress create legitimate docket issues: (1) readjusters who base their claim that an issue exists on a logic of redressing imbalances; (2) exploiters who 'manipulate the issue for their own personal gain' (p. 83); (3) circumstantial reactor who build an issue by jumping on the focus and attention devoted to an unanticipated event; and (4) do-gooders who advocate an issue for reasons related to the public interest. Within organizations more generally, different roles or patterns of issue selling and coalition mobilization may emerge and be supported based on the communication routines that are tacitly guiding the agenda-building process.

The communication and participation routines are similar to what proponents of garbage-can models of decision-making call decision structures – procedures and programs that connect decision-makers and choice opportunities (Cohen et al., 1972). These routines facilitate or block the formation of coalitions around issues by easing or constraining access to information that suggests that an issue is important, by making it more easy or more difficult to gain access to areas for expressing issue support, and by affecting the allocation of issue responsibility to particular groups or individuals in an organization. Thus, these routines connect particular issues to particular individuals or groups, which affect the probability that the issue will 'make the strategy agenda. For example, organizations with a collective identity in which paternalism and lifetime employment are central features are likely to have routines in place that attach higher-level human resource managers to a broader range of strategic issues than in organizations where these attributes are less central or not present at all.

Communication and participation routines have a major effect on the content, occasion and outcomes of issue selling and coalition mobilizing. For example, if communication routines regulate who is entitled to initiate claims that an issue is 'strategic,' and these routines make middle managers feel excluded, then the rate of interaction between superior and subordinate is likely to be lower and energy levels around issues is likely to decrease (Westley, 1990). These effects, in turn, are likely to decrease the frequency with which new issues are pushed by individuals or coalitions, and as a result, the content of the strategic agenda changes at a slower rate.

CONCLUSIONS

This chapter follows in the general stream of work that examines the individual and group-level processes underlying patterns of strategic change. It asserts that organizational identity, as both an individual and organizational construct, shapes and directs strategic change through its links to the processes involved in agenda building. In particular, we have described how organizational identity influences issue perceptions and individuals' motivations to invest and act on issues. We have described how the collective organizational identity activates routines that systematically affect information collection, communication, and participation in agenda-building processes. Together, these contextual conditions activate different political interests, and different cultural meanings that direct patterns of organizational attention, and hence, patterns of strategic change.

Returning to the original question posed by Janet Hill of the PA – how do you get an issue on an organization's strategic agenda? – our account has provided several insights. First, managers outside the top decision-making team should be aware of what others see as distinct, enduring, and central about the organization – i.e. they should know what the organization's identity is. The identity serves as a cognitive filter and motivational lever for getting others to see and believe that an issue warrants attention. Thus, as a starting point, they must understand what members see the organizational identity to be. Second, they must try to relate the issue to consequences and actions that are organizationally identity-relevant. In particular, an issue seller or coalition will see an issue's legitimacy more easily, perceive its importance and believe they are more equipped to resolve it, if they see the issue as tied to the organization's identity. The momentum to place an issue on the agenda will be even greater to the extent that issue sellers or coalitions interested in promoting an issue can get others to see that
actions on the issue either enhance valued parts of the organization's identity or alter unattractive aspects of the identity. As this simple example illustrates, we believe an understanding of how organizational identity affects agenda building equips managers with new insights on how to work the organizational context in service to placing an issue on the strategic agenda.

Our depiction of agenda building and its relationship to organizational identity also underlines several themes that are central to strategic change researchers. The approach makes context a keystone to understanding the emergent processes that produce patterns of action. The approach weaves together political and cognitive processes to describe how context molds process. It makes issue interpretation a central step in creating momentum for change. The approach is distinctly multilevel, involving processes and forces evolving at the individual, interpersonal and collective organizational levels in order to account for the content and change in strategic agendas over time.

However, the chapter does more than reemphasize themes that others have already uncovered. The focus on organizational identity and its link to agenda building is particularly promising for several reasons. First, the link between individuals' sense of an organization's identity and their own sense of who they are and what they stand for, provides a powerful motivational link for connecting organizational context to individual and collective issues investment. Individuals' beliefs about the organization's identity create or destroy energy and excitement about certain strategic issues. This energy and enthusiasm, or apathy and indifference, can translate into attention and investment in some strategic issues and ignorance or purposeful avoidance of others. Thus, by linking organizational identity and individual motivation, we uncover part of the engine that derives momentum for strategic change.

Second, the links between collective organizational identity, organizational identities and the processes of issue defining and coalition mobilization provide important insights into institutionalization processes in organizations. It suggests that shared beliefs about what distinguishes an organization constrain what issues are defined as 'strategic' by automatically engaging routines that constrain the processes of issue defining and coalition mobilizing. The routines that are attached to the collective identity bound the domain of issues that are sold and the way that they are sold so that the strategic agenda stays fairly constant or is filled with the similar issues over time. Such a connection suggests that organizational inertia is quite likely - a claim that is pervasive in the organizational literature. (e.g. Hannan and Freeman, 1977). However, it suggests that inertia is perpetuated by the forces of institutionalization that operate on the allocation of attention in organizations.

This conclusion raises an important practical question for researchers and practitioners, 'practitioners' and 'academics' advice to create 'strong organizational cultures' and 'clear organizational visions' are prescriptions that lead to conformity, stability and conservatism in organizations. These prescriptions are consistent with the conclusion that the relationships between organizational identity and agenda building contribute to patterns of organizational inertia. Thus far we have avoided the prescriptive and normative question of whether this is good or bad for organizational performance or desirable or undesirable for the individuals who work there. While these questions cannot be answered here, it seems appropriate to ask whether or not this link between organizational identity and agenda building allows for the ambiguity that typifies many organizational contexts (Meyerson and Martin, 1987), and whether the existence of a strong, and consensual organizational identity silences voices on issues that are identity inconsistent, but are potentially significant to organizational members. If the perceptual, motivational and political forces that link identity and agenda building resemble the ones we have described here, then the issues that individuals are willing to promote, and the way that they see them are channeled in directions that are identity-consistent. Individuals who define themselves to be different from the prevailing organizational identity are constrained to frame issues in ways that link them to the current organizational identity, to be silent, or to exit the organization (Hirschman, 1970). Alternatively, individuals may unite forces with other individuals and work outside of the conventional political channels, to create a type of social movement in the organization (Zald and Berger, 1978). At a minimum, these possibilities encourage serious consideration of the normative and ideological implications of this description of how identity and strategic agenda building are related. From a managing change perspective, these questions invite consideration of how the processes through which individuals are motivated to interpret and sell issues could be designed to encourage or discourage the variety of issues that consume collective attention in organizations.

The link between organizational identity and strategic agenda building suggests several important research questions. First, a focus
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on strategic agenda building encourages research on the process by which issues are identified and legitimized in organizations. Studies of these processes need to represent the perceptual and political forces at work in activating individuals and groups to mobilize resources aimed at directing the attentional investments of key organizational channels (Zald and Berger, 1978). Second, it encourages research on the substance of individual and collective beliefs about an organization’s identity, and the connections between these beliefs and individual and collective motivation to interpret and act on issues in particular ways.

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