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**Master Thesis in Managing People,
Knowledge & Change**

IDENTITY (DE)CONSTRUCTION

IN CRISIS COMPANIES

An investigative case of a German car manufacturer



Master Thesis

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Abstract

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Purpose:	We intend to study what exactly happens to organizational identity construction during a crisis. Thereby we are particularly interested in elucidating the influencing factors and levels for identity construction. We investigate how organizational identity was deconstructed and want to suggest a discussion of the terminology as the notion of “identity construction” does not seem to be appropriate in times of crisis, but “identity deconstruction”.
Methodology:	The adapted methodology was dominantly objective hermeneutics with a critical reading of the empirical material. It was supported with discursive elements and critical theory reflections.
Conceptual framework:	The chosen conceptual framework is the identity regulation model put forward by Alvesson and Willmott (2002) in combination with chosen supplementing models and theories.
Empirical foundation:	The empirical material was generated by means of semi-structured interviews on site with a variety of employees concerning their former position and function within the by now bankrupt organization. We were also able to integrate our own experience with the organization and reflective material which we were provided with by former employees of the organization.
Summary Findings:	The process of organizational identity construction can be divided into two parts. The first part is the dominantly investigated field of building an organizational identity based on source(s) of identification. The second, often neglected part is the deconstruction of organizational identity in which organizational members gradually withdraw from sources of identification. Thereby high-skilled workers maintain their organizational identity longer than low-skilled workers.

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1. Introduction

1.1 Background

Globalization has imposed a variety of challenges on today's corporations. An increasing complexity in conjunction with new technologies and a rapidly changing environment force companies all over the world to adapt concepts to maintain and to improve their competitiveness (Sandberg & Targama, 2007). Companies are founded more frequently than ever, but they also disappear faster than ever before through mergers, acquisitions and bankruptcies – the modern story of “survival of the fittest”.

As result, identity and identity (de)construction as part of organizational studies has become conceivably popular over the last 20 years (Grint, 2000; Lührmann & Eberl, 2007; Alvesson et al, 2008a). It can indeed be understood as an underlying concept that affects leadership and management, human resource, motivation, values and beliefs, organizational images, private life, ethics, resistance and many more (Alvesson et al, 2008a) with the questions “Who are we?” (Gioia & Thomas, 1996) and “Who am I?” (Cerulo, 1997). The topic of organizational deconstruction – a process in which organizational members jointly dissociate themselves from sources of identification – is thereby often neglected, but seems equally important with the questions “Who have we been?” and “Who have I been?”. Particularly with regard to bankruptcies and following business recovery, the field of identity deconstruction becomes important in order to understand with which elements of organizational identity new investors and new managing boards can continue and construct a new organizational identity.

Definition – Defining the Indefinable

However, even though the labeling differs from “loyalty” to “self-concepts” and “identity construction”, the identity idea is not new and has ever since been intertwined with organizational identification (Rotondi, 1975; Stets & Burke, 2000). In fact, we use the notion of ‘*organizational identity*’ as described in Alvesson & Empson:

“certain distinctive features, that it differs from others in certain respects over time, and that its distinctive features characterize the organization in different situations and across various themes, such as decisions, actions, and policies” (2008: 2)

The process of self-categorization in an organization, a department, a work group or team with distinctive features is then called *identification* in organizational identity theory (Stets & Burke, 2000). In other words, the identity is the product of the ongoing identification process and identity construction, respectively.

Historical Overview - From Closed Systems to Ambiguous Identity

The research on identity must also be understood in context of management theory and the shift from “closed system thinking” to the “open system era” (Peters & Waterman, 1982: 91). In the beginning of the last century, studies with Weber and Taylor at its forefront were primarily conducted to improve the ‘organizational system’, neglecting external forces and the people factor (Scott & Davis, 2006). In the middle of the century, researchers like McGregor, Barnard and Selznick centered their attention on the social dimension and broke off the idea of a homogeneous, passive workforce that waits for orders. In the second half of the last century, external circumstances as well as the human factors were focused on to further understand how organizations work and how to keep them adaptive in a complex environment (Peters & Waterman, 1982).

There have also been numerous studies on the identity topic. Earlier research was mainly focused on understanding “the employees’ willingness to resist attractive outside offers of employment” (Rotondi, 1975: 98) and the illumination of the results of identification like ‘higher satisfaction’ (Kelman, 1958). Furthermore, researchers tried to “differentiate among identification targets in organizations” in order to understand with what employees identify exactly (Brown, 1969; Patchen, 1970; Rotondi, 1975).

In the following studies, the focus then shifted towards the organizational identity and self-identity as ‘final products’ of the identification process (Turner et al, 1987; Ashforth & Mael, 1989; Hogg & Hardie, 1992) with special attention on distinctiveness, continuity and shared “insides” of employees (Deetz, 1995: 87).

In more recent studies, the emphasis has been put on the multifaceted and dynamic character of identity (Gioia et al, 2000; Knights & McCabe, 2003), internal and external factors which shape identity and identity construction (Alvesson & Willmott, 2002; Collinson, 2003; Watson, 2008) and finally the determination of ‘identity construction dimensions’ (Alvesson & Empson, 2008). Even though the research on identity in general has revealed multiple aspects, there are still untapped fields of tension for investigation like organizational (de)construction. Particularly the latterly

mentioned topics still require more in-depth studies to comprehensively understand organizational identity and identity construction.

However, this appears to be conceivable difficult with regard to the Heisenberg uncertainty principle, often used in quantum physics. In fact, it describes the effect that some processes – like identity construction – cannot be observed without actually affecting and biasing it as well (Heisenberg, 1927). Moreover, identity and organizational identity are often unconscious perceptions and therefore difficult to capture holistically. Lastly, organizational identity can mainly be investigated through conversations with single employees and by evaluating individual identities. Accordingly, this only provides a snapshot of a number of employees, but may not represent the entire organizational identity. Moreover the workers usually intend to remain in the company; therefore they might be inclined to display an overly positive picture.

Apart from the methodological critics for identity research, some authors also argue that research on ‘identity’ and ‘identity construction’ is only an academic fashion without actually providing significantly new insights (Alvesson et al, 2008). Considering that the first articles on identity are several decades old, current research “could be regarded as a source of revitalization for existing research areas” (Alvesson et al, 2008: 6) rather than discovering outstandingly new fields. Other critics argue that identity itself is a too ambiguous and complex phenomenon that is “socially constructed through interaction” and therefore hard to capture in theories for busy Harvard Business Review readers (Lührmann & Eberl, 2007: 117). On the other hand, the process of identity (de)construction and identity itself has not yet been comprehensively understood and we still only have an idea of what exactly shapes organizational identity and how it can be controlled and regulated (Alvesson & Willmott, 2002). As inspired students in organizational studies, we also intend to contribute a small part to the huge identity construction puzzle by fitting in a piece about the deconstruction of organizational identity.

1.2 In Search of Mystery

We got aware of a relatively young entrepreneurial automotive engineering service provider, producing handmade sportscars, next to their core business. An enduring business relation enabled the authors (us) to closely follow the continuous downward development of the organization and its employees until the company had to file bankruptcy.

What was surprising for us, most of the employees did not leave the company under severe circumstances. Neither unlawful business practices nor illogical business decisions of the management were reason enough for several employees to quit their job. What made them stay with this particular organization while waiting several months for their regular salaries against promises of the unworldly and inexperienced management? What connected them to the organization while hardly receiving any appreciation for their work or engagement? How can it be accepted to ignore the own perception of ethical business behavior while being increasingly forced to lie for the organization in order to keep the business going? Questions, we were not able to answer, but which we felt needed to be explored further.

1.3 Purpose of the Study

Seeing the described phenomena in context of the brought field of identity studies, we are particularly interested in elucidating the influencing factors and levels for identity construction in this crisis company. Our interest goes somehow in line with the general trend of many organizational scholars who previously researched 'professional, organizational, managerial and occupational identities' and recently shifted their focus on analyzing the construction of identity (Alvesson et al, 2008). We assume that organizational crisis situations have an impact on employees' identity, which has not been thoroughly investigated yet and we would like to create awareness for this perceived knowledge gap with our paper. Thereby we intend to study what exactly happens to organizational identity construction during a crisis. We are also inspired to capture how organizational identity is deconstructed and want to suggest a discussion of terminology as the notion of "identity construction" does not seem to be appropriate in times of crisis, but "identity deconstruction".

Going in line with the broad academic work about organizational change, the majority of research is concentrated on success stories (Alvesson & Sveningsson, 2008), leading to a partly biased picture as company failure and downturn is dominant in a competitive, globalized world.

We are aware of a few studies on identity construction in crisis companies; however, we could not find any study specifically focusing on employees' identity in crisis companies which have already filed bankruptcy with the chance of being restructured. This was reason enough for us and supported by a lucky coincidence which we utilized to investigate the 'organizational identity

(de)construction' in a by now bankrupt crisis company. Thereby we hope to solve the mystery we described above, why employees did not or very late leave the investigated company.

Throughout the last two years we were involved in the organization which we used for our investigation and were fascinated by the mixture of either absolute willpower to save the company or listlessness among the remaining staff members before the company finally had to file bankruptcy. Since the company offered a very unique product next to engineering services one could easily assume that the product - a handmade sports car - was the reason for the remaining staff to stay in the company. Keeping that in mind, the actual research question is discussed in the next section which is further explored in this paper.

1.4 Research Question and Disposition

Our particular interest in this case, as described above, consequently leads to the main research question:

- How was organizational identity constructed in the investigated company during the emerging crisis?

We furthermore want to narrow down the focus of our research, while approaching the following three sub questions:

- What were the sources of identification and how did they develop during the crisis?
- What impact had organizational identity on the employee's decision to leave the company late or to stay in the company until bankruptcy?
- Which factors shaped and influenced organizational identity construction in the investigated crisis company?

In order to provide relevant and knowledgeable insights to the stated research questions, the following structure is used for our paper. In the background, a broad understanding and overview over the research field of identity, its development, trends and latest academic findings about identity construction is given. The second chapter provides a deeper theoretical framework of relevant theories for this research. After the identity terminology is explored, the identity regulation model of Alvesson and Willmott (2002) is introduced followed by level of analysis and influencing variables on identity. The third chapter provides our methodological consideration by

introducing the reflexive approach with a focus on hermeneutics. Furthermore we explain the interview setup, introduce our interview partners and evaluate the validity of our work. In order to provide the reader with the necessary understanding of the investigated company, a detailed company description is given in the fourth chapter including our own preunderstanding and a snapshot of the last months until the company had to file bankruptcy. The fifth chapter consists of a two-fold analysis. The first part analyzes the organizational identity construction, followed by the second part examining the deconstruction of organizational identity. Both parts are analyzed showing the impact off employees and management in this particular case. The sixth and last chapter concludes our findings and ends with a brief discussion about the applicability and relevance of our findings for other organizations.

2. Theoretical Framework

This section starts with a review of currently terminology in order to clarify the notion “identity” and its organizational context. We proceed with a critical explanation of the model “identity work, identity regulation and self identity” as suggested by Alvesson and Willmott (2002) which served as source of inspiration of our analysis. The model is complemented with the four-dimensional approach to construction of organizational identity by Alvesson and Empson (2008) and a consideration of different factors on different levels of analysis.

2.1 Identity Terminology - All the Same?

What is identity? The simple question encompasses infinite answers which have made researchers and students from all sciences think day and night around the world. As a matter of fact, the used terminology and adapted research approaches varied across the intellectual sources. Sociology, for example, is mainly used to “interpret structures and patterns within which identity-related processes unfold” (Ravasi & van Rekom, 2003: 119). Psychology, on the other hand, aims more at “understanding the corresponding processes at the level of the individual” (Ravasi & van Rekom, 2003: 119). And management theorists, as last example, are inspired to develop insights about how to utilize *identity* in organizational process in various ways (Peters & Waterman, 1982).

In recent years, efforts were taken to join forces between the different sciences in order to clarify terminology and to facilitate cross-disciplinary learning (Albert et al, 2000; Ravasi & van Rekom,

2003). However, there is still a lot of confusion about the terms like identification, organizational identification, identity, organizational identity, identity construction, identification process, self-identity and organizational commitment eventually. This can mainly be explained with the different levels and perspectives of analysis which are discussed in the next section.

Even though confusion has exacerbated understanding across sciences, different accepted definitions of identity and identification research which emerged over the years. A widely adopted definition by Albert and Whetten (1985: 266):

“What the criterion of central character means is that the concept of organizational identity, whether proposed by a scientist, by another organization, or by the organization itself, must be a statement of identity which distinguishes the organization on the basis of something important and essential.”

With other words, an organizational identity is central, distinctive and enduring. This definition, however, treats organizational identity as a robust and fixed ‘thing’ (Alvesson et al, 2008) and neglects the interpersonal and dynamic character. These aspects are taken up in Mills et al’s definition in which “organizational identity is seen as something formed by the interaction and construction of meaning between internal and external audiences of the organization” (2005: 3) and a successional advancement by Alvesson and Empson (2008) in which organizational identity is described as fragmented, malleable and continuous. The shift from a ‘robust and fixed identity thing’ is also reflected in a change of terminology. In recent years, the notion of “identity construction” has become increasingly popular (Alvesson & Empson, 2008; Alvesson et al, 2008; Lührman & Eberl, 2007; Howarth, 2002; Cerulo, 1997).

In our paper, the term “identification” is equally important, but often confused with organizational identity (Cole & Bruch, 2006; Kistner, 2005; Ibrahim, 2000). In contrast to organizational identity, identification is researched and described more on the level of the individual:

“Psychological linkage between the individual and the organization whereby the individual feels a deep, self-defining affective and cognitive bond with the organization as a social entity.” (Edwards & Peccei, 2007: 30)

In the following explanation, Edwards & Peccei suggest three subcomponents of identification. First, the already mentioned “categorization of the self”; second the “integration of goals and values of the organization into their own belief system” and third the “affective attachment of the individual to the organization” (Edwards & Peccei, 2007: 31).

The differentiated approach towards *identification* allows pinpointing the major difference between both terms. Identity is an ever ongoing approach on the individual and organizational level. Identification, on the other hand, is a targeted approach of an individual towards an organization or team, respectively.

2.2 Identity Regulation, Identity Work & Self Identity

After the review of terminology, we intend to explore how identity is actually constructed in organizations in order to provide a better understanding of the shaping forces. As mentioned before, the increasing insecurity and social instability in a dynamic and globalized world demands emotional connection and an anchoring center for coherent selves of the organization's employees (Giddens, 1991). Subsequently, it is not necessarily required to manage the worker's identity directly, but organizational control can be realized by "managing the 'insides' – the hopes, fears and aspirations" (Deetz, 1995: 87). Based on these assumptions, Alvesson and Willmott (2002) developed a model which intends to explain the process of managerial identity regulation in organizations. Thereby the role of "new managerial discourses" is pinpointed, which are then integrated "into narratives of self-identity" by organizational members (Alvesson & Willmott, 2002: 622). This process is then termed *identity work* and the organizational members are labeled *identity workers*, accordingly. With this concept, an omnipotent role of management and organization for identity construction is also rejected, because

"Organizational members are not reducible to passive consumers of managerially designed and designated identities. Nor do we assume or claim that the organization is necessarily the most influential institution in identity-defining and managing processes." (Alvesson & Willmott, 2002: 621)

However, the organization and management has means for more or less intentional *identity regulation*. Identity regulation is described as procedures and human resource instruments like "induction, training and promotion" that have direct or indirect "implications for the shaping and direction of identity" (Alvesson & Willmott, 2002: 625). The authors suggest nine potential ways of identity regulation.

The employee	Action orientations
<ol style="list-style-type: none"> 1. Defining the person directly through using distinctive characteristics like job title 2. Defining a person indirectly by defining others, emphasizing desirable attributes etc. 	<ol style="list-style-type: none"> 3. Providing a specific vocabulary of motives, (de-) emphasizing instrumental motives or workplace climate and corporate price 4. Explicating morals and values, espouse values and stories with a strong morality in a specific direction 5. Knowledge & skills, key resources for identity regulation with education programmes etc.
<p style="text-align: center;">Modes of identity regulation</p>	
Social relations	The scene
<ol style="list-style-type: none"> 6. Group categorization and affiliation, dividing up of the social world into „us“ and „them“ for engendering feelings of belonging and membership 7. Hierarchical location, creation of status distinctions through responsibilities and functions 	<ol style="list-style-type: none"> 8. Establishing and clarifying a distinct set of rules of the game, defining a ‚natural‘ way of doing things 9. Defining the context, through explicating the wider environment in which organization operates, like industry and market situation, globalization

Table 2.1 | Adapted from Alvesson & Willmott (2002)

As result, employees have become more aware and skeptical of managerial identity regulation and subsequently work with their *identity* whereby they are “continuously engaged in forming, repairing, maintaining, strengthening or revising the construction” (Alvesson & Willmott, 2002: 226). In fact, employees attempt to continuously build a consistent and enduring identity despite all external insecurities, ambiguity and doubt. The temporary result of identity work and identity regulation is described as “precarious self-identity”. Moreover, the multiplicative character of identity is to be taken into account, because individuals have a variety of competing and shifting self-identities, whereby one becomes temporarily salient (Sveningsson & Alvesson, 2003). The entire model is summarized in the following illustration 2.1.

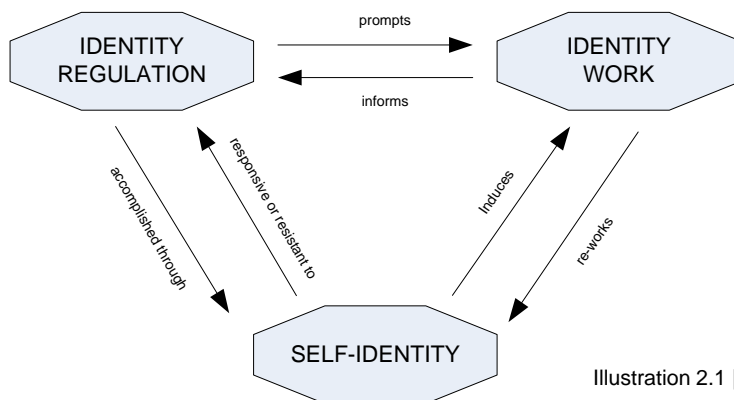


Illustration 2.1 | Adapted from Alvesson & Willmott (2002)

The model clearly shows how identity work, identity regulation and self-identities are interrelated and mutually influencing. Particularly for understanding how identity was constructed at our case company and explicitly why several organizational members did not leave the company earlier or at all, respectively. The model serves as starting point on the micro-level for our later analysis with the emphasis on how identity was actually regulated. In order to develop a more comprehensive picture, the concept is complemented with Alvesson and Empson's (2008) four dimensions of identity construction as presented in the following section and various factors on different levels of analysis at the end of this chapter.

2.3 A Four-Dimensional Approach to Identity Construction

Considering the increasing interest in understanding organizational identity, "there is little information on how organizations strategically construct organizational identity and what factors lead to the construction of organizational identity" (Dhalla, 2007:248). These factors are, if not totally ignored, just briefly mentioned, and "not much work on the substantive themes or key dimensions around which identity is constructed" is carried out yet (Alvesson & Empson, 2008:2). Many scholars describe micro factors and analyze these without taking the broader context into consideration which we criticize.

Mats Alvesson and Laura Empson (2008) use a broader perspective and recently published "four brought dimensions that organizational members refer to in constructing their organizational identity"; 'Knowledge work', 'Management and Membership', 'Personal Orientation', and 'External Interface' which we also focus on. The presented framework was developed based on a "brought ranging inductive study by Empson (2004) into the process of post merger integration within a variety of accounting and consulting firms" (Alvesson & Empson, 2008:3). However, the evolution of a new organizational identity became focus and finally led to 'four core dimensions' which is further explained in the following paragraphs.

The first core dimension 'Knowledge Work' focuses on the core operating resource of a firm. Alvesson and Empson define the question "what do we know and how do we work?" reflecting on the one hand the form as well as content of an organizational knowledge and on the other the work process, in which way the service (as typically for consultancy firms) is delivered to the clients (Alvesson & Empson, 2008:5). This dimension is strongly tied to knowledge intensive firms such as consultancy companies, stressing services and the work relation with clients.

'Management and Membership', the second core dimension, focuses on the interface between the individual and the organization. "How is an organization managed and how do organizational members relate to management and the employing organization?" describes the core of this dimension best (Alvesson & Empson, 2008:6). It furthermore considers ideals and motivation of employees and to which extent these are affected by management's objectives.

The third core dimension is called 'Personal Orientation' and is concerned with the impact organizational identity has on more 'subtle personal elements of an individual'. It is defined with the question "what kind of people are we in the context of the organization?" by Alvesson and Empson (2008:6) and considers morality and methodology within the organization.

The final core dimension 'External Interface' deals with the question "how are we seen and how do we see others?" which offers a self-critical reflection on how one might be perceived in an outside-inside and intra-organizational context. It is also about how the own organization is perceived compared to competitors by the individual.

Alvesson and Empson themselves argue that their framework is based on knowledge intensive firms created, but acknowledge, that they believe "that it has an applicability to organizations more generally", a viewpoint, which we used as basis for our analysis. The following paragraph brings up related issues which we believe are worthwhile to be considered while applying this model.

The model provides a new way to approach organizational identity construction and it certainly reveals new insights into the 'construction processes'. Thereby, with the adoption of the four generic dimensions, unnecessary discussions at the micro-level about unique organizational factors are avoided (Alvesson & Empson, 2008). However, as useful as the concept might appear, it should also be critically evaluated to what extent valuable contributions can really be derived from the conducted study. Alvesson himself emphasizes the dynamic, continuous and complex character of identity construction without 'fixed and robust' structures (Alvesson, 2004; Alvesson & Empson, 2008). The question is certainly, if a complex process like identity construction with infinite factors and influences can be explained and displayed in a model with four generic organizational dimensions. Moreover, the categories are kept rather broad to circumvent the already mentioned variations. This in turn also restricts striking new findings through the study; even Alvesson himself evaluates the impact of management, work process and content, external interface and people orientation in previous works (Alvesson et al, 2008; Alvesson, 2004; Alvesson & Willmott, 2002). Therefore we argue that the dimensions should

more be considered as a new way of structuring existing knowledge and linking multiple studies in the organizational identity construction field.

In line with our theoretical argumentations of the following sections, we regard the suggested organizational dimensions also in a broader context of the wider environment and the individual characteristics of the organizational member. As the focus was on organizational identity construction, it is quite clear that not all issues of identity construction were considered. However, the different levels of analyses have been neglected. The study is mainly based on interpretations of interviews with organizational members (Alvesson & Empson, 2008); some unconscious and unmentioned parts are therefore potentially not taken into account as well as contextual variables.

At last, we want to point to the 'structural circumstances' of the study. The dimensions are worked out on base of the knowledge-intensive firms with intangible and ambiguous products (Alvesson, 2004). Alvesson and Empson (2008) nonetheless argue that the generic core dimensions are applicable in more general. We tend to agree on that, but also want to indicate that some adaptations might be necessary. In firms with tangible products, for example, a product dimension rather than a knowledge dimension is to be discussed.

The next section discusses potential supplements and complementary concepts to the four dimensions with regard to different levels of analyses to prepare the ground for a more comprehensive picture on organizational identity construction – taking external and individual variables into consideration.

2.4 Level of Analysis - Towards a Comprehensive Picture

With the review of the suggested four core dimensions, another important aspect concerning identity and identification research is revealed. In fact, identity and identification are not unidimensional concepts (Edwards & Peccei, 2007), but closely intertwined with the perspective and level of analysis (Ravasi & van Rekom, 2003; Empson, 2004). And the identity of an individual is something else than the identity of an organization as clarified by Empson:

“At the individual level, organizational identity represents the distinctive attributes which individuals associate with their membership of a particular organization. At the organizational level, organizational identity is formed by the agglomeration of the distinctive attributes of individual members.” (2004: 760)

Unfortunately, “theory in many of the identity papers is on the level of the collective, whereas the data collected are on the level of the individual” (Ravasi & van Rekom, 2003: 30). It does not need academic wisdom to notice that the shaping factors of identity are also from different levels. Therefore, the next paragraph is to take a deeper look at the differences and commonalities across different levels of organizational identity and to prepare ground for our later analysis and interpretation.

With regard to existing theories and research, the impression of multiple, even infinite levels of analysis is given; there are many theories reaching from micro levels with the individual and working teams in the center to the macro level with focus on organizations, societies and even nations (Turner et al, 1994; Foreman & Whetten, 2002). At the individual level, for example, personal identity theories analyze individual schemas whereas organizational influence and environmental factors were mainly neglected (Markus, 1977; Pratt, 2000; Ashforth, 2001; Haslam, 2001; Ravasi & van Rekom, 2003). At the organizational level, it appears to be the other way around with studies on institutional theory and ‘community of practice’ in which individual identity construction is largely neglected (Coleman, 1974; Brown & Duguid, 1991; Czarniawska, 1997; Rao et al, 2000; Glynn, 2000). In other studies, identity is mainly investigated on the societal or environmental level (Barth, 1969; Giddens, 1984; Watson, 2008).

All studies and research, intend to explain and to understand (organizational) identity construction. To build a comprehensive picture of identity construction, however, it is very obvious that we should ask questions concerning the interplay of the different levels. In fact, we argue that only by analyzing all levels, a complete picture can be drawn. As this would cause extraordinary time and effort, we suggest that at least external variables, organizational variables and individual variables as kind of a meta-level are analyzed for understanding the organizational identity construction of individuals. In the following section, these variables are critically explained.

2.5 Factors of Influence on Different Levels

After the prior paragraph explored different dimensions affecting identity construction in an organizational context, the following section intends to highlight influencing factors on the individual’s identity construction in organizations. We felt the need to compile the so far mainly separately existing knowledge of chosen authors about factors of influence on identity

construction and attempt to provide an overview in this paragraph including the either forgotten or purposely neglected context variables.

What seems to be commonly accepted is a distinction between different levels of analysis concerning identity and identification as described earlier in this chapter. Most appropriate appears the distinction between 'external variables', 'organizational variables' and 'individual variables' which we also use for our analysis.

Starting with 'individual variables' including such 'trivial' things as education and experience, leading to a personal preunderstanding (Sandberg & Targama, 2007) which should be taken into consideration while analyzing the construction of identity at an individual level. It is not understandable in either way why this is mostly not considered or at least made aware of by scholars since the own preunderstanding has a noticeable influence on thoughts, behavior and actions of the individual. The individuals understanding and perception of the world is also shaped by personal circumstances such as family background as Watson (2008) explores in his work. A mix of these and further variables is deeply embedded into one's personality conspicuously influencing the personal side of the conscious or unconscious identity creation. We are not making a psychological analysis of self at this point, but believe that it is worthwhile to name and consider personal issues in the context of identity construction.

Seeing the individual with it's already numerous identity influencing variables, one has to realize and should not underestimate 'external variables' which are shaping the individual and respectively its identity construction. The expression 'the farmer would not leave his farm' was absolutely true some decades ago and is still valid for some rural areas, whereas nowadays an increasing global village is created, leading to diversified backgrounds with various so far unknown influences on the personal development. Massive changes in the educational as well as commercial sector revolutionize the established way of life and might reshape one's values and in the end, the above described preunderstanding. One example considering the commercial sector is the downtrend of "long-term relational contracts in favor of shorter-term transactional ones, and the growth of boundaryless careers" which Arthur and Rousseau describe as result of the ongoing globalization. (1996 in Albert et al, 2000:14). We question the fact that organizational scholars often do not consider the economic situation in their analysis of identity construction, such as the financial crisis we are facing right now. It is surely an extreme case, but can have noticeable impact on the identity construction of bankers or employee in the financial sector at this point. Alvesson and Empson acknowledge in their research that "organizational identity can

provide a focus for member identification in an insecure employment context” which is important considering crisis situations (2008:3). We illustrate this recent example to create awareness of external variables as we call it in our paper which also includes general trends such as environmental or industry trends. Foreman and Whetten suggest in their work, that the organizational identity is already influenced by the industry itself. They argue that “organizations within a given sector adopt similar institutionalized practices, and this isomorphic process leads to the institutionalization of the broader organizational form, resulting in the form itself being considered as ‘taken-for-granted’ and having an identity of its own” (2002:622).

Another important factor as we suggest is the impact of the organization’s location and its regional infrastructure, once more in the context of a whole which could be set differently for each case, but should not be ignored. The whole could be the country itself with its culture, values, common understanding and ‘taken for granted’ assumptions. Meta variables such as society culture, unemployment rates and the general context of the organization have undoubtedly impact on the personal identity creation for us. It is surely difficult if not impossible to clearly analyze, identify and measure the various influence, their weighting and impact in the process, but leaving them unmentioned might lead to questionable interpretations.

However, next to ‘external’ and ‘individual variables’, ‘organizational variables’ are more explicit focused on by organizational scholars. “It is likely that this is where organizations have the greatest impact and exert the greatest influence on the construction of organizational identity since organizations can generally direct and control intra-organizational factors” (Dhalla, 2007:253). Firstly, it is important to realize that “although identities are constructed within organizations, organizational members are strongly influenced by their interactions with outsiders” (Alvesson & Empson, 2008:6). This phenomena is explored by different scholars including Hatch and Schultz (2002:1004) arguing further that identity is the “immediate result of conversation between organizational self-expressions and mirrored stakeholder images”. This allows a basic understanding of the importance of created and perceived images for the individual employee within the own and of other organizations.

Alvesson and Empson use a rather unique way to explain these images. They introduce the question “How do we see others?” which reflects the perception of the own organization in comparison to others. They argue that “in all identity constructions there is an implicit element of comparison and distancing – identity is about claims to distinctiveness” which might be implicit and weak (2008:6). We suggest replacing ‘we’ by ‘I’, to get closer to the individual while asking

“How do I (as a part of we) see others?” instead. Dhalla (2007) uses the example of industry rankings and points out that organizational members are ongoing and consciously comparing their organization with others and depending on the perception of the ‘others ranking’, the own organizational identity might be influenced. Another puzzle piece leading to the individual organizational identity is illustrated by the question ‘How are we seen?’, reflecting “how organizational members believe themselves to be perceived by others (i.e. clients, competitors, and potential recruits)” (Alvesson & Empson, 2008:6). It should also be rephrased in our case into “How am I seen by outsiders?” to provide an individual assessment. Dhalla shows the impact while arguing as Dutton et al (1994), that “consistent, positive feedback from external sources [...] on the firm’s operations or achievements, will create a favorable organizational image, which will help form a strong organizational identity” (2007:20) a view which we share.

Organizational members can be described as “part of both the internal and external audience” being able to decode ‘signals and information’ of the organization in context with information they ‘garner’ from other sources, leading to their individual perception of the own organization (Fomburn & Shanley, 1990 in Dhalla, 2007:250). Internal as well as external communication is also considered to be essential for the organization as a whole to supporting culture and reflect structures as well as being a connection between the company and its internal and external members (Balmer & Gray, 2000).

Another noticeable impact on the organizational identity of the individual is the management itself. What was introduced by Alvesson and Willmott (2002) as managerial identity regulation can also be turned around to show influencing variables on individual’s organizational identity construction. They argue that an appropriate work orientation such as pay or career opportunities as well as a flat hierarchy or teamwork can have noticeable impact on the identity. They also describe categorization and definition of employees, company rules of conduct next to others as managerial opportunities to shape organizational identity on a mainly collective level being differently perceived by the individual. The elementary question is according to Alvesson and Empson (2008:6) “...how is the organization managed and how do organizational members relate to management and the employing organization? Specifically why do organizational members work and to what extent are their ideals influenced by, or independent of, the objectives of management”.

3. Methodological Consideration

This section provides methodological considerations on which this paper is based. It starts with a brief explanation of the reflexive approach chosen for the interpretation of the empirical material and supportive methodological theories. We continue with deeper insights in objective hermeneutics and the hermeneutic circle in order to move forth and back between the existing theory and our own findings. At last, the process how the empirical material was generated is explained, including the interview setup and a brief description of the key actors.

3.1 A Reflexive Approach

There is a variety of different qualitative methodologies available to approach research questions scientifically. If researchers, however, choose a particular methodology and entirely neglect others, the risk of “reflective reductionism” (Alvesson & Sköldberg, 2007) is created through a single-sided approach. We want to avoid a one-sided emphasis through supporting our research with multiple theoretical frameworks. This also creates the opportunity to develop more possible interpretations and thereby to generate a deeper understanding of the empirical material. This implicates epistemological as well as ontological considerations under the assumption that we can actually observe and explore the social reality and that our theoretical contributions and conclusions – even though derived from a very particular case – be valuable for further studies and research.

Even though we are in favor of pluralistic methods and favor a combination of different approaches that are explained briefly in the following paragraphs, our dominant core method is hermeneutics to explore the observed phenomena through “knocking on the text[s]” of our empirical material (Alvesson & Sköldberg, 2007). As part of the hermeneutic reflection, we use a variety of discursive elements to explore distinctive statements in more depth as well as in a broader context. We also want to acknowledge that the selected text parts and our transcripts may generate a potential discourse on for us interesting themes as well.

After the in-depth discussion of the most relevant methodologies and the hermeneutical approach and implications on our research, we describe our research process in accordance with the abductive principle, whereas we first conducted interviews and then developed potential hypothesis to understand and explain the observed phenomena (de Regt, 1994).

For decades, organizations all over the world have been studied with different, similar and surely uncounted research methods. In the attempt to pinpoint “new vistas for qualitative research”, Alvesson and Sköldbberg (2007) describe several methods in detail and suggest a “quadri-hermeneutic approach” to ensure 360° interpretations. Apart from our core method that is explained in the following section, it makes sense to take a brief look at Critical Theory and post structuralism. The latter methods are to some extent relevant and value-adding to our analysis in order to create a broader picture with an ontological stance.

The Critical Theory approach intends to critically analyze existing social structures in a holistic context with the aim to uncover oppressions and power relations (Alvesson & Sköldbberg, 2007). The critical theory perspective is thereby concerned with broader political and ideological issues rather than exploring the empirical material in-depth. By doing so, the existing social structures and realities are challenged in order to create a better society and to improve the status quo (Lindlof & Taylor, 2002). For the reason that our analysis is based on empirical material from the studied company, the wider society would be to an extent marginalized by only using hermeneutics. Therefore we use some glance of critical theory in our analysis in appropriate parts to comprehend and supplement our hermeneutic interpretations.

The post structuralism approach is characterized by a critical evaluation of structuring elements of society and particularly the pre-conditions for structuring. Thereby structures and existing discourses are considered to be dynamic and instable rather than static (Alvesson & Sköldbberg, 2007). In particular the elements of Foucauldian discourse analysis are used in order to illuminate deeper meanings of very specific text parts for our interview partners and their surrounding environment, respectively.

3.2 Understanding Parts and Wholes

The purpose of the selected methodology was to create a comprehensive understanding of what actually happened to the identity construction in the later described crisis company. The choice of ‘hermeneutics’ as core method was therefore very clear; in fact hermeneutics allows a very detailed analysis of empirical material with a close connection to texts, transcripts and speeches. Our epistemological pretense is particularly emphasized through the concepts of “Einfühlung” (empathy) and “Verstehen” (understanding) (Alvesson & Sköldbberg, 2007). In particularly the latter concept underlines the subjectivity of knowledge and emphasizes the socially constructed

reality, also in organizations. The recurring notion of ‘understanding’ is then also reflected in the spiral (circle) of objective and alethic hermeneutics that is explained in the following.

Objective hermeneutic circle suggests the beginning with some part of the empirical material and to relate it then to the whole as “the part can only be understood from the whole and, the whole can only be understood from the parts” (Alvesson & Sköldberg, 2007: 53). With every new part-whole analysis, new aspects and interpretations are ideally revealed.

Alethic hermeneutics can be translated into the circular relationship of pre-understanding and understanding. The interpreter continuously returns with a newly developed understanding to the initial ‘departure point’ and seeks new interpretations. The understanding thereby becomes pre-understanding for the next round in the hermeneutic circle and so on.

Even though both methods are part of hermeneutics, a major difference is the relationship between the interpreter and the analyzed text. As it is already in the name, in objective hermeneutics it is assumed that the interpreted object (text, transcript, speech) and the interpreting subject (author, interpreter) are independent entities. In alethic hermeneutics, however, both interpreted objects as well as interpreting subject mutually influence each other (Alvesson & Sköldberg, 2007). We believe that the synthesis of both approaches leads to a more comprehensive picture for the reader with an invitation to think further about other alternatives.

Both approaches have “diametrically opposite standpoints” (Alvesson & Sköldberg, 2007: 52), objective as well as alethic hermeneutics encourage a multi-angle permeation of the empirical material through “emerging patterns of interpretation, textual analysis, dialogue and sub-interpretations” (Alvesson & Sköldberg, 2007: 65). In our analysis, both methods are adapted without preference.

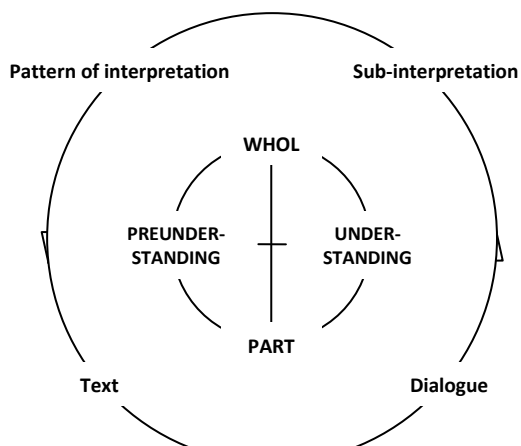


Illustration 3.1 | Adapted from Alvesson & Sköldberg (2007)

A last remark on the hermeneutic circle: In contrast to the traditional description of the “hermeneutic circle”, we took a critical position towards the model as a ‘circle’ implies a return to a former departure point. The analysis, however, is to be more understood as a ‘spiral’ where acquired knowledge is used to extend the picture and new points of departure are formed for further interpretations (Radnitzky & Giorgi, 1973).

3.3 Forth and Back Between Theory and Practice

On a more generic level, our interpretations are characterized by a dynamic interaction between different interpretive levels. Alvesson and Sköldbörg (2007) describe the first level as “construction of data” or close work with the empirical material in order to develop “multiplicity of interpretation” (p. 255). The second layer specifies the findings and carves out dominant hypotheses of interpretations and argumentations. In the third level, space for critical reflections and interpretations with less focus on the empirical, but therefore more to the wider context, is given. The fourth level then invites to author’s critical self-reflection on the developed interpretations and potential biases.

The characteristic of being ‘dynamic interactive’ is thereby an important aspect in reflexive methodology. In fact, findings in a specific level are played forth and back similar to the hermeneutic circle and interpretations are strengthened or deferred accordingly.

Even though we aspire a thorough analysis and breadth of aspects, we limit our interpretations to the first and second level with discursive elements to the third level as we otherwise endanger to lose the reader’s attention over to many and perhaps less relevant aspects. In the next section, the practical approach of our study is outlined and some source criticism is exerted to make readers aware of the adapted processes and potential biases of our investigation.

3.4 Process - Description of The Method

Throughout the past two years, we were intensively following the development of the company, which we chose to become center of our investigation by the time it filed bankruptcy in early 2009. The astonishing self-scarification of various employees throughout the last months of the organization awoke our interest and consequently led to the above stated research question. We did not consider this opportunity at the first place, but the more we discussed this surprising phenomenon, the more obvious became the potential this case offers for our work. Based on the prior work experience within the company we still have great access to employees, which was absolutely essential for an investigative approach we aimed at.

Next to intensive desk research and the realization that hardly any in depth study is published about ‘identity (de)construction’ in crisis companies which are facing bankruptcy, our first step was to perform intensive interviews with a variety of employees of the company. We selected the interview partners based on their hierarchical position, their functional responsibility and their

length of tenure within the organization, our impression of their honesty in an interview scenario and the fact if they already quit their job before the company filed bankruptcy or stayed until the insolvency administrator ended all remaining work contracts. We carefully chose a broad range of employees reaching from upper management to shop floor workers in the relatively flat organization for our interviews. Semi structured and open ended questions were used to capture relevant experience, feelings and opinions which we used for a qualitative and reflexive analysis. The interviews were carried out face to face in restaurants or bars which provided a rather pleasant atmosphere, following Svenningsson's (2009) favorable interview technique recommendation. Each interview was audio recorded and could therefore be later on used for a detailed analysis next to notes which were taken on spot. Two interviews had to be conducted with more modern means, since some former employees already found new jobs in various parts of Germany. We decided to use the voice over IP phone software Skype™ since we know the interviewees personally and while considering the relatively short time we had to finalize this paper. These interviews were also recorded for a detailed analysis.

Throughout these Interviews, we learned that the last remaining employees started to exchange e-mails with each other when the company filed bankruptcy, expressing their emotions and thinking about the process within and their time with the organization. They created an endless seeming 'reply all e-mail chain' which can be read as a sort of reflexive story providing insides of the last month and even years of the company. Interestingly, also former employees who left the company years ago were invited to join this 'e-mail therapy' as it was described by one of the interviewees. We got access to this material which is highly valuable for our study, since it was created unasked and exclusively based on employees own initiative.

Furthermore, we are in the unique position that one of us worked with the company for about one year and got familiar with the company culture, practices and internal politics, which gave us a certain preunderstanding and granted access as earlier described. Being aware of the possible bias, we decided that the interviewing is done by the second person, not being too related to the company which allowed a more neutral basis for the interviews. Follow up questions were stated by both interviewers to get a deeper understanding and to bring up aspects which might have been neglected otherwise.

3.5 Interview Setup

We developed an interview scheme which can be divided into three sections. The first section contains general questions about the interviewee's position and function, followed by more detailed questions about the individual work relationship with the company. The second part consists of questions about identity which is our main interest, asking about expectations, motivational factors and the development of these over time. We rounded off the interviews with questions about the management of the company and the perceived impact on identity issues and some hypothetical questions about the possible future of the company and product.

An average interview took between 60 to 90 minutes, depending on the availability and level of motivation of the partly workless interviewees. As earlier mentioned, restaurants and bars were chosen to generate a pleasant atmosphere which mainly led to an intimately conversation allowing deep insights. Except a period of about 30 minutes about management insights, we were allowed to record all conversations while guaranteeing the anonymity of the interviewees. The interviews were purposely recorded to allow an interview analysis in a quiet environment afterwards. Notes were taken during the interview to pin down gestures and other observations which cannot be grasped with an audio recorder.

3.6 Interview Partner

In this section we want to round off the reader's necessary preunderstanding while introducing our interview partners briefly. We promised them anonymity and were able to realize this without data distortion. We purposely selected interviewees on different organizational levels, to cover a brought part on the organization.

Engineer: Worked about three years for the organization and left the company short before the bankruptcy. Started as student trainee and became freelancer, but was treated as normal employee. Strong regional focus and family ties. He never finished his engineering studies which were pushed aside to fully concentrate on the job, following the personal goal to get a leading position in the organization which never happened.

Leading Engineer: Worked about four years for the organization and left the company one year before the bankruptcy. Started with an internship, became graduate, student trainee and accepted a leading position as fresh graduate. He did not initially plan to accept any offer based

on the temporarily critical company situation at that time, but could not withstand. Free mover, not family tied at that time.

Administrative Staff 1: Worked about six years for the organization and stayed until bankruptcy. Started with an internship, became student trainee and was finally regularly employed in a leading position. Strong regional affiliation, but not family tied based on heavy overtime and absolute self-sacrifice for the organization. The personal dream was to establish an unknown brand from Saxony internationally. He worked next to the initial position in various functions to compensate leaving employees in order to keep the business going.

Administrative Staff 2: Worked about one year for the organization and left short before the bankruptcy. Regional and family tied.

Shop floor worker: Worked about five years for the organization and stayed until bankruptcy. He started as part of a governmental re-education program and became executing staff in various positions. The first two years were governmentally paid before the contract was converted in a regular employed. Regional bounded with focus on a short 'Anfahrtsweg' which means way to work.

Mechanic: Worked about three years for the organization and stayed until bankruptcy. He left his prior employer to start in the organization following a personal dream of being able to assemble new cars. He received the job offer totally unexpected, one year after sending an application to the organization's sister company without any response. He is regional and family tied, but financially backed up by his full time working wife.

3.7 Validity, Objectivity and Generalization

The tripartite relationship "reality-source-researcher" (Alvesson & Sköldberg, 2007) in qualitative research is problematic concerning the objectivity and validity of a study. Validity is defined as the level of authenticity concerning the reflection of the studied phenomenon (McNeill & Chapman, 2005). The possible distortion of information, which is called source criticism in a hermeneutical context, could lead to a skewed reproduction or interpretation of the available information.

Alvesson distinguishes between 'remnants' and 'narrating' sources and argues that remnant sources cannot be exposed to subjective distortion, whereas the later, which we mainly used, are exposed to the risk of distortion (Alvesson & Sköldberg, 2007). A possible distortion in our case

is first of all the language which we on the one hand used to present our findings in form of this thesis and on the other the language which is used to perform our interviews. Since we are both German, and the investigated company is also located in Germany, we could reduce this possible translation bias to a certain extent compared to a multinational team for example. The Saxon accent was still a challenge at some point, but the audio recorded tapes help to reveal the content error free. The results, which we present at this point in English, could be source of more bias, owned to the fact that English is not our mother tongue which might lead to misunderstandings among native or other international speaker.

Another interesting aspect is the timing of our interviews, which were scheduled after the company already filed bankruptcy and after all remaining employee lost their jobs. It might have had an impact on the provided answers by the interviewees. We noticed that hardly any emotions came up while speaking about the company and it somehow sounded like speaking about a relatively neutral, objective and expected bankruptcy, whereas all of them lost some month salary and their employment of cause. The distance between their actual employment and work in the company and our interviews was about one month and respectively longer for those interviewees who left the company earlier. Moreover, the company situation was critical in the last one and a half years, which might have overlaid or influenced their initial perception of the company during successful times.

We used our own preunderstanding to see the interviews in context of the organization. With this knowledge it was possible to ask follow up questions on unclear answers. The clearly divided roles in the interview situation, as described above, helped to perform on the one hand relatively unbiased interviews and on the other hand ensured trustworthy and valuable information for this paper.

Generalization

In this investigative study, we aim at resolving a particular and in its way unique phenomenon. The empirical material and respectively our findings are peripherally discussed in current theories and models on organizational identity. We were particularly interested to understand the later described happenings in depth, but have not intended to provide any foundation for analytical generalization. However, we are sure that the general findings can also be transferred to other crisis organizations. That is why we understand our research paper as incentive for further research to draw appropriate generalizations with generic value.

4. Case Company Description

This section is meant to provide the reader with the necessary preunderstanding of the empirical material to either follow or oppose our arguments and conclusions which we draw at the end of this investigative case. We feel that this unique case offers mind cracking phenomena which are worth to be deeper explored and findings which are in case applicable to other organizations. The next paragraph provides a general background including the development of the organization including a personal preunderstanding followed by a 'snapshot' of the organizational situation around the time of our study.

4.1 Spectacular Founding till Bankruptcy - The Development at a Glance

Motor vehicles from Saxony or 'Autoland Sachsen' as it is called in Germany, have a long lasting history. August Horch, a pioneering engineer, started the Saxon automobile tradition in 1904. Nowadays, Volkswagen, Porsche, BMW and numerous mid-sized suppliers are operating in Saxony which accounts for 20 percent of Germany's automotive and supplier industry.

About a century later, after August Horch started to innovate the automotive production, two 'West-German' engineering students realized their dream to develop a puristic sportscar as their graduation assignment.

"From a diploma thesis to an automobile series production – that sounds like a stroke of genius of the two 'garage tinkerer'. But the business concept of the two founders is as planned and thought-out as the development of their unique sportscar." (Recognized business magazine - two years after the company was founded)

They privately assembled a prototype in the nineties and got the chance to display their project at a recognized German motor show, which created promising feedback and finally led to the possibility to establish an engineering service provider. A location in Saxony was chosen by the two young graduates to build on the German and regional automotive tradition and to be able to use generous governmental funding opportunities which were at that time available for any business which was moved or established in the not so developed eastern part of the reunited Germany.

The business concept was developed to offer engineering services as core competency, next to producing the unique sportscar as 'business card' to demonstrate their engineering service range

and to proof their level of quality. It was decided to realize the own sportscar project as mean of differentiation in form of a small volume series next to the main business unit. The driving force was the enthusiastic and entrepreneurial spirit of the two young and freshly graduated founders.

Their competence was clearly of an engineering or rhetorical nature having strong deficits in organizational and financial issues considering their inexperienced 'trial and error' management of the last years. Their decision-making was autocratic whereas the tolerance concerning results was high and control hardly existing. The management's greenness when it comes to business issues led to chaotic and increasingly unstructured business practices in the end.

The organization always had a relatively flat organizational form. The founders divided technical and administrative issue among them and employed further key personal (head of sales, head of marketing, head of production, head of finance, and head of logistics) with various assisting staff members and interneers in their best years. Throughout the crisis years 2007-2009 numerous assisting staff members left the organization which forced the former 'heads of...' to do the entire work themselves leading to a repositioning of management levels. Internees and trainees were not hired anymore and graduates left the organization based on delayed payments, missing management feedback and the general increasingly chaotic atmosphere in the organization.

The organizational culture among employee got somehow strengthened, as we explore deeper in the next chapter, whereas responsibilities were increasingly shifted by employees themselves to be able to solve the daily business issues.

At this point we just want to make the reader aware of a prestigious product of the young and energetic company, having a fantastic story of their own creation, being able to successfully fascinate interested customers, political decision makes and corporation partners. This is reflected in the fact that the company was awarded with honorable prices for the company start-up and the sportscar design reflecting the initial public interest and respect based on the sportscar prototype.

"The order books are filled for the next three years enabling the by now 40 employee company, which always was in the black from their first year on, to face a promising future." (Award press release - five years after the company was founded)

This gained publicity of the puristic sportscar could never be transferred into unit sales, which led to the decision to develop a new sportscar, this time with more luxury features such as automatic

gearing, airbags, air condition and a multimedia and navigation option which its puristic predecessor did not offer at all.

The final production of the entirely new car started already one year later and several national and international distribution partners could be attracted and contracted with binding demo car purchases. The engineers commonly argue from today's viewpoint, that the car was still in a beta phase but not ready to be sold to final customers.

Monetary problems of the company after several disputes of the young founders with various investors and stakeholders led to delayed delivery schedules. This combined with massive quality issues resulted on top in dissatisfied partners and clients claiming warranty issues which caused extraordinary costs. This downturn trend peaked throughout 2008 when employees were sent home or were forced to do short-time work.

“Just in 2008, more than a dozen law suits of employees and suppliers against the company were registered, based on outstanding debts. The management paid the salaries on average two to three month late...” (Local newspaper - one year before the bankruptcy)

The company in the end had to file bankruptcy in early 2009 after the latest dispute with a renewable energy enterprise which became investor. The management of the investing company realized the realistic financial situation of the organization short after their commitment and stopped the agreed on payments which led to the bankruptcy of the organization.

4.2 Our Personal Preunderstanding and Experience – A Source for Validation

We, the authors of this paper, got aware of the company based on an interesting article in an online magazine, describing the unique story of a small sportscar manufacturer. The portrait niche product and the development as illustrated above created a lasting interest which led to our involvement in the organization. It was a mixture of respect of the achieved, a for us brilliant product design and the business potential we saw – as many others – for the future of the young enterprise.

More than two years ago in 2007, we visited the company the first time to discuss opportunities and to agree on working with the organization. It was impressive to see sales people having a glance from their desk on the shop floor workers actually building the cars which they sell. It was a young, friendly and somehow 'family like organization' under 'one roof' creating a pleasant first

impression, somewhere in a relatively rural area offering plenty of space for test-drives. We did not have the chance of a test-drive by that time, but the product convinced us – as many others – and we followed the organization from that point onwards until it had to file bankruptcy about two years later.

4.3 A Snapshot of The Last Month of The Organization

Some 10 years after the successful start of the organization, the last months and even years looked different. The involuntarily downsized enterprise consisted in the last month of operation of one remaining engineer, one sales manager and several shop floor workers besides the two founders of the prior 50 to 70 employee enterprise. The remaining employees ignored clear signs of a menacingly bankruptcy which was the reason for dozens of others to leave the organization throughout the last year before the company was finally closed by the insolvency administrator in early 2009.

“I can’t really explain the reason or give an answer why I stayed in the organization... when looking back, it was stupid, wasn’t it?” (White collar worker)

The relatively young and inexperienced management – two founders being engineers – lost increasingly control about the financial situation of the company, leading to irrational and hindering decisions which made the company situation even worse.

“The main focus became to collect as many customer prepayments as possible without consideration if a product could finally be delivered, it did not matter at all.” (White color worker)

Business-, but especially payment practices shifted into an unethical or criminal behavior. Just bills with immediate effect on the organization’s daily business were considered to be in case paid. The management even encouraged the purchasing department to find remunerated supplier to place new orders for needed car components instead of paying off old debts first. Orders at new suppliers were purposeful placed with high order quantities since “it would not be paid anyways” (White collar worker). The first shipment usually works while paying after delivery, a business practice which was heavily abused. This company practice led to various lawsuits of partner and supplier against the organization.

“Ethics is none of my business... the two founders have to cope with their lies and business practices” (White collar worker)

As result, it became common practice that several suppliers only accepted direct cash payment for ordered car components. The required amount was either handed out on an individual basis by one of the founders who was present at site or had to be withdrawn at a nearby cash machine with one of the founder's electronic cash cards. These cards were frequently blocked and replaced on a regular basis. Since several car components had to be collected throughout an increasing supplier territory, the production became increasingly ineffective. Employees were ordered to go to 'work' which meant more often cleaning of the production hall since no required parts were available for the mainly already customer prepaid and delayed cars. Days passed by while waiting 'jobless' at work and colleges started to intensively socialize in order to get the shift over which was nothing exceptional throughout the past year.

“...honestly, I was too lazy to apply at other organizations, but I should have sent applications already one year prior, since one could have foreseen that the company would not last long anymore...” (Blue collar worker)

When money was available, usually without anybody really knowing where it was from, it led to a continuation of the production in a relatively normal way until the money was 'quickly gone' and the above described situation emerged again. The described downwards trend got worse over time, leading to delayed salaries and short time work before the company finally had to file bankruptcy.

Conclusion

Although the company passed dreamlike years, the reality in 2008/09 looked different. The extraordinary high staff turnover of the last months before the bankruptcy is understandable, letting us wonder even more about employees staying in the organization while ignoring outstanding salaries, having hardly any work to do in their cold and unheated offices throughout the wintertime, since several bills stayed unpaid. Our focus is the impact of a crisis situation on the individual organizational identity. We use this rather extreme case to analyze the organizational identity (de)construction on an individual basis considering recent theories combined with our thoughts and findings.

5. Analysis

The process of organizational identity construction is highly complex. Any analysis in general and our case in particular can therefore only highlight certain aspects of this process. In order to provide the reader with a more comprehensive picture and a deeper understanding about the impact of organizational identity and other influencing factors on the employees during the crisis, we analyze and interpret different levels of the case. We start on the organizational level and strive to understand how organizational identity was constructed and shaped. Moreover, we reflect on how organizational identity was deconstructed, which organizational factors lead to deconstruction and how this was reflected in the organizational identity. The framework suggested by Alvesson and Willmott (2002) is thereby taken as source of inspiration. This part of the analysis is complemented with a brief analysis of different employee categories. The last part is then to elucidate to what extent external variables influenced identity construction and some employee's decision not to leave the company until the last months.

Towards a strong organizational identity?

A recall on theory suggests that organizational identity is enduring, distinctive and central (Albert & Whetten, 1985). The investigated case of the car manufacturer fulfilled all these criteria. The company was very distinctive through a unique product and, as small series manufacturer, also distinctive from the traditional German automobile industry. The identity was also to an extent enduring and central, as it was the ultimate objective of the involved employees to develop and establish a new automobile in Germany and the world from the foundation to bankruptcy. Subsequently, the presumption to find a strong organizational identity with reference to Albert and Whetten appeared to be very plausible (1985). In our investigation, we were interested to explore how exactly the organizational identity was constructed and what happened to it when the firm approached bankruptcy. Thereby we analyze and interpret the rise and fall of organizational identity – or as we term it “reconstruction” and “deconstruction” – with regard to the nine modes of identity regulation (Alvesson & Willmott, 2002), which had marginal influence on the individual and organizational identity. We further elaborate on a categorization of the employees and the “stable” variable in identity (de)construction.

5.1 Identity Construction

The shift from an engineering service provider towards a car manufacturer

Initially, the management's and employees focus was on engineering services, leading to various prototypes for major automobile companies and respectively noticeable financial resources. The engineering department consisting of various employees was working on various automotive projects simultaneously. Projects for major car manufacturer and other clients were the core business, next to the own sportscar project. Source for employee identification was the organization and its history combined with the own profession.

The company's main business changed when the management had increasingly problems with engineering service clients, leading to lawsuits and financial shortcomings, and encountered massive problems to acquire new projects. Sales problems with the own unique sportscar came on top since it was rejected by the desired target group.

This negative development led to discussion between management, sales/marketing staff and engineers whereby the decision to further adapt the sportscar to customer needs emerged. This unintentionally led to an entire new sportscar with an award winning design. The majority of the engineering department's employees were redistributed from extern projects to jointly work for the *new sportscar*. They started to reconstruct their identity accordingly more towards the sportscar project, away from the shrinking and struggling engineering department and the organization as a whole, a shift we want to explore deeper in the following section.

Management Contribution to Organizational Identity

Considering the impact of management on the organizational identity reconstruction from the organization towards the sportscar project, one has to question the management's involvement in the decision to focus on the sportscar project. Why did the management shift their focus away from their core business - automotive engineering services - strongly towards the development of the own sportscar? It can be assumed that the client acquisition which was in management's hands became increasingly unsuccessful and their employee should get some intermediate work. The unsellable sportscar prototype might have further affected the management's ego that did not want to realize a costly mistake.

We do not want to explore the management's motivation deeper at this point, but it can be assumed that it was a mixture of the engineering department's know-how and sales staff experience which led to a totally new sportscar in the end. It was a strategic reorientation, initially encouraged by management through reassigning workforce, but from that point on driven through internal organic growth based on the emergence of a potentially more attractive source of identification which was later on just referred to as "our baby", meaning the collectively created new sportscar.

"We initially just wanted to replace the old sportscar's engine with a better one, having apparently such massive impact on the car body, that this was heavily adjusted [...] in the end somehow leading to a new vehicle concept [...] and it finally got a new design – our baby was born" (administrative staff)

Except the visionary approach when it comes to the company history and the development of the commencing sportscar prototype, one can say that the management did not intentionally use what Alvesson and Willmott (2002) describe as identity regulation to shape their organization. Unfortunately, they somehow shaped not intentionally the organizational identity of their employees through offering multiple distinctive sub-identities under the umbrella of their organizational identity for different types of employees. Engineers could develop "their baby", marketing and sales could follow the "unique possibility to establish a new brand internationally" and mechanics even got money for their "passion to assemble an entire car" not only components as large volume supplier do it. All this provided fantastic identification opportunities with the organization with the core to establish an own automobile in the world.

In fact, the absence of management was described as:

"The management was 99% of the day in their 'Oval Office' (management office)" (leading engineer)

"The management was never present [...] they only administrated us" (shop floor worker)

This had a positive impact on organizational identity construction as employees were even given more freedom to follow their interpretation and understanding of their work which just sometimes collided with the management. Thereby the earlier mentioned organic growth of organizational identity was fertilized. As the organizational identity was not quite regulated, employees found it easier to integrate the organizational identity in their own identity and to bring in their individual identity into the organizational identity. The only managing style, as it was occasionally present, is described as:

“very autocratic affair [...] it’s just the way it is in a company, works probably well [...] the problem was just, that their decisions sometimes were not understandable for anybody [...] lacking any logic” (leading engineer)

The strategic reorientation providing individual identification sources, leading to a changed but distinct organizational identity, noticeably strengthened or at all created through the reassignment of the workforce to jointly develop the new sportscar in a relatively management free atmosphere. Fact is, that the management encouraged their engineers to work on the sportscar project, and with this the organizational identity was reconstructed which is further explored from the employees viewpoint in the next section. It shall nevertheless be noted, that the absence of management fostered organizational identity construction among employees and simultaneously led to a deconstruction of organizational identity during the crisis as described later.

Role of Employees in Identity Reconstruction Process

The involuntarily shift from individual engineering tasks of various projects for external clients towards being team member of a group initially inspired everyone. The workforce integrated the goal to improve and build an entire handcrafted sportscar which should hit the world on a global scale into their own individual identity. This reassignment created a spreading achievement volition starting with the engineers, but infecting the entire organization like a virus, unifying employees across various departments and fostered an organizational identity.

“I wanted to establish a new automobile brand from Saxony in the world...there was really the opportunity to make it happen.” (administrative staff)

“to be able to roll with your own, self developed vehicle some meters forward and backwards” (leading engineer)

“to construct a vehicle yourself and to see it driving [...] dream job” (mechanic)

This perception and engagement can be explained with an analysis of two major reasons on how the employees perceived themselves. First, the employees defined themselves as “the ones who make a dream drive”. Thereby the role of being solely employees shifted towards “explorers and entrepreneurs who reach for the world” rather than just being “sales person” or “engineer” working for the organization. It can be assumed that the self categorization towards “the ones who make a dream drive” was more appealing for the organizational members than simply being employed at an automotive engineering service provider somewhere in the nowhere of Germany.

Maslow describes with his need pyramid (1943) the ambition of individuals to self-actualize after their physiological and social needs are satisfied. In fact, all members found their physiological and safety needs initially satisfied and to an extent also a sense of belonging with regard to their families and friends. Subsequently, it appears to be a reasonable explanation to assume that the re-defined selves of being explorers, entrepreneurs and “the ones who make a dream drive” are part of their way to gain respect by an ‘out-group’ (Ashforth & Mael, 1989), themselves and to build self-esteem, respectively.

Second, organizational identity was also constructed indirectly by defining a very adverse picture of the out-group, in particular the German automobile industry. The industry was described as highly bureaucratic with little appreciation for the individual:

“It was crucial for me that it was about a sportscar and that everything was on a small scale, so that you don’t have to integrate into structures of a large corporation where you are only treated as number.” (Leading engineer)

With the delineation from the traditional industry in conjunction with the entrepreneurial spirit described above, a strong sense of belonging, affiliation and group feeling was created with the central aim to succeed. This phenomenon can also be supported by latest research on ‘winning’ (Malhotra et al, 2008). In fact, groups or organizations do not only develop a stronger organizational identity with higher distinctiveness, but they also develop stronger ambitions if the direct competitors seem to be impregnable as a few other very distinctive small volume automobile producer.

Even though Alvesson and Willmott (2002) described these phenomena as more or less intentional “identity regulation” through targeting the employees and the social relations, we have come across a paradox. In fact, the management, as described above, was hardly involved in the process of identity regulation or at least in the process of encouraging the “make a dream drive” theme, but only became a passive part of it. It was obviously the case that the potential job candidates already applied with optimistic expectation to find (unachievable) challenges as reflected upon by the administrative staff:

“Well, what we expected was hard work with blood, sweat and tears...and we assumed a too long time that it was in *our* hands.”

This interpretation can also be strengthened by considering the firm holistically. As mentioned before, the organization was actually an engineering service firm with a core business to provide engineering services. Only a small part of the company was the automobile as business card.

However, the people who were hired for the engineering firm throughout the years, but reassigned to work for the automobile project. Subsequently, the organizational identity was re-constructed from being part of an engineering service provider towards a “make a dream drive” identity for the automobile project. This development was further accelerated through a general lack of positive appraisals through the management as discussed in the e-mail therapy among several employees:

“It is upsetting that nobody in this mailing list has ever heard words like ‘thank you for your good work’ from the management.” (engineer, administrative staff)

At the same time, the work for the automobile project was honored, hardly through the management, but through externals that admired the automobile and focused their positive attention on the results of all work:

“...and how the automobile drew attention and with it our work was an extremely good feeling”

Considering the employee’s sources of identification it can be assumed that it was the organization to a certain extent the company in the beginning, which shifted increasingly more towards the automobile project. This was mainly due to the absence of intentional identity regulation, a strong desire by employees to have more appealing “make a dream drive” challenges and at last through a lack of appraisal for engineering service by the management whereas the automobile project drew attention from an outside audience and thereby enhanced the employee’s self-esteem. This in turn led to a shifting management attention towards the automobile project.

Sources of Identification

In order to understand the source of identification in more detail, a recall on theory is suggested. We described the identification process in the theoretical framework and stated, that identification is 3-fold with self-categorization, integration of values and goals and affiliation (Edwards & Peccei, 2007). Even though it needs to be kept in mind that the reflections might be subject to distortion due to the bankruptcy, the initial and salient sources of identification can be defined as first the setting of the firm with a young, dynamic, entrepreneurial and flexible approach, second the automobile project and third the colleagues as interpreted from the interviews with the engineers, a mechanic and the administrative staff.

After the majority of engineers were assigned to the sportscar project a potentially more attractive source of identification – the new sportscar - emerged which was later on just referred to as “our baby” over various departments. The identification, as suggested in theory, was also in the investigated case 3-fold. The employees self-categorized themselves as “the ones who made it happen” moving away from being engineer of an engineering service provider. They also adapted the organizational goals with regard to deadlines, launching dates and the general mission to develop a running automobile. And finally, they also developed a strong affiliation towards the project that made them “proud”.

5.2 Deconstruction of Organizational Identity

Having analyzed and discussed the identity re-construction in favor of the automobile project, another aspect must be evaluated. We became interested in how the identity (project identity and organizational identity) continued to be constructed or deconstructed when the crisis became more dramatic during the final months. In this context, we want to introduce the notion “organizational identity deconstruction” as the employee’s sources of identification gradually disappeared and led to a reserved organizational identity of the employees. Thereby we were particularly interested in reasons why the sources of identification shifted and to what extent. Similarly to the analysis of the re-construction process described above, we first take a critical stance regarding management and how the two founders contributed to the (de)construction and proceed with the employees to finally end with a brief analysis of the last sources of identification.

Management Contribution to Organizational Identity Deconstruction

The organization was characterized by a continuous absence of management. The marginal management during the identity re-construction process described in the last section was continued and even minimized during the identity (de)construction process during the last months before the organization filed bankruptcy.

The absence of management was indeed affecting the organizational identity in various ways. As the management gradually missed to take regulating efforts like controlling, planning, task distribution, motivation, communication, employee involvement and adequate decision-making, the employees often felt left alone:

“We were not really managed...this could sometimes be interpreted as great freedom, but we also felt lost quite often.” (engineer, mechanic)

Through the absence of management and leadership, the organizational identity (de)construction was indeed influenced indirectly. How was the absence interpreted by the employees? What did it mean for them? In fact, the employees were disappointed and alienated from the management which was synonymous for the entire organization. The workforce became systematically frustrated and could not find any reason why they should identify with or follow the management and organization as a whole. This is also reflected in the “e-mail therapy” after bankruptcy:

“If the company is in danger to be filed for bankruptcy on a quarterly base and one has to defeat these, the management should wonder if it would not make sense to close the whole business instead of artificially expanding the suffering and exploitation of their employees.” (engineer, administrative staff)

Considering that the high-skilled workforce was conceivably young and inexperienced, it can also be assumed that they were seeking some sort of role model or leadership figure. The affronting behavior of the management, however, has just left them desperately seeking another attractive source of identification – possibly outside the firm.

Another, additional interpretation further strengthens these findings. Alvesson and Empson (2008) argue that organizational identity is a dynamic and continuous process. In order to maintain a strong and salient organizational identity, it must be controlled and regulated as argued by Alvesson and Willmott (2002).

During the re-construction process, as mentioned above, the organizational identity was, to an extent, regulated by the middle management. The middle management – the head of engineering (left end 2006) and head of sales (left end 2005) – translated the vision and fostered the identity construction. They also performed more or less transactional management and thereby ensured at least a basic structure (Burns, 1978). However, when the middle management left and the positions were not replaced again with capable and competent people, no active identity regulation was exerted. This comes close to natural identity deconstruction as the salient organizational identity was neither strengthened nor kept alive anymore:

“Our company culture or identity had actually nothing to do with the management...they just did the administrative stuff.” (shop floor worker, mechanic, engineer)

All in all, the role of the management for organizational identity was relevant as it accelerated the deconstruction process through absence and lacking counteractions. It was not the case that the management actively contributed or shaped the deconstruction process. But lacking communication and misunderstood decision-making in conjunction with economical incompetence that continuously led to financial problems indeed fostered the identity deconstruction process. It also kept naturally motivated and identity-seeking employees from identifying with the management and organization and created an insuperable gap between management and employees.

“They lived in their management spheres...and sometimes they descend from the oval office with a thrown over pullover.” (engineer, mechanic)

Role of Employees in Identity Deconstruction Process

Surprisingly, the skeptical attitude towards the management has hardly affected the identification with the automobile or 'auto project identity' as salient sub-identity in the organization. Particularly the higher skilled employees in the sales and engineering department strongly identified with the automobile and their role in the project as mentioned before. The lower skilled employees were more neutral regarding their identification with the final product, but they dominantly identified with their task in the project.

However, when the organization tumbled towards the crisis and signs of the crisis became obvious, the identity deconstruction also extended to the 'auto project identity' and the task identification, including high- and low-skilled employees. The identity deconstruction process was thereby mutually overlapping and cannot be understood as detached phases.

The early crisis indicators can be defined as stagnating sales numbers, quality problems and occasional payment delays for suppliers and employees. Even though the impact of the first signs was rather little, it caused latent reactions from the employees. Interestingly, the low-skilled workers were to some extent more sensitive and less willing to ignore early signs:

“I have once bought something we needed for the car from a friend and then we couldn't pay the bill...that was the last time that I used personal contacts in the firm.” (shop floor worker)

“Well, I didn't tell people anymore where I work and when I did before, they were somehow interested in the product...but looked at us degrading, so I didn't.” (mechanic)

The 'auto project identity' was not presented anymore, but humbly hidden – an early but significant sign of identity deconstruction. In contrast, the high-skilled worker optimistically ignored the early signs and maintained the “make a dream drive” identity conceivably long:

“It was enthusiasm for 2-3 years, then it was dampened slightly, but we simply ignored it for the next 2 years, and afterwards our enthusiasm towards the organization complanated, but the automobile remained on a podium almost until the end.” (engineer)

However, when the crisis became stronger and the management faced financial problems, they reduced or blocked further investments in R&D (research & development) and marketing. The lacking financial resources led to a stagnation of the auto project and thereby the identity construction gained additional momentum. As explained before, the auto project identity was consistent of components; the automobile itself with all invested effort and the task orientation in the project or profession, respectively. With the stagnation due to financial resources, low- and high-skilled employees found themselves in the position in which they could not or only partly exert their profession and in which they could not improve the automobile itself. This had accelerating impact on identity deconstruction:

“If you can't do it the way as it is required and best [because of money], then the identification with the product is certainly lowered.” (leading engineer)

“If the roof breaks away during a test drive and rain is pouring in, because there is no money for further development [...] I don't know how much one can identify with the product.” (administrative staff)

Moreover, credibility doubts whether it was really possible to establish the automobile in the world were raised and the “we make a dream drive” identity was increasingly shaken even though with a delay of the high-skilled employees.

About half a year before the company filed bankruptcy, even the last organizational members came to the conclusion that there was no hope to find the brand name of the automobile on national or international markets. Nevertheless they continued going to work in the last months for socializing and talking about the potential of the automobile. In fact, we got the impression that the last source of identification, the group identity, became the salient rest based on the shared experiences and social relations.

“I still feel connected with the organization as all of you. And I was only there for about one year. Surprising.” (former head of sales)

We term this group identity “histological identity” as it was constructed amongst all left and remaining members throughout the last months. The histological group identity also continued after bankruptcy and many former employees also participated in the “e-mail therapy”. Thereby nearly all employees in the mailing list – about 25 people – seemed to share the same answer to the question who they are, like “We are the ones who made the car roll with so much love and engagement”.

5.3 Attempt of Conceptualizing the Identity Shift in Segments

Even though the organizational identity was constructed and deconstructed for nearly all employees, the timeframe and magnitude differed from person to person. The low-skilled employees thereby appeared to be extremely sensitive and deconstructed their identity conceivably quickly:

“I had given everything to save this here, but it didn’t work, so what should I have done?” (shop floor worker)

The high-skilled employees with more functional responsibility on the other hand maintained their salient identity and started their identity deconstruction only when they could not, not even through improvising, continue their work anymore.

“It is kind of frustrating if you can’t do your job anymore, but it took a too long time to realize this” (engineer)

This interpretation can certainly be contradicted with the argumentation that the organizational or project identity was weaker or not even existent beforehand for some low-skilled employees, but we would argue that even the weak or marginalized organizational identity was conceivably faster deconstructed and suggest additional research on this particular phenomenon.

The differentiated view on the workforce can be displayed in a two-by-two matrix whereas one axis reflects the level of identification from low to high and the other axis reflects the functional responsibility within the firm. The level of identification was thereby chosen as indicator for organizational identity which can hardly be captured in a one-dimensional scale from low to high. The complementing axis with functional responsibility can be understood as indicator of education, profession and hierarchical position in the company. Thereby we hope to reflect the observed phenomenon that high-skilled worker with higher functions in the organization joined the organizational deconstruction process conceivably later than low-skilled employees. Even

though the matrix mainly reflects the individual identity construction, we argue that in a crisis, the organizational identity generally shifts towards a particular direction with a relative implication for all employees. The matrix serves to capture this general shift rather than the individual identity. It should not be understood as pure categorization and dividing up a “passive workforce” (Alvesson & Willmott, 2002), but more in terms of positions which are taken by organizational members crisis situations whereby the one or the other position becomes salient for individual organizational members and then for the entire organization.

A similar matrix was suggested by Schaefer and Sommereng (2008). They describe one dimension as “affiliation” and the other as “locus of control”. The “affiliation” thereby correlates with our “identification” dimension. However, the matrix does not intend to capture a development, but rather provides a snapshot of where the self-identities are positioned. In our matrix, we argue that an ongoing shifting and re-positioning takes place whereas there is a general trend of the organizational identity that can be captured by considering the positions taken by organizational members.

In the investigated case, a shift of all employees towards “passive neutralists” and “opportunistic selves” was observed. The “passive neutralists” hardly identify and do their low-level job. The “opportunistic selves” are high-skilled and joined or stayed in the company for the job title and a good future position at another company, monetary rewards which are paid or which are still outstanding and to an extent the learning experience. The “naive hoppers” were the ones with limited responsibility and relatively low education, but who identified strongly with the organization or parts of it. Finally, the “self-sacrificing drivers” were the die-hards with high responsibility and high identification who were the driving force in good times and who held out “too long”.

At the end, neither anyone identified with the organization, nor hoped for success of the project. Accordingly, the “naive hoppers” joined the “passive neutralists” and the “self-sacrificing drivers” joined the “opportunistic selves” respectively and thereby slowed down and by the end stopped any business development.

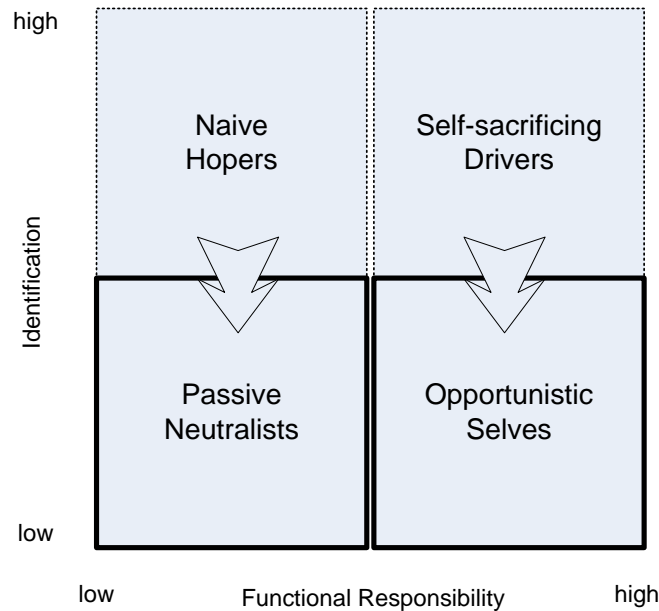


Illustration 5.1 | Crisis – (de)construction matrix

The reason for the differentiated shift and different level of identification of low-skilled and high-skilled employees might find explanation in higher involvement in the development and building process of the automobile and brand. The high-skilled employees who sometimes spend 70 hours in the office subsequently dedicated more of their “personal life” to the firm (Watson, 2008). Thereby, they were less willing to accept a failure of the project as this had also meant that they personally failed.

5.4 A Stable Source of Identification

We have analyzed the rise and fall of organizational identity construction in the pre-crisis as well as crisis period. The process was characterized by continuous change and dynamics with (key) employees, suppliers, customers and supporters leaving. It created the impression that there were no stable variables, except perhaps the absence of management. However, there was one salient source of identification that remained stable from the beginning to the very end: learning by doing. The absence of management, the high employee turnover and the inexperienced workforce were a good fertilizer and indeed fostered organizational learning through experimenting, trial-and-error and learning by doing without mentionable restrictions:

“We worked our butts off, we became ‘gofers’...that was by all means positive. I believe that we couldn’t have had a more diversified and educational job than this one... the bigger part was learning by doing, that’s for sure!” (leading engineer)

This was not only a dominant discourse in the engineering department, but in the entire organization:

“I was a ‘girl for everything’, I did the purchasing, I was responsible for the cash point, I did the warehouse stuff and all components issues, I wrote offers...that was always interesting, because we went to work every day and learned something new.” (shop floor worker)

The employees usually referred to the notion of “Mädchen für Alles” what means “girl for everything” or “gofer”, respectively. They saw themselves as widely involved in all parts of the organization and thereby they felt also important and needed. With regard to Alvesson and Willmott’s (2002) modes of identity regulation, the work was partly perceived as kind of education program from the beginning to the end. Despite all chaos and frustration, the ambition to learn and to go where there is no path was a stable and motivating source of identification with self-enhancing effect on the organizational and particularly individual identity (de)construction.

“Nobody can say we didn’t gain experience and knowledge here, although it was stressful and hard sometimes. but I learned so much.” (engineer)

Next to the prior explored internal organizational variables which affect the (de)construction of the individual organizational identity, this section focuses on individual and external influencing factors why employee stayed and suffered in the ‘sinking’ organization. It further explores reasons why employees did not quit their job earlier and raises the question of the impact of individual variables on the organizational identity. Thereby four main factors were identified: work as hobby, financial independence and regional ties.

5.5 Individual & External Variables Influencing Organizational Identity

As indicated in the name, the individual variables influencing organizational identity (de)construction cannot be generalized, but only displayed exemplary on an individual or small group base. During the interviews, we noted that several employees strongly identified with their individual profession non-regarding the environment. This can best be illustrated by elaborating a

distinctive mechanic. He considered his job as sort of hobby with which he was able to self-actualize:

“It was the ultimate dream job for me, generally cars are topic number one for me, to produce a vehicle myself and to see it driving [...] I would also have worked for a third of the money.” (mechanic)

Even though he enjoyed his job, he never really identified with the organizational environment as result of his salient professional identity and hobby. Moreover he emphasized his distance towards the organization:

“Identification, not at all with the company... I also don't identify myself with the sportscar very much, it's not my wavelength, the shape... once I drove... no, that's nothing for me. I would not buy it, but I assemble it the way that I can live with it.” (mechanic)

The 'hobby-factor' of the job was not only found at this employee, but also with other workers on various levels. Subsequently, the organization might have been only a platform for some individuals to exert their hobby and, as consequence, neither integrated the organizational identity nor made conceivable contributions to the organizational identity.

Another factor was the need to earn money; however that would be ever possible. This was more relevant for low-skilled employees, but demonstrates why they were somehow distanced from the organization as such:

“One year unemployment support was quickly over. I had no other choice than to start earning again. All what counted in the beginning was that I earn money gain [...] I stayed in the company to receive my outstanding and delayed payments, when quitting my job, I would not have any chance to get the money.” (shop floor worker)

The monthly salary for financial security was indeed for some employees the sole driving force to start working for the organization. When the organization faced the crisis and delayed salaries, the monetary factor became more dominant for multiple employees and they were afraid to receive nothing of the outstanding payments if they had left. Subsequently, anxieties to lose money became another reason why some employees did not leave – and this, of course, did not necessarily contribute positively to organizational identity construction.

Another individual factor is inflexibility with regard to location. In fact, the regional ties quite dominantly determined the lives of some employees. They have their families, friends or relationship partners at the company location and could not at all imagine moving because of

that. Accordingly, they were more willing to accept the regional working conditions, as it was “more commodious to build cars in the same ‘village’”. In our research, we have come across the importance of the way to work (the “Anfahrtsweg”):

“The location was quite convenient, because I just had to drive about 10 km per day.” (mechanic, shop floor worker, engineer)

The employees were indeed aware that there are better jobs somewhere else in Germany, but they also accepted worse working conditions in favor of the location, with the result that their organizational identification was not necessarily characterized by the absolute will to work for this specific company, but by not having a better choice with the self-defined limitations.

These exemplary illustrated insides show the need for a complete human profiling, also considering personal education, experience and the exact personal circumstances to better understand and interpret the impact of personal variables on (de)constructing factors of organizational identity. We cannot clearly identify or generalize the impact of individual variables on the organizational identity (de)construction at this point without further in depth research, but we want to show how misleading ‘typical employee behavior expectations’ in the context of a specific organization can be while not considering and analyzing different levels.

It can further be assumed that the investigated company could or should have selected their employee more carefully, based on the individual qualification and motivation. Based on the limited identification concerning the company, one could either strongly criticize the human resource practices of the company or just ignore all this as ‘outlier’. However, in any case the individual background needs to be considered when the (de)construction of organizational identity is analyzed.

External variables influencing organizational identity

As we explored on a theoretical level earlier, ‘external variables’ can have noticeable impact on the organizational identity (de)construction. We distinguish between ‘economical situation’ and ‘company location’, starting with the governmental granted rural company site. One founder argues while being asked if the decision was right to establish the company at this particular East-German location:

“The governmental support can be seen as solatium compensating the poorly educated employee in this region we have to cope with. Since the majority of

specialists moves to the Western part of Germany, just leaving a few regional bound well educated, but mainly unskilled village people for us. One might wonder if the 'compensation pay' was enough to justify our decision to move East”

This statement shows the inner conflict between receiving governmental support for an unfavorable location in the Eastern part of Germany on the one hand or having a free choice neglecting governmental support on the other. This decision might have made the founding of the organization possible, but in the end might be also one of the reasons why the organization was totally lacking experienced people which are key while developing a serious automobile and offering engineering services in this field.

Reputable technical universities were in reach (~45 min drive) of the investigated organization, but the majority of fresh graduates were moving away, being more attracted to work in the western part of Germany. This ongoing trend is based on higher salaries and the density of potential employer in the West. This phenomenon just leaves some specialists and skillful graduates behind, which are most likely regionally bound, based on family and friends. One might assume that it has a noticeable impact on the individual's enthusiasm at work and respectively on the organizational identity construction.

This goes straight in line with the overall regional 'economic situation'. In our particular case, the regional unemployment rate was twice as high compared to Germany's average unemployment rate. This already might make employees more aware of potential unemployment which could have led to more personal confessions in favor of the employer. Throughout the last year, the overall situation got even worse in the context of this particular case, considering the financial crisis. The crisis created uncertainties and fears among employees to become workless. Especially in this rural area, job security becomes focus to many employees doing whatever it takes to keep their jobs. Throughout the last months of the organization's existence, news were filled with horror stories about endangered car supplier and related businesses such as the investigated organization, reporting about bankruptcies on a daily basis.

6. Conclusion & Discussion

Considering the current terminology of organizational scholars researching in the brought field of identity, one can increasingly find publications about the 'construction' of organizational identity. It is becoming a hot topic being deeply explored, but not yet comprehensively understood. Interestingly, the vast majority of related research papers are based on positive empirical material which we wanted to contrast with a rather extreme case of a company facing a downturn scenario. After exploring various models and theories to build up our knowledge base about identity creation, we increasingly started to be skeptical towards the universal term 'construction' which is used for describing any change of identity – strengthening, weakening and redirecting.

In our particular company, the source of identification was shifted from being an engineering service provider towards becoming a solely automobile manufacturer. Is it right to describe the respective development of the organizational identity with the word 'construction'? Based on an underlying circular construction process one might understand the logic, but for our understanding it is the word 'reconstruction' which is more appropriate and would like to introduce it in this context to describe a shift of organizational identity in which some parts are kept while others are neglected.

Even going one step further, the explored company encountered a existential crisis and is bankrupt by now, people losing their hope, jobs and security, all affecting the organizational identity which we should frame with the term 'construction'. Considering individual identity, we do understand the argument that the identity is just differently weighted and therefore cannot be 'deconstructed', but this is not necessarily the case with organizational identity. We argue that an organizational identity can be weakened and therefore should be described as 'identity deconstruction', leading to the organizational trilogy of 'construction, reconstruction and deconstruction' offering a logic and clear descriptive framework for our analysis. We would welcome organizational scholars to follow our approach, to make the in either way highly complex identity construction just a bit easier to grasp, which is sometimes just a matter of a simple but distinctive terminology.

Finding I - Sources of Identification

With regard to existing research, we initially expected a strong and salient organizational identity with strong and homogeneous sources of identification, perhaps linked to the unique sportscar or the small firm seeking to find a niche position against the dominant competitors. However, when we analyzed the sources of identification, we soon realized that the identification with the organization itself was very limited. When the decision of a strategic reorientation was taken, the source of identification also shifted towards the automobile project and was hardly related to the organization as such. When the crisis hit and the sources of identification – like the automobile or profession – became redundant, the organizational identity also became fragmented, as we argue. At first, the people disconnected from the automobile project and raised doubts about its realism. This went hand in hand with an irreversible dissociation from the management. Secondly, the employees disconnected from the automobile. Only the group identity that we termed “histological identity” somehow survived the organizational deconstruction.

Finding II - Inconsistent Deconstruction Among Employees

The described identity deconstruction developed inconsistently. The variation can mainly be subscribed to the functional role of the employees. Thereby the higher the education, hierarchical position and responsibility, the longer and stronger the organizational members maintained their organizational identity and kept connected to the sources of identification. We suggested a two-by-two matrix in which the functional role and level of identification correlate. The workers with strong identification and high functional responsibility we termed “self-sacrificing drivers” as they kept the business very long alive. The ones with strong identification but low functional role, we called “naïve hoppers” who were lethargic without investing much energy, but still waiting for the positive turn. The ones with weak identification and low functional responsibility we named “passive neutralists” and with a high functional responsibility “opportunistic selves”, respectively. Thereby the described positions should not be understood as pure categories, but more in terms of salient positions which are taken by the organizational members in their organizational deconstruction process.

Finding III - Absence of Management

During the organizational identity construction and deconstruction process, the management took an ambiguous role. Indeed, the organization was characterized by the absence of management.

When the company did more or less well, this absence was positively enhancing organizational identity construction as employees found it easier to integrate the relatively weak organizational identity into their own identity and also to bring in their individual identity into the organizational identity. However, when it came to crisis and no active identity regulation was exerted, it came close to natural identity deconstruction as the salient organizational identity was not strengthened anymore, neither through frustrated employees because of the crisis, nor the management. Has the management had a choice? Considering the bankruptcy, we can certainly assume that renouncing on identity regulation and remaining absent was surely not the way to success, neither for organizational identity nor financial gains.

Finding IV - External & Individual Variables

The role of individual and external variables is often neglected when it comes to organizational identity (de)construction. External variables include for example the company location and general economic situation which might have massive impact on the company and respectively on the organizational identity as our case revealed. Locally bound employees were frightened by a comparable high regional unemployment rate in combination with a massive financial crisis destroying numerous automotive suppliers. These are important factors which should be taken into account while analyzing empirical material and organizational identity. Equally important and essential are individual factors, such as personal circumstances, education, preunderstanding and experience when it comes to an analysis of the organizational identity (de)construction. Employees have become subject to research on an individual level, while the findings are projected on a collective organizational level.

It was not reasonable for us that these individual as well as external factors stay unnamed in many academic works, in case even distorting the analysis and respectively findings. We included for that reason relevant factors of the case in the analysis to create an authentic and comprehensive picture, giving the reader a possibility to fully follow and evaluate our findings and conclusions independently.

Theoretical & Practical Relevance of Organizational Identity Research in Crisis

In our paper, we have reviewed a broad variety of concepts and models. Thereby we have not only considered organizations, but also taken into account theoretical perspectives on individual identity construction and different levels of analysis. The research on identification and in

particular identity construction is not new, but has gained conceivable momentum over the last years. As organizational identity construction is seemingly complex, many researchers have tried to conceptualize the process in more or less simplified models and concepts (e.g. Alvesson & Empson, 2008; Lührman & Eberl, 2007; Empson, 2004; Alvesson & Willmott, 2002). However, most models and concepts were developed based on healthy and possibly successful firms and we wondered if they are also applicable and meaningful in crisis situations.

We argue yes and no. The general assumptions concerning organizational identity and identity construction are also in crisis companies applicable. But there is a paradox or identity construction mystery. On the one hand, the defined sources of identification become less important for the employees in crisis situations as they increasingly disconnect from the organization. Thereby the management can exert limited identity regulation, because they simply do not have so much influence and power on the employees anymore. On the other hand, the employees also become increasingly sensitive towards behavior and actions of the management and other identity regulating forces in crisis situations. Thereby the management can benefit from the sensitivity and re-shape organizational identity easier and in this way, perhaps, construct a more beneficial organizational identity. The dimensions of organizational identity construction (Alvesson & Empson, 2008) and modes of identity control (Alvesson & Willmott, 2002), however, are equally applicable in crisis organizations as the general company setting usually remains the same regardless of the economic situation of the firm.

Besides the confirmative stance towards theoretical models, there is also a practical relevance of identity research in crisis companies. The practical usability might not be obvious on the first glance, but we are sure that this has valuable implications for business recovery. It holds the potential that even though a company is bankrupt and distinctive employees left before, new investors potentially have the chance to recruit former key workers back and build on the existing organizational identity and unify the remaining employees – even if this might require a new management to create credibility. In the investigated case, nearly all employees were surprisingly open to return to the company under the condition that a new management is introduced. This indicates how forgivable organizational identity can be; a valuable information for consultants, investors and potentially a new management.

Outlook

We have tried to contribute with this paper a small piece to the large identity puzzle, but there are many more to find by researchers and students around the world. In our theoretical framework and investigative analysis of the case, we have indeed encountered and identified various other pieces of the puzzle that we had liked to focus on, but could not due to time and space restrictions. These puzzle pieces were mainly related to the employees and the levels of analysis. In fact, organizational identity (de)construction is obviously depending on a number of individual variables of the workforce; thereby high-skilled and low-skilled employees with different levels of involvement and responsibility showed different reactions to the crisis in our case. It could be interesting to conduct further research in this area in order to understand this phenomenon more comprehensively and in order to give consideration to a diversified workforce with individual experiences, education, understanding, inspiration and profession. We could also imagine that the external variables will find more attention in organizational identity research as they are secondary, but still relevant factors. Particularly in our case, the external variables had a conceivable impact on organizational identity construction and we are sure that it is the same with other organizations.

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