

# Does your organization have an unhealthy identity?

A case study of identity dynamics and organizational health

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# Abstract

- Title: Does your organization have an unhealthy identity?  
- A case study of identity dynamics and organizational health
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- Issue of study: The Swedish dairy company Vattnadahl is currently going through extensive changes, battling new market demands and internal reorganizations. As a consequence, the organization is facing challenges related to its organizational identity. From a theoretical perspective, organizational identity consists of an internal and an external part that together dynamically construct the identity. In case of an unbalance between the internal and the external part, there is a risk of impairing the organizational health. This effect is not, however, further investigated in existing theory.
- Purpose: The main purpose of this study is to gain insights into how a temporary disassociation between the internal and the external definition of organizational identity is affecting organizational health. Further, the sub-purpose is to illustrate Vattnadahl in the light of identity dynamics and from this investigate if those with power within an organization have greater influence of the identity balance.

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**Methodology:** This study was conducted from a qualitative and inductive approach and was performed as a case study at Vattnadahl. From this, collection and compilation of empirical data at Vattnadahl initiated the study. Subsequently, a literature study was conducted in order to explain the phenomena found at Vattnadahl. Finally, the case company was analyzed from an analytical framework developed by the authors.

**Conclusions:** Summarizing the study, it can be concluded that Vattnadahl has an unbalanced identity strongly influenced by their external image. Consequently, the organization is experiencing the dysfunction of hyper-adaptation, which is affecting their organizational health. This effect can be compiled into six unhealthiness factors; stress, frustration, confusion, lack of pride, anxiety, and lack of initiative. Furthermore, it can be concluded that those with power within Vattnadahl have a greater influence on the identity balance compared to other employees.

The thesis also provides a development of the construction of possible dysfunctions occurring from an unbalanced identity, by questioning the existing definitions and nuancing the concepts. The nuancing of the concepts is divided into two perspectives; a stakeholder perspective and a nuanced grading perspective. The stakeholder perspective implies that the dysfunction could differ depending on which stakeholder that is in focus of the analysis. The nuancing grading perspective indicates a possibility for dysfunctions to simultaneously exist, but in different strengths, such as softer or stronger.

**Key words:** organizational identity, identity dynamics, image, organizational culture, organizational health, hyper-adaptation, organizational narcissism

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Lund, May 28th, 2014

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# 1 Introduction

*This initial chapter begins with a short background of the dairy company Vattnadahl, followed by an overall introduction to the theoretical area of research. From this, the issue of study is presented along with the stated purpose and research questions. Finally, the chapter is concluded with an outline of the report.*

*Due to the integrity of the case company, some names have been replaced with pseudonyms.*

## 1.1 Vattnadahl

Vattnadahl, a Swedish dairy company with its origin in the region of Scania, has faced a series of changes over the past few years. In combination with increasing demands from both customers and consumers, the company went through a major transition in 2012 by changing its owner structure. Vattnadahl went from being a cooperative, owned by the local farmers, to become a subsidiary of the world's largest dairy company, Canapé (Vattnadahl, 2014a). This acquisition changed the reality for Vattnadahl over a night. The difference between being governed by the local farmers for almost 50 years, to rapidly embracing the structures and processes from a French multinational company, created challenges for the organization.

On a larger scale, the acquisition also changed the ground rules of the Swedish dairy market by changing the dynamics in between the rivaling dairy companies. Vattnadahl, who used to be classified as a small and local competitor, suddenly became a possible counterpart to the market leader Barly. With the extensive financial muscles of Canapé, Vattnadahl now has the possibility to initiate new strategic intents. However, these new ambitions also impose new challenges for Vattnadahl.

As the name indicates, Vattnadahl has a strong connection to the region of Scania, which is characterized by open landscape, widespread fields and a far-reaching farming culture. Within the region, the company holds a unique position accounting for almost 90 % of all the produced milk (Vattnadahl, 2014b). This illustrates the Scania inhabitants' commitment towards the company and the widespread brand recognition within the region. Vattnadahl has, since the cooperative was founded in

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1964, been an important part of the local culture and tradition. These unique geographical ties have historically been the backbone of Vattnadahl's message in their external communication. However, in order to succeed with the company's new strategic intents, the external communication is partially changing.

Furthermore, the internal culture of Vattnadahl has been affected by the undergoing changes within the market and the company. The culture of Vattnadahl is described by emphasizing a certain family spirit, a flexible work climate and hard-working employees. The co-workers at Vattnadahl express a pride in working for a company providing healthy, natural, local products contributing to a better life for both consumers and farmers in the region of Scania. However, lately, there has been a change in the atmosphere of Vattnadahl. Some employees express a certain degree of insecurity and highlight that the spark within the organization seems to have been lost. What used to be a joyful environment is now described, by some, as a workplace where people close their doors and focus on their own responsibilities.

In conclusion, with a changed owner structure and new market challenges, Vattnadahl currently is facing a reality characterized by higher pressure and greater uncertainty. Yet, the ambitions of the company are set high and the organization is expected to grow. In line with this, the management of Vattnadahl currently expresses the need to manage the balance of focus between the internal culture and the external brand when moving forward into new markets. Vattnadahl is now being questioned to a higher degree than they used to be, not only by its external stakeholders, but also from within. From this, the concern of Vattnadahl's organizational identity is raised, making the organization ask; *who are we as an organization after all the changes that have occurred lately?*

### 1.2 Theoretical area of research

Organizational identity concerns an organization's definition of itself and is often referred to the question of "*who we are as an organization*" (Albert & Whetten, 1985; Gioia, Patvardhan, Hamilton & Corley, 2013). Historically, the concept was introduced by Albert and Whetten in 1985 and was then defined based on the pillars of centrality, distinctiveness and enduringness. Later, the concept was stated by Gioia, Schultz and Corley (2000) as:

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*"[Organizational identity is] the collective understandings of the features presumed to be central and relatively permanent, and that distinguish the organization from other organizations"*

Gioia et al. (2000, p.64)

Today's increasingly complex business environment, characterized by critical scrutiny from external stakeholders, highlights the concept of organizational identity, claiming it is difficult for many organizations to maintain their identities (Albert & Whetten, 1985; Hitt, Keats & Demarie, 1998; Cheney & Christensen, 2001; D'Aveni, 2007, 1995). In line with this, Hatch and Schultz (2002) conclude the increasingly apparent factors of *access* and *exposure* to put pressure on organizations' identities. However, not only the aspects of access and exposure are highlighted as important factors attesting an increased pressure on identity. Also, the phenomenon of *organizational change* is considered closely connected to a changing identity. This linkage has been proved by historical research showing a clear interplay between the two concepts (Corley & Gioia, 2004; Dutton & Dukerich, 1991; Fiol, 2002; Gioia & Thomas, 1996; Reger, Gustafsson, Demarie & Mullane, 1994). Corley and Gioia (2004) describe change as particularly challenging for organizations, due to the large portion of ambiguity accompanying changes. Further, the authors argue that this ambiguity makes it increasingly challenging for employees to identify "*who we are as an organization*".

Further on, Hatch and Schultz (1997, 2002) state that in order to understand the concept of organizational identity, it needs to be put in relation to both an organization's *culture* and *image*. Defining organizational culture, Schein (2010) highlights the artifacts, the values and the underlying assumptions characterizing an organization, while image represents the external view of an organization (Gioia et al., 2013; Dutton & Dukerich, 1991). From this, the culture and the image of an organization could be considered essential for defining the *internal* and *external* definition of organizational identity, see figure 1. By this, Hatch and Schultz (2002) state the relation between identity and image as the basis for the external definition, meanwhile the links between identity and culture represent the foundation of the internal definition of identity (Hatch & Schultz, 2002).

*"Just as individuals form their identities in relation to both internal and external definitions of self, organizations form theirs in relation to culture and image"*

Hatch and Schultz (2002, p.997)

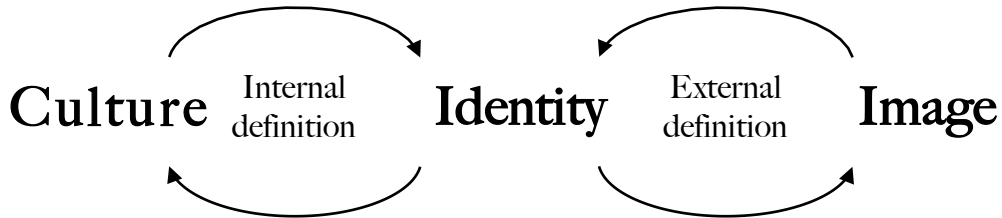


Figure 1 - The dynamics between identity, image and culture

In conclusion, Hatch and Schultz (2002) claim that organizational identity can not be defined without the input of culture and image. They state that dynamic processes linking the three concepts together construct the identity. These processes work together to “*create, maintain and change*” the identity of an organization (Hatch & Schultz, 2002, p.998). This is also supported by Jenkins (1994) claiming that organizational identity is created in the bond between its internal and external definition. In order for an organization to achieve a balanced identity, where identity is equally constructed from culture and image, it is essential to understand, and be aware of, the dynamics and the processes constructing the concept (Hatch & Schultz, 2002). Without this understanding, there is a risk for temporary disassociations between the cultural understandings and the view of the external stakeholders to appear. When this discrepancy occurs, the organizational health, defined as the organization’s ability to achieve its goals, is affected (Albert & Whetten, 1985; Hatch & Schultz, 2002). Practically, organizational health can be considered as internal factors helping organizations reaching success.

### 1.3 Issue of study

The issue of this study originates from the reality perceived within Vattnadahl. The company is currently going through major changes, which inevitably make them question who they are as an organization. In addition to this, Vattnadahl is a company with a strong organizational culture and great external recognition among its consumers. This makes Vattnadahl an interesting organization to be illustrated in the light of the dynamics between identity, image and culture.

From a theoretical point of view, the effect of temporary disassociations between the external and the internal definition of identity is of further interest to investigate. Although the fact that an unbalanced identity can impose tension on organizational health is underscored within existing theory, this fact is not further concretized. No research drawing conclusions regarding what kind of organizational unhealthiness

originating from an unbalanced identity construction can be found, making the relationship an interesting field of study.

In addition, Hatch and Schultz (2002) claim power to be an important factor influencing the dynamics of organizational identity. The authors highlight that organizational identity dynamics could be both facilitated and discouraged by powerful members within an organization. Although Hatch and Schultz (2002) clearly emphasize the influence of power, they also argue for further research within this area, making an empirical investigation of the influences of power a field of relevance to study. This issue is also appropriate to examine within the context of Vattnadahl since the managers of the organization, as earlier mentioned, currently experience difficulties of managing the identity balance when going through changes.

#### 1.4 Purpose

The main purpose of this study is to gain insights into how a temporary disassociation between the internal and the external definition of organizational identity is affecting organizational health. Further, the sub-purpose is to illustrate Vattnadahl in the light of identity dynamics and from this investigate if those with power within an organization have greater influence of the identity balance.

#### 1.5 Research questions

The following research questions are intended to be answered within the scope of this study:

- *What characterizes the identity dynamics at Vattnadahl?*
- *What kind of factors of unhealthiness can be found in relation to an unbalanced identity construct?*

#### 1.6 Outline of the report

To facilitate the reading of this report, the outline is summarized below emphasizing the content of each chapter.

##### *Chapter 1 - Introduction*

This chapter introduces Vattnadahl and the reality the company currently is operating within. Additionally, the theoretical area of research is presented, providing an introduction to the basic theoretical concepts that this study is based upon. Furthermore, the issue of study is presented, which continues with the purpose alongside the stated research questions.

*Chapter 2 - Methodology*

The second chapter covers the methodology of the study, emphasizing the critical choices made during the study performance. Throughout the chapter, the procedure performed by the authors can be followed. In addition, the trustworthiness of the study is discussed based on the criteria of credibility, transferability, dependability and confirmability.

*Chapter 3 - Case Study*

Within the third chapter, the case company Vattnadahl is described thoroughly. The chapter presents a short background about the dairy industry followed by a description of Vattnadahl and the environment surrounding the company. In particular, the chapter highlights various changes Vattnadahl currently is going through along with a description of how the company views itself. In alignment with the methodical approach of this study, the chapter is positioned ahead of the theory chapter.

*Chapter 4 - Theoretical foundation*

The fourth chapter presents the theoretical foundation of the study, focusing on the organizational identity dynamics and related theoretical concepts. Worth noting is that this chapter only presents existing theory within the topic, leaving possible reasoning and discussion of this to the following chapter of analysis and discussion.

*Chapter 5 - Analysis and discussion*

This chapter begins with a presentation of the analytical framework developed from the theoretical foundation. From this, the analysis of Vattnadahl's situation is performed, conceptualizing theory with empirical data in a structured manner. In addition, various thoughts discussing the results are presented throughout the chapter.

*Chapter 6 - Conclusions and final remarks*

In this final chapter the conclusions of the study are presented by including the results in a higher level of abstraction. By this, the aim of the study is answered in a clear way. Furthermore, some final remarks are presented in the form of recommendations for future research.



## 2 Methodology

*This chapter begins by discussing the chosen research strategy and research design. Subsequently, the selection of case is deliberated emphasizing the method of the empirical data collection, followed by a discussion of the procedure for the data analysis. Later, the method for collection and compiling theory is presented before finally discussing the procedure for overall analysis and discussion. The chapter ends by discussing the limitations and trustworthiness of the study based on the four criteria of credibility, transferability, dependability and confirmability.*

This study was conducted from a social constructionist point of view, thereby seeing reality as constantly shifting the construction of actors within it (Bryman & Bell, 2011). Consequently, an organization is seen to affect, and is affected by, its members. Furthermore, this study took an interpretive approach, meaning interpretations were seen as inevitable and thus the results can not claim to be objective (Bryman & Bell, 2011). On the contrary, objectivity is not seen to be possible in a socially constructed reality. Interpretations were constantly being made, and this issue was managed by embracing a methodology constantly questioning which and why interpretations were made, in order to avoid misinterpretations.

### 2.1 Research strategy

The overall aim of this study was to gain insights in the field of organizational studies that can be of use to practitioners and academia. Thus, the study emphasized the development of new theory rather than the validation of existing one. In order to achieve this aim, and to ensure a strong connection with the reality of the corporate world, the study was initiated by collecting empirical data. This data was, in a later phase, put in the theoretical context of organizational identity; therefore, the study was performed using an inductive approach. An inductive method is, according to Bryman and Bell (2011), the principal orientation to generate theory, which is aligned with the overall aim of this study. Following the inductive approach, an initial wide-scoped purpose and a set of research questions were formulated. During the forthcoming collection of empirical data, the purpose and the research questions were

constantly updated in order to narrow the scope of the study. When the empirical area of interest was decided upon, the final purpose and research questions were set.

Furthermore, the study intended to find phenomena in a social context and to gain insights and thorough understanding regarding organizational studies. However, the study did not intend to quantify, describe correlations or provide statistically significant generalizations. From this, a qualitative study was chosen based on the formulation of the overall aim, the social constructivist view, and the inductive approach. A qualitative study enables a focus on how individuals interpret their social world (Bryman & Bell, 2011), which was in accordance with the overall objective of this study. Additionally, Bryman and Bell (2011) argue that a qualitative approach is well-suited for inductive and interpretive studies.

## 2.2 Research design

In order to achieve a thorough understanding in alignment with the stated overall aim, a case-study approach was chosen. This choice enabled the possibility to go in depth within one specific case. According to Bryman and Bell (2011), the case-study design is closely connected to qualitative research, further strengthening this specific choice. The reason for this is the fact that a case study encourages an intensive and detailed examination (Bryman & Bell, 2011). Therefore, the design was beneficial for the aim of gaining insights and understanding within a particular area of interest, as this study intended to do. Furthermore, case studies can be performed as a single or multi-case study. This study was performed as a single-case study. According to Eisenhardt (1989), a multi-case study is preferred over a single-case study due to the fact that multiple cases can generate theory that is more valid than theory deriving from one single case. However, Piekkari, Welch, and Paavilainen (2009) state that a single-case study generates more depth and diversity in data compared to a multiple-case study. Piekkari et al. (2009) also claim that a single-case study has the potential to create or challenge existing paradigms, as it provides deep and contextual insights about the driving forces of phenomena. Since this study, as stated above, aimed to achieve thorough understanding rather than generalization, a high level of depth and diversity in data was required. Thus, a single-case study was considered to be a more suitable design.

## 2.3 Selection of case and critical choice of respondents

*“The first criterion should be to maximize what we can learn“*

Stake (1995, p.4)

### 2.3.1 Selection of case

Subsequently to selecting the research strategy and design of the study, the next step included the critical choice of case that could maximize learning (Stake, 1995). The selected case for this study, Vattnadahl, was presented in the introduction of this report. Vattnadahl constituted an interesting object of study due to the fact that the company had a unique position in the local market and a strong consumer loyalty. Furthermore, the company had recently gone through some substantial changes, both internally with a changed owner structure and externally due to new market requirements. These changes, in combination with the company's unique position and strong image, made Vattnadahl an interesting case to investigate and understand more in depth. Vattnadahl can therefore be considered an extreme or unique case in the field of organizational studies (Yin, 1989; Watson, 2009). The empirical study at Vattnadahl was conducted during two months, one and a half year after the owner structure changed and in the midst of new strategic intents.

### 2.3.2 Collection of data

Following the selection of case company, the process of data collection was commenced. Primary data, in terms of both interviews and observations, and secondary data were collected in parallel.

#### *Interviews*

Since this study aimed to gain deep understanding about Vattnadahl, an important method of collecting data was to interact with people within the organization and to interview them about their workplace. Thus, the employees' view of the organization in which they operate was investigated. An interview guide was created as a starting frame, and the interviews was conducted as semi-structured (Bryman & Bell, 2011). Semi-structured interviews were chosen in order to allow follow-up questions and alternating order of the questions. This flexibility was important in order to make the interviews as fruitful as possible. The subjects of the interviews were focused on the interviewee's view of the organization, which challenges and possibilities the organization was facing, the climate and the leadership at Vattnadahl. These topics further lead to the identified phenomena within organizational identity and organizational health. Due to the inductive approach, the interview questions were open in character with the purpose to let the interviewees express what he or she

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found most important and urgent. The interviews began with questions that made the interviewees comfortable with the setting, allowing for an honest and sincere climate. The data collection process was repeated alongside the interpretation of the collected data. Thereby, the interview guide was continuously updated to go more in-depth with the interesting phenomena discovered. Interviews were conducted until a certain degree of empirical saturation was reached, meaning until new interviews added little or no new insight to the study. This approach is well supported by Eisenhardt (1989).

### *Observations*

In parallel with the interviews, observations were conducted in order to gain a better understanding of the organizational context. The observations were carried out at the headquarters of Vattnadahl, observing the everyday work life in the office surroundings. This was performed by using the premises of Vattnadahl as a work place and interacting with the employees. Furthermore, participant observations were made at one management board meeting. All observations were unstructured and conducted with the overall aim to observe phenomena within the organization while they occurred, as a complement of the interviewee's perspective. According to Bryman and Bell (2011), observations provide more reliable information about events than interviews do. Therefore, the observations provided a reliable source for validating the interview findings.

### *Secondary data*

In addition to the primary data, a study of secondary data was performed to gain further knowledge about Vattnadahl. The secondary data consisted of annual reports, internal documents and newspaper articles. By conflating the secondary data with the primary, data triangulation was achieved giving this study greater confidence (Bryman & Bell, 2011).

### 2.3.3 Critical choice of respondents

The initial contact with the case company was made through three members of the management board. The data gathering therefore started off by interviewing these employees. Subsequently, these respondents were asked to provide contacts to further respondents that could be of interest for the study. These new respondents were in their turn asked to provide contacts to other respondents, and so it continued. Thus, a snowball sampling method was used (Patton, 1990). In order not to overlook employees that were not mentioned in the snowball sampling and that could be of

value for the study, supplementary respondents from various departments were chosen from observations.

In total, 19 interviews were conducted among 16 individuals, hence three of the respondents were interviewed twice. These respondents consisted of the initial contacts from the management board with whom introductory interviews were held, and these were later followed up by a second round. The 16 respondents interviewed originated from the management board, the marketing department, the product development department, the sales department, the legal department, the quality department, the consumer relations department and from operations. The respondents had various titles, included both men and women, and their time working within the company varied from a few weeks to multiple decades. The reason for this wide spectrum of respondents was to minimize the effect of a biased data collection. In total, five members of the management board and eleven other employees were interviewed.

#### 2.3.4 Follow-up observations

Subsequently to compiling the data from interviews, observations and the secondary data sources, the findings were presented to parts of the management board. The aim of this presentation was both to inform Vattnadahl, but also to observe their reactions. Thus, the presentation constituted an additional observation, which enabled the collection of more data in order to gain further insights into the company. The findings from this observation are presented in the end of the case study description.

### 2.4 Data analysis

Following the data collection, the empirical data was analyzed through an elaborated method. The primary data were analyzed through transcribing, followed by coding. However, due to the vast amount of data collected, the data gathering, the transcribing, and the coding were performed in parallel. As a result of the interpretive approach of this study, the data was interpreted throughout both the gathering of data and the data analysis. However, to enhance the accuracy of the interpretation and to ensure a critical perspective, the interpretations were continuously announced and discussed throughout the entire process.

#### 2.4.1 Transcribing data

As a primary step of the data analysis, the interviews were transcribed. Thus, possible interpretations were restricted in this stage of the analysis. Moreover, this way of

conduct ensured that the respondents' point of view came across clearly. It also prevented making cuts in the data too early and risk missing interesting phenomena.

Due to the inductive approach, not making early cuts in the data was seen to be of further importance since the initial research questions were broad and the interesting material thus was difficult to detect. However, in latter stages of the process, a deeper understanding of the material and the case itself had developed, consequently, cuts could be made in a qualified manner. From this reasoning, two late interviews were deemed as not adding any extra value and were therefore not transcribed. Consequently, a total of 17 interviews were transcribed.

#### 2.4.2 Coding data

Subsequently to transcribing, the interviews were coded. An initial set of themes was set up as a result of the first interviews. These were discussed, revised, and complemented during the entire data collection process. While coding the interviews, a continuous discussion and consulting of the coding took place internally. This was done in order to get multiple views on the interpretations being made. This method for coding data is well supported by Bryman and Bell (2011), emphasizing the importance of distinguishing different themes within the empirical data collected.

#### 2.4.3 Data analysis of observations and secondary data

Analysis of the empirical data collected from observations and secondary data sources were conducted in parallel with the transcription and coding of the interviews. Notes were drawn over time, and these were later compiled with the themes occurring in the interviews.

#### 2.4.4 Compiling the coded data

Following the coding, the data was compiled. As a first step of compiling, a refined version of the coding was conducted. Various themes were differentiated and clarified. Following this, the coded data were compiled into a text document and, from this, various concepts were detected. While compiling the text, both different interpretations and the relevance of the data gathered were actively discussed. The result of the first draft of the text was detailed and extensive in character. Later in the process, the text was successively concentrated, resulting in a shorter and more concise description of the situation at Vattnadahl. Further on, a large amount of quotes were taken from the transcribed interviews to present the data as accurately as possible. When the data was fully compiled, different empirical phenomena could be

outlined. These discovered phenomena could then be used to narrow down the theoretical field towards the areas of organizational identity and organizational health.

## 2.5 Collecting and compiling the theoretical foundation

Subsequently to compiling the empirical data, the process of collecting and compiling theory was initiated. In order to find information regarding theory and methodology for this study, several scientific journals and published literature have been used. These sources have been found through research on Lund University Libraries search service, LUBserach, and on Google Scholar.

Since the study was carried out from an inductive approach with a social constructivist view, a relatively focused literature study was conducted. This focused on literature with a social constructivist view on the concept of organizational identity. Although, other perspectives were examined and taken into account in the study in order to better understand the field of organizational identity.

The process of gathering theory continued until theoretical saturation had occurred. This approach is mentioned by Eisenhardt (1989) as an appropriate method when collecting theory for these types of studies. In this study, theoretical saturation was deemed to have occurred when enough theory was gathered in order to describe the empirical phenomena found. Towards the latter stages of the literature studies, iterations between the theory gathering and the data analysis were conducted. The purpose of this method was to align the theory and the data findings, and by that approaching the stated purpose of the study.

Furthermore, during theory gathering, an analytical model combining the concepts of organizational identity with image, culture, and organizational health was found. The "Organizational Identity Dynamics Model", further explained in chapter 4 *Theoretical foundation*, was developed by Mary Jo Hatch and Majken Schultz in 2002 and adopts a social constructivist view on organizational identity. In addition to research of articles related to the model, an email conversation with Hatch and Schultz was initiated in order to further investigate if the model had been developed since 2002. From this, it could be concluded that authors were not aware of such a development. Furthermore, the article is well cited among literature regarding organizational identity, giving it legitimacy as an analytical basis.

## 2.6 Conducting analysis and discussion

Following the iterations of compiling data and theory, the overall analysis and discussion were initiated. As an initial part of the analysis, the "Organizational Identity Dynamics Model" was restructured in order to be suitable for an analysis of Vattnadahl. The reason for this was that the theoretical foundation of this study was considered being at a too abstract level for conducting an analysis fulfilling the purpose. The analytical framework, further explained in chapter 5 *Analysis and discussion*, was created from reasoning and discussions regarding the theoretical concepts and the empirical data in this study, with the study's purpose in mind.

During the analysis, the concepts described in the analytical framework were applied on the situation at Vattnadahl, in order to highlight new insights. Constantly during this process, the analysis was discussed, scrutinized, and reevaluated in order to avoid a biased or misleading analysis.

## 2.7 Limitations and trustworthiness of the study

Even though all choices of methodology character have been carefully considered throughout the entire study, it is important to highlight some limitations related to chosen methodology. As a result of the qualitative approach, in combination with the constructivist view, the trustworthiness criteria by Lincoln and Gupta, mentioned in Bryman and Bell (2011), is well-suited for evaluating the research methodology. These criteria consist of credibility, transferability, dependability and confirmability, further discussed below.

### 2.7.1 Credibility

To enhance the credibility, meaning the credibility of the researchers interpretation of the social reality investigated, the study has been conducted using a triangulation approach (Bryman & Bell, 2011). By collecting data both from a wide range of interviewees and from observations as well as secondary data, a vast amount of data has been gathered. This allows for crosschecking results from different sources, hence enhancing the credibility of the study (Bryman & Bell, 2011). The credibility is further strengthened by the fact that literature conflicting the utilized theory has been considered, which is an approach that is emphasized by Eisenhardt (1989).

### 2.7.2 Transferability

Transferability concerns the extent to which the findings of the study's result can withstand in other contexts than the one that is researched (Bryman & Bell, 2011). As



stated earlier, generalizability was not the aim of this study. The strength of the case study method is not to generalize the findings to other contexts, but to give possibilities to understand the particularities of a complex situation (Bryman & Bell, 2011; Gummesson, 2000; Lee, Collier & Cullen, 2007). This reasoning could be further confirmed by the statement of Gummesson (2000):

*“To generalize is to be an idiot”*

Gummesson (2000, p.96)

Further on, Gummesson (2000) implies that a social context, as the case study describes, is far too liable to change, which makes it meaningless to generalize. However, by making a credible and thorough description of the business context and highlighting the structural relationships of the case, a contextual generalization can be achieved (Lukka & Kasanen, 1995). This study gives a deep description of the case and explains the particularities of it. Therefore, any organization with similar external and internal challenges as Vattnadahl can use the findings in their own context. In line with this reasoning, the theoretical propositions that have been developed in this study can be transferred to contexts where the practitioner finds the propositions valuable (Yin, 1989). This provides the study with an analytical generalization, generating a high knowledge contribution.

### 2.7.3 Dependability

The dependability criteria is concerned with whether or not a duplicate of the study would generate similar results, given the data collected in this study (Bryman & Bell, 2011). To enhance the dependability, Bryman and Bell (2011) suggest that researchers audit and keep records of their work continuously within the entire process. During this study, interview transcripts, interview guides, field notes and earlier editions of text documents have been saved to enhance the dependability.

### 2.7.4 Confirmability

Confirmability relates to objectivity, although with a focus on whether or not the researchers have freely allowed personal values, or theoretical inclinations, to affect the research conducted (Bryman & Bell, 2011). As mentioned in the introduction of this methodology chapter, this study is conducted from an interpretive approach, resulting in the consequence of possible subjectivities. This risk has been clearly defined throughout the entire process and all interpretations have been thoroughly discussed internally in order to minimize this phenomenon. By using an interpretive

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approach, it is impossible to completely avoid the risk, but however the consciousness is limiting the consequences (Bryman & Bell, 2011).

Despite choosing an inductive approach, it is important to notice that a certain amount of theoretical pre-knowledge was held internally, thereby incorporating a risk of affecting the interpretation of data. However, an inductive study is still deemed to be possible by having a high awareness of the effects this knowledge might have, and by critically questioning interpretations being made (Bryman & Bell, 2011).

# 3 Case study

*This chapter begins with a short explanation of the dynamics within the dairy industry. Subsequently, the background of Vattnadahl as an organization is described, followed by an outline of various changes the company has gone through lately. Thereafter, Vattnadahl's view of themselves is presented, both before and after the highlighted changes. Further on, a more thorough description of the way of working and the atmosphere within the company is provided. The chapter is finalized by presenting the findings from the follow-up observations within the management board.*

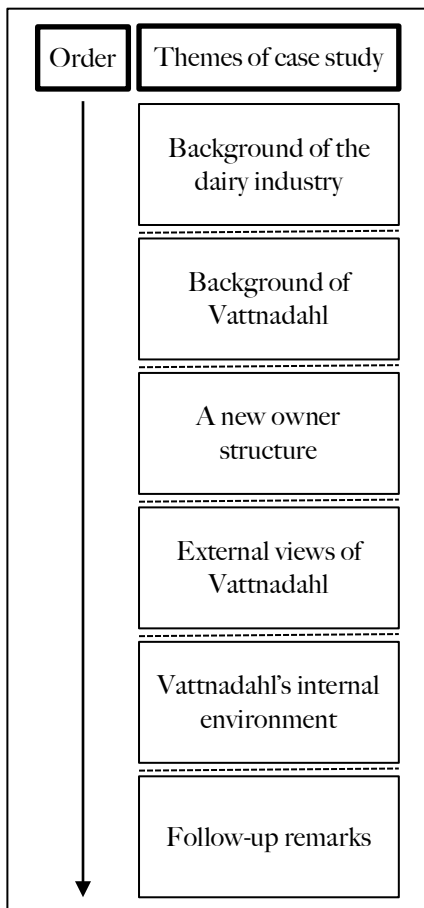


Figure 2 - Themes in the case study chapter

*Prior to the description of Vattnadahl commences, the order of the various themes in the description is illustrated in figure 2.*

## 3.1 The Swedish dairy industry

The history of the Swedish dairy industry is, to a large extent, characterized by the market regulation dominating the market between the early 1930's and mid 1990's (Gustafsson, 1992). Subsequently to the deregulation, several foreign companies have entered the Swedish market mainly from Denmark and Finland. Today, the industry is dominated by a few rivals constantly competing for market shares and transfer price to farmers. On a national level, the Danish dairy company Barly possesses the largest market share amounting to 70 %, while Vattnadahl qualifies in second place with a total share of 12 % (Holmström, 2014; Vattnadahl, 2014b). Further on, there also exist smaller competitors such as Blomgrens and Johanssons, acting on a more local level across the country.

The dynamics of the Swedish dairy industry has a lot of similarities with other fast moving consumer goods industries. Grocery stores, supermarkets, convenience stores and other retailers represent the customers for dairies, further selling the products to the end consumer. This dynamics is illustrated in figure 3. Consequently, a good relationship with both customers as well as consumers represents an important success factor within the industry. In order to obtain the bargain power needed to negotiate with major customers, it is essential to manage creating a clear consumer demand. Following this, strong brand awareness among consumers is a critical success factor characterizing the industry.



Figure 3 - Dairy industry dynamics

Another characteristic, defining the nature of the industry, is the inevitable character traits of the raw product, the milk. Because of health aspects, the milk needs to be refined into finished products within a limited number of days and the shelf life of the products is short compared to many other food products. This fact forces the dairy companies to sell their products as soon as possible after manufacturing, making it impossible to await better prices or hold products off stores.

### 3.1.1 Strong customers creates an increased competition

The bargaining power of customers within the industry is considered being strong. This, partly due to the dominance within the Swedish market, where Ica possesses 50 % and Coop holds 22 % of the total market shares (Karlsson, Spängs & Eriksson, 2013). Important factors, highly valued by the customers, are long-sightedness and forward planning. In an increasing extent, the customers strive towards long-term planning and therefore require dairies to deliver such plans.

Additionally, a relatively new phenomenon within the industry is the spread of private label products, meaning the larger retailer chains buy milk for packaging in their own branded packages before selling it to the end consumers. This new trend obviously affects the competition for the dairy companies and their own brands. Private label milk is often sold to a lower price, thus attracting end consumers from the lower cost segments who subsequently opt out the dairies' traditional brands.

### 3.1.2 Increasingly demanding consumers

Historically, the primary objective of the Swedish dairy companies has been characterized by delivering milk and other dairy products. The end consumer's demand has been described as relatively steady and predictable. Nowadays, the situation is somewhat altered.

*“Historically, our mission was to deliver milk to the consumers, whereas now it is more about managing to sell it”*

Management board member within Vattnadahl

This change of attitude among the consumers puts new demands on the dairy companies, forcing them to be more creative in coming up with new solutions and products. Every dairy has to fight for their position within the market by offering added value to the consumers, resulting in the challenge to differentiate their products and brand in the eyes of the consumer. Following this reasoning, innovation is a critical success factor characterizing the entire industry today. Commonly used dairy products, such as milk or cheese, are bought on a steady daily or weekly basis, and do not drive unexpected sales. Therefore, it is of importance to introduce new products driving additional business.

### 3.2 Vattnadahl

*The dynamics, challenges and changes in the dairy industry, explained above, give an understanding of the context Vattnadahl is functioning in. In the next section, Vattnadahl as an organization is introduced and the new owner structure is emphasized. The goal with this section is to give a sense of how Vattnadahl is structured, and which changes the company has been through lately.*

*“Vattnadahl: the small, innovative dairy company – loved by you!”*

Vattnadahl, 2014c

The vision of Vattnadahl well captures how the Swedish dairy company, founded in 1964, sees itself (Vattnadahl, 2014c). Vattnadahl mainly operates on the local market of Scania, in southern Sweden, and its products are a big part of the local tradition, possessing a market share of 90% within the region (Magnusson and Leyman, 2014; Vattnadahl, 2014b). The business is based on developing, producing and marketing milk- and fruit based products (Vattnadahl, 2014d), reaching a revenue of more than three billion SEK in 2012 (Manheimmer Swartling, 2012). Besides the signature

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brand Vattnadahl, the company also holds other brands such as Balder, Rocket, Helix, Rainbow and Tornado, all well-known across the country (Vattnadahl, 2014d).

### 3.2.1 Vattnadahl's organizational structure

Vattnadahl has approximately 600 direct employees, including about 50 officials working at the headquarters in Malmö. In addition to this, the company collaborates with 520 farmers in the south of Sweden, delivering milk to the dairy (Vattnadahl, 2014d). In figure 4, the organizational structure of Vattnadahl is displayed.

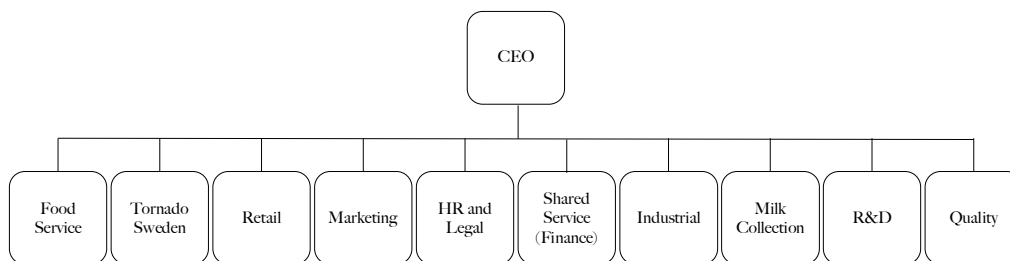


Figure 4 - Vattnadahl's organizational structure

The management board consists of nine employees, including the CEO. The retail department, the marketing department, the R&D department, the HR and legal department and the shared services are mainly located at the head quarters, while the other departments are either located at the dairy or at off-site locations.

### 3.3 A changed owner structure imposes new challenges

*A major transformation for Vattnadahl in recent years is the changed owner structure. Below, the background of the acquisition is described followed by changes imposed by the new owner.*

#### 3.3.1 From a farmers cooperative to a subsidiary of the world's largest dairy company

From the start in 1964, Vattnadahl was governed as a cooperative, owned by the farmers producing the milk. However, in 2011 this owner structure was questioned when Vattnadahl faced a serious threat due to limited financial assets and a fierce market competition (Magnusson, 2014). As a consequence, Vattnadahl initiated discussions with The Canapé Group, the world's largest dairy company with an annual turnover of around € 15 billion, further on referred to as Canapé (Bouckley, 2012; The Canapé Group, 2014; Mannheimer Swartling, 2012). These discussions

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further resulted in Canapé's acquisition of Vattnadahl during the summer of 2012 (Vattnadahl, 2014d).

A management board member claims the acquisition to have strengthened both the company's brands and its financial position.

*"Now, we are not that small compared to Barly anymore. We have now got completely new financial muscles."*

Management board member in Holm (2012)

Further on, a management board member argues that the new owner has changed the ground rules within the Swedish dairy market (Holm, 2012). Being owned by Canapé, Vattnadahl has got a different stability as a company, and the threat of being acquired by competitors is over.

*"Barly is not likely to overtake Canapé"*

Management board member in Holm (2012)

As a result of being acquired by Canapé, Vattnadahl experiences a new perspective on performance, structural changes and the enablement of growth, further explained in the three following sections.

### 3.3.2 Canapé gives a new perspective on performance and growth

One major change, following the transition from being a cooperative to being a subsidiary of the world's largest dairy company, is the evaluation of the financial performance. When governed by the farmers, the objective was characterized by a maximized transfer price for the milk, and often little financial means was left to excel new strategic initiatives. As a subsidiary of Canapé, Vattnadahl has to relate to new financial requirements. The current main focus is to deliver a stable cash flow margin and an organic revenue growth every month.

Another change, following the new owner structure, is the fact that the new owner continuously reinvests in Vattnadahl, enabling new strategic directions for the company.

*"It is gazillion times better nowadays. Canapé reinvests the money, which the farmers wanted to gain."*

Management board member

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Further, Canapé provides a strategic stability to the organization. According to some employees, the long-term growth perspective, combined with the improved financial situation, is making Vattnadahl a more interesting supplier to customers on a national scale. Vattnadahl is suddenly a counterpart to the market leader Barly, one interviewee exclaims. Moreover, since Canapé requires an organic growth in all their subsidiaries, the growth ambitions in Vattnadahl have got more attention lately. A management board member expresses this changed ambition:

*“The farmers were content selling our products only in Scania. The Frenchmen are not.”*

Management board member

### 3.3.3 Canapé gives new perspectives on processes and structures

Another change, following the acquisition, is the new structures, processes and demands imposed on the organization. As a consequence, Vattnadahl has been compelled to make changes in the personnel, resulting in a growth within the financial department, together with new employment of middle managers. Moreover, Canapé requires follow-up reports every month, where key performance indicators are thoroughly calculated. In order to get the correct figures, the employees allocate much time and effort for this matter. One specific example of this is within the marketing department, where a big difference has been noticed:

*“Canapé has much higher demands on analysis, strategy, research, consumer insight and market insight in the context of new market introductions”*

Employee

Related to this, employees claim that the reports, the market research and the control are slowing them down and that the amount of effort needed to complete them creates, on occasion, a frustration within the organization. However, the new processes are not only seen as a negative element by the interviewees:

*“Before we had a lot of different forms and follow-ups, now we have one system. It is worth its weight in gold!”*

Employee

Other positive effects of Canapé's new processes, expressed by the employees, are a more unite way of working, a focus on value-adding activities, a better knowledge about the financial figures and a higher commitment to announced plans. A



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management board member further senses a transition among the employees, from being opposed to the reporting, to actually appreciating it:

*“We were not used to report like that, so people became very frustrated, people were pissed off. [...] Nowadays, when they get the monthly reports, people are actually pretty proud.”*

Management board member

Although Vattnadahl technically is a part of large-scale Canapé, thus experiencing more standardization, the company does, to a large extent, continuously view themselves as a small, unestablished contender within the market. Many interviewees emphasize this particular aspect as a unique feature of the company. However, some contradicting views do exist within the company. One member of the management board expresses a view of Vattnadahl, not as the small sized company, but instead describes it as a part of the world’s largest dairy company. This employee emphasizes the largeness rather than smallness as a unique feature of the company. Hence, various interviewees offer different views of the company.

### 3.3.4 Canapé enables Vattnadahl to grow, providing new challenges

During the past five years, Vattnadahl has expressed a desire to sell more products outside the region of Scania. Before the acquisition, these growth plans were difficult to manage since Vattnadahl was considered being a small and vulnerable player in the market. With the new financial and strategic muscles of Canapé, this has changed. Nowadays, Vattnadahl’s goal is to expand their sales to geographical markets north of Scania, mainly to Sweden’s two largest cities Stockholm and Gothenburg. In the early of 2014, Vattnadahl made a major announcement in the regional newspaper, communicating this new strategic intent (Magnusson, 2014; Magnusson and Leyman, 2014). Among the employees, the intent is viewed positively and many of the interviewees see big potential for Vattnadahl. Even so, the employees recognize the initiative to impose new challenges for the organization, as the network and the brand recognition is considerably lower in Stockholm and Gothenburg compared to Scania. In order to succeed with this new strategic intent, changes in the market communication is required, forcing Vattnadahl to reevaluate the way they view themselves.

### 3.4 Vattnadahl's external communication

*The new strategic agenda, enabled by the financial muscles of Canapé, forces Vattnadahl to reevaluate their market communication and the way that they view both themselves and their position within the industry. In this section, the factors that have made Vattnadahl successful in their local market are described, followed by the new challenges imposed by the strategic changes.*

#### 3.4.1 A strong brand supported by the local consumers

Traditionally, the main message of Vattnadahl's products has been the local heritage and the natural ingredients. The word closeness is frequently expressed when describing what Vattnadahl stands for. This is further explained by closeness to the consumer, the local farmers, and also to the region of Scania itself. Scania has a turbulent history, which has shaped a strong sense of pride and regional identification among its citizens. Vattnadahl has been exceptionally successful in communicating the feeling of tradition and regional pride of Scania to the local consumers, which historically has been a great success factor. The strong connection with the region is also emphasized by interviewees:

*"We are fighters for Scania, we are Scania"*

Management board member

Furthermore, as a consequence of the strong local presence, the brand index is extremely high within the region, amounting to a score of 61,3 in comparison to Barly with a score of 17,4 in the same region (YouGov, 2014). Meanwhile being strong at the local market, Vattnadahl views themselves as the small and more easily accessible contender in comparison to Barly. Moreover, the company is associated with a sense of safety and trustworthiness, and consumers are seen to have a strong emotional connection to the company. One interviewee expresses that there is an amazing genuineness and honesty about Vattnadahl that the consumers have difficulties to resist, separating the company from its competitors:

*"The consumer has a strong feeling for the small and nearby dairy, not big bad Barly"*

Employee

An illustration of Vattnadahl's strong brand recognition and the high commitment from local consumers was clearly visualized in 2009 when local grocery stores started to neglect their products in benefit for the larger competitor Barly. As a consequence of this, local consumers initiated an extensive campaign in social media, in

combination with organized demonstrations outside stores (Borgström, 2010). These actions resulted in a public outcry on Facebook, leaving Vattnadahl with an extremely large amount of *likes* and *followers*, which made the company one of the leading companies of the food industry within social media. The large-scaled demonstrations, indicating the consumer's passion for Vattnadahl, forced the grocery stores to finally take back their actions and once again offering the local Scania brand.

Furthermore, in order to investigate Vattnadahl's market communication, it is also of interest to describe how Vattnadahl presents themselves on their website. Accordingly, the company describes their business through the parable of a good old-fashioned three-legged milking stool, resting on three sturdy legs; presence, taste and health (Vattnadahl, 2014d). By presence, Vattnadahl emphasizes the importance of both local production and close relationships with the consumers, where the company is able to rapidly adapt their business to shifting demands. Taste elucidates the quality concern, where the taste of the product is an essential parameter. The third leg, health, demonstrates the importance of health awareness supported by Vattnadahl. The company encourages a healthy lifestyle, where nutrition is one important component, regarding both their consumers as well as the animals involved in their value chain (Vattnadahl, 2014d). Furthermore, as the company's vision indicates, innovation is an important part of the business at Vattnadahl (Vattnadahl, 2014d). The organization emphasizes the value of an entrepreneurial spirit and argues for the benefits of developing the products of tomorrow, already today.

#### 3.4.2 New consumers require new market communication

*Subsequently to describing the background of Vattnadahl's external communication, it is of interest to further describe the challenges imposed by the new strategic intents.*

When entering new geographical markets, Vattnadahl needs to align their communication to the values and needs of the new consumers. These consumers do not have the same local connection to Vattnadahl as the traditional consumers. This has initiated discussions of changing the market communication from the previous close connection to the farmer towards new values related to health and wellness.

In addition to adapting the brand communication strategy, in order to capture consumers on a national level, Vattnadahl has formulated a strategy to attract the age segment of 12-25 year olds. This segment has historically been characterized by lower interest in dairy products, making them an interesting target for Vattnadahl to

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capture in the direction of its growth strategy. Similar to the potential consumers within the new geographical markets, this age segment has different values compared to the traditional consumers and they need to be addressed in another way. From this reasoning, Vattnadahl is planning a new campaign where health, fitness and raised self-esteem for young people are in focus. Furthermore, this segment, in particular, requires a new way of interaction. As a consequence of this, Vattnadahl emphasizes the importance of social media as one of the primary marketing channels.

Following the specific incident in 2009, described earlier, Vattnadahl has continued using social media as a primary communication channel and today the company is present in various forums. Compared to other competitors, Vattnadahl currently has a more developed and successful profile within social media, thereby enabling them to maintain a close communication with their consumers and continue to strengthen their brand. However, this close communication with their highly committed consumers also comes with high pressure. If the company acts in a way not approved by the consumers, Vattnadahl, and all of their followers in social media, are likely to know about this since their various profiles will be filled with negative comments. Thus, alongside the positive aspects gained from the close relationship with their committed consumers, Vattnadahl also experience an increased vulnerability as a result.

Both the new geographical and demographical growth strategies impose new challenges for the company. The communication needs to be adjusted towards the new consumers, meanwhile staying true to the traditional consumer groups. Some employees see potential for Vattnadahl to move in a new direction and believe the close association with Scania can provide other values for consumers outside of the region, who might view Scania as a positive and slightly exotic part of Sweden.

*“You can say Scania is a bit like Provence in France”*

Management board member

However, some express a concern regarding the ability to combine the old core values of closeness and trustworthiness with the new demands of the emerging consumer groups.

*“It can not only be commercial, superficial and about pushing out products. The consumer will not buy it in the long run.”*

Management board member

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The challenge of being attractive for new consumers meanwhile staying true to old values, and the split views within this task, are illustrated within a debate currently taking place within Vattnadahl. This discussion is further explained in the section below.

### *The challenges illustrated by an ongoing co-branding debate*

The company was an early and successful adopter of co-branding, meaning placing their logotype on their subsidiaries' products, together with the logo of the subsidiary itself. The aroused debate in this matter is based on the fact that Vattnadahl highlights one of their core concepts to be the origin of the milk. Thus, they emphasize that all milk from Vattnadahl is Swedish. However, this is not in line with the concept of all of their subsidiaries, making the situation of co-branding problematic. Since the year of 2013, Vattnadahl has been selling quark through Tornado, one of their subsidiaries. In doing this, Vattnadahl has placed their own logotype next to Tornado's. This initiative has led to a certain degree of confusion among the consumers based on the fact that Tornado's quark is produced from milk originating from Germany. Consequently, the consumer gets confused whether all products with the Vattnadahl logotype solely contains Swedish milk, or if it also can contain milk from other countries. From this, the opinions of co-branding are many and scattered. During the new launch of Tornado's quark product a few months ago, the logotype of Vattnadahl was removed, a decision that created a heated debate within the management board.

Continuing the discussion of the origin of the milk, some interviewees emphasize the importance of Swedish milk as an aspect separating Vattnadahl from its competitors, who increasingly more uses foreign milk in their products. Meanwhile, others see great business opportunities in using the Vattnadahl logotype on products containing foreign milk, such as the quark. One interviewee explains that the choice of direction regarding this issue is currently one of the company's largest challenges. There is a fine line, and a risk of losing our credibility, the interviewee continues. Others have a stronger made up mind and claim co-branding on foreign products not to be a possible solution at all.

*“As I see it, this goes against our vision and our core values”*

Employee

One of the reasons brought up against the co-branding is the confusion it creates within the sales organization. And, if the salespeople are not sure about the meaning

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of the logotype, it is even more problematic for the consumers to perceive what Vattnadahl actually stands for. The internal decisions regarding co-branding have not been properly communicated to the salespeople, thus the salespeople come up with their own ideas about the logic behind this strategy. Consequently, different ideas and stories are communicated to the customers, and by extension to the consumers, resulting in ambiguity and confusion. One employee expresses:

*“What do we really stand for?”*

Employee

3.4.3 New customers require argumentation and long-term perspective  
*Above, the new requirements of the consumers are described. Subsequently, it is of interest to continue by describing the customers, who puts additional pressure on Vattnadahl.*

The relationships with the local customers in Scania have been built up over decades. While a grocery store has been passed down through generations, the cooperation with Vattnadahl has lived on. Consequently, a strong relationship between the salespeople at Vattnadahl and the local customers has been developed. This bond, in combination with the strong local association of the brand, is highly beneficial for Vattnadahl in negotiations with customers. However, the new geographical expansion requires new relationship building for Vattnadahl. One employee expresses this new challenge:

*“I have built my network here in Scania during many years. I don’t have that network in Stockholm. Therefore, it feels like a completely new ground.”*

Employee

On the contrary to the well-established customers in the local market, the new customers in Stockholm and Gothenburg demand thorough analysis and strong argumentation of why they should choose Vattnadahl’s products. In order to obtain new customers, Vattnadahl needs to highlight possible profit and argue for the added value their products provide in comparison to other competitors’. Another important factor, demanded especially from customers in new markets, is a long-term perspective regarding strategy and product launches. This factor has, at times, been given lower priority at Vattnadahl. A recent customer survey with ICA highlights dissatisfaction from the customers regarding the planning horizon on new product

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launches, which came as a surprise for some employees. Concerning the result from this survey, one interviewee expresses:

*“We might view ourselves in a way that is not coherent with reality”*

Management board member

However, Vattnadahl has recently started working with long-term planning towards the customers. By this initiative, the company hopes to be able to better adapt to new customer requirements.

### 3.5 Structure, leadership and communication within Vattnadahl

*The new demands, imposed by customers and consumers within new markets, also have implications for the internal environment of Vattnadahl. In order to analyze these implications, the internal aspects of the company need to be more thoroughly understood. Below, Vattnadahl is described in terms of structure, leadership and communication.*

#### 3.5.1 A flexible and slightly unstructured organization

Vattnadahl prides themselves in being flexible, both regarding internal decision making and in releasing new innovations to the market. The organizational structure is considered to be flat, with few middle management positions and short decisions processes. Furthermore, Vattnadahl is viewed by the employees as fast-moving, flexible, entrepreneurial, initiative and not very bureaucratic.

*“We solve problems as they appear [...] it is a great asset to be able to make quick decisions and go with your guts”*

Employee

Several employees consider the rapid decision making and the flexibility as unique features of Vattnadahl, giving the advantage of being first to market with new products and marketing campaigns. However, these features are not only considered positive within the organization. Some interviewees claim that they make Vattnadahl unstructured, resulting in a turbulent work environment. Employees state that some people thrive in a shifting environment, while others do not feel comfortable at all.

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*“Going pass the rulebook can be a nice way out in many situations, but at the same time it can be confusing. I also think that some types of personalities cannot really handle it.”*

Employee

The turbulence described is further exemplified by uncertainties in both role descriptions as well as the mandate and responsibilities in decision making. At Vattnadahl, decisions are made quickly and often in an informal manner, rather than in a structured way. Related to this, employees stress the decision-making processes often to be unclear, making it confusing to know who should, and who has the mandate to, make decisions. This further causes a certain degree of frustration among some employees.

### 3.5.2 An ambiguous view of the organization's leadership

The employees describe the leadership style at Vattnadahl as firm and somewhat indistinct in general. Some individuals express a variation of flexible and detail-oriented leadership, resulting in a degree of uncertainty among the employees.

*“At one moment, it’s very free. You are supposed to take responsibility and stand up for your achievements and failures. Then, sometimes, it is very detailed controlled as well, managers telling you what to do. It is a little bit of both.”*

Employee

The fact that the leadership style differs between various occasions, and also between different departments in the organization, make the employees uncertain of how much own responsibility they are expected to take on. A further consequence of this is the fact that some of the employees express they loose commitment and ability of initiative due to the inconsistent leadership. A possible reason for Vattnadahl’s somewhat indistinct leadership may be the fact that managers often lack the proper leadership skills, expressed by one person within the management board:

*“If you ask the employees what they think of their boss, I think that you often would get the response that he or she is skilled and competent within their field. However not a very competent leader.”*

Management board member

Further, the leadership is stated to be authoritative, even too authoritative according to some employees. These expressions from employees can in some aspects be considered to contradict the views of the management board, which instead describes



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the leadership to be free, innovative and flexible. One senior manager describes Vattnadahl's leadership style by making the comparison with a typical Swedish, feminine leadership. By this, the person refers to a leadership style characterized by humility and sensitivity, with a relationship-focused orientation.

Another factor dominating the responses from employees is a certain kind of ambiguity and vagueness within the leadership, meaning it is difficult to keep up with the strategic fluctuations occurring within the company. The leadership is often not very well communicated, and with an inconsistency in strategy and decision making, this is mentioned as a problematic area among the employees.

*"Can you tell me what the expansion strategy look like? Is there anyone here who is able to do that? If you meet that person, you can send him in to my office so that I also can find out what strategy we have."*

Employee

Regarding the hierarchy and power distribution within the organization, there are different opinions. The general consensus within the management board is that the organization is flat and that no clear power structures exist between managers and employees. This, meanwhile some of the employees describe a top-down controlled organization, where managers make decisions controlling the employees.

### 3.5.3 A dominating management board leaves strong footprints

When asked about the organization's leadership, many interviewees directly refers to the management board, thereby making the lines in between leadership in general and leadership exercised by the management board difficult to separate. Some employees state the organization to be relatively centered around the management board and that these people occasionally are unwilling of delegating the power within the organization.

*"The management board often runs the show here at Vattnadahl"*

Employee

This quote is further reinforced by one employee stating that the management board would like to think that the decision making is delegated far down in the organization, although it actually is not. This individual expresses a concern for adverse effects that may become a consequence of this:

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*“I do not think this is good for the organization, it makes us less efficient than we could be”*

Management board member

Furthermore, employees find it difficult to get through with their own proposals and ideas in discussions with the management board. One employee states this to be almost impossible, unless really strong argumentation.

*“I do not think I have ever succeeded”*

Employee

An additional clear characteristic of the management board, described by the employees, is a general impatience clearly shown through verbal as well as physical communication. This is often shown by the fact that the management board pushes various parts of the organization to increase the speed of the work. A clear example of this is highlighted within the process of research and development, where the management board often pushes the process forward by delivering a wide range of proposals for new innovations themselves. Also within the marketing department a frustration is expressed as a result of this behavior. New launches are getting pushed through, making thorough planning impossible. This, meanwhile the reason for the pushed through launches is not properly communicated, causing frustration among the employees.

*“Why are we launching this instead of that? What just happened?”*

Employee

These fast-changed plans make it difficult to produce well-made launches and be able to feel proud of the results. Moreover, the confusion and inadequate information are passed on to the sales department, not being given the right prerequisites to sell the product. There is not enough time to plan, and the material from the marketing department is not sufficient.

*“We get frustrated, the market department gets frustrated and then everybody gets frustrated when we do not manage to successfully launch the product on the market”*

Employee

The management's view of the constant introduction of new ideas is innovative, while some employees claim it to be more short-term thinking.

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*“Vattnadahl has changed strategy as you would change underwear and shirt, there has not been any long-term perspective in this”*

Employee

Finally, the employees highlight the fact that, although they do not always agree with the new ideas and fast changes, they often prioritize these tasks above their everyday responsibilities. Clarifying this, the interviewees highlight a certain degree of fear if not following instructions incorporated by the management board.

*“Sometimes, it is difficult to say no around here”*

Employee

#### 3.5.4 Communication and cooperation

Even though the majority of the employees emphasize the importance of good communication between the different departments of the organization, there are diversified opinions of how well it actually works. There are tendencies showing that the various departments mind their own business without informing each other about the work process, leading to a certain kind of sub optimization.

*“There is a type of we-and-them-feeling within the organization”*

Employee

To overcome these problems, some departments have, in recent time, initiated more standardized processes for collaboration. The marketing department and the sales department are good examples of this new ambition. Also, internally within the sales department, there has historically been split visions that the employees now are trying to overcome by an increased continuousness of meetings and other kinds of internal communication.

Further on, many of the employees indicate that a certain kind of ambiguity could be linked to the communication from the management board to the employees. One employee expresses a concern regarding absence of information regarding, for example, reorganizations in staff. There is no one taking responsibility for this type of communication. Also people from the management board are aware of this phenomenon.

*“I do not think there is anyone feeling 100 percent responsible for the internal communication at Vattnadahl”*

Management board member

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The communication climate within the organization is by the interviewees described as tough. As one employee states, it is sometimes even more difficult to communicate internally compared to externally.

*“It feels like we have tougher discussions internally than we have with our customers. You constantly have to gain approval for your ideas internally.”*

Employee

### 3.6 The feeling of working at Vattnadahl

*With an industry in transition, and Vattnadahl’s changed conditions in mind, the following section aims to give a deeper understanding of what characterizes the atmosphere in Vattnadahl, what creates motivation and recent changes in the atmosphere.*

*“There are great people, great mentality and a great atmosphere”*

Employee

Vattnadahl is described by the employees as a fun company associated with values such as closeness, concern, health and innovation. Many positive aspects of the company are emphasized such as an enterprising spirit, a positive attitude and the willingness to seize new opportunities.

*“There is an indefinable, positive feeling within the company”*

Management board member

#### 3.6.1 A widespread family spirit

Several employees mention a family spirit when describing Vattnadahl. There is a great concern and consideration for each other among the employees, they further explain. The organizational members notice and support each other, both management and the employees.

*“It is a sort of love”*

Employee

Some interviewees mention the turbulent period in 2009, when local grocery stores stopped selling Vattnadahl’s products in favor for the market leader Barly, as an important factor strengthening the team spirit described.

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At the same time as this positive attitude and family spirit is described, the climate can be rather rough as well. One employee explains this further by comparing it to a real family; we care a lot, but it is tough love. However, this does not suit everyone, interviewees express while describing Vattnadahl as the kind of company where you either like the culture, or you do not. One senior manager expresses:

*“Honestly, I think there is a group of people that are a bit uncomfortable”*

Management board member

Furthermore, some people are claimed to have left the company as a result of not being comfortable to work in the existing culture. On the other hand, interviewees describe the company as a workplace where if you stay, you stay a long time. Many people have worked at Vattnadahl for decades, sharing both history and a sense of community.

### 3.6.2 A burning commitment

Several interviewees describe a high commitment and dedication within Vattnadahl. Further, they point out the employees at Vattnadahl in general, and the management board in particular, to be hard-working people. Some interviewees believe the strong working ethic to be related to the company’s farming roots. Others express a dedication for Vattnadahl in particular, claiming the company to be more than just a job for many employees. There are a lot of emotions connected to the company, one interviewee further states:

*“A lot of people sort of devote their heart and soul here”*

Management board member

When asked about what factors that motivate and create commitment within the organization, the answers are scattered. Genuineness, a strong brand, great products, and a high interest from the community are mentioned by several interviewees. In addition, many express a sense of pride in working for the company. Several interviewees describe Vattnadahl as a company in line with their personal values. Other more workplace related factors for motivation and commitment are nice co-workers, the possibility to learn new things and a high level of delegated responsibility.

### 3.6.3 Creating motivation

When asked about job motivation within Vattnadahl, some interviewees point out the fact that there are some enthusiasts, playing an important role in creating motivation and commitment across the company. Individuals within the management board are mentioned in specific as having a great ability to motivate the employees. However, concerns are raised regarding the fact that the ability to motivate the employees is focused to some specific individuals and their personal commitment, rather than within a thought-out strategy.

*“There is no explicit strategy on how to encourage and motivate people. I would say that we all run in parallel pipes. Finance run in their pipe, the management board run in their pipe, sales run in their pipe and there is nothing linking these pipes together, and I find that a bit odd.”*

Employee

Furthermore, the HR department within Vattnadahl is internally described as fairly anonymous. A stronger focus on staff-related questions, as well as more social activities to increase the sense of community, are requested by many of the employees. One interviewee expresses a concern regarding the fact that well-being of the employees is not prioritized on the company's agenda anymore. This, meanwhile the management board points out that the time available for HR-related activities has been scarce within recent years. The management board further expresses a hope that the plans for the geographical expansion will constitute a clear and graspable goal, which in extension will strengthen the commitment within the company.

### 3.6.4 A change within the atmosphere

When describing the atmosphere within Vattnadahl, several employees bring up a raised stress level. The atmosphere used to be more easy-going, but now the stress dampens it, one interviewee explains. There is a lack of clarity, which is time consuming and therefore creates unnecessary agitation. Employees are, at times, uncertain about their tasks and responsibilities, resulting in unnecessary productivity disruptions, thereby causing raised stress levels. Furthermore, many interviewees express a fear of being critiqued, punished and even losing their job. Colleagues have been let go without an official explanation, interviewees state, and by not knowing the reason behind these decisions it creates uncertainty and a level of fear among the employees.

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*“Am I going to be next?”*

Employee

This situation makes the employees inhibited and afraid of making mistakes. A level of resignation is brought up, explained as a tendency of people doing only what they are told to, continuously asking for confirmation to make sure they are not doing anything wrong. Thus, the employees are described as not taking the initiative and responsibility to push the company and new ideas forward. Some interviewees claim that the commitment, although it is still strong, has declined as a consequence of this fear. One interviewee further explains this declination as people not really having their heart in the work anymore. Old colleagues that used to laugh and have fun together are now staying in their offices with their doors closed.

*“In some ways the spark might be lost”*

Employee

Furthermore, interviewees express to be tired, stressed out and sleep deprived. Several employees claim the management board to be aware of these problems but still is doing little to resolve it. Managers do express a will of dedicating more time for appraisals and follow-ups of employee satisfaction surveys, although claiming there is not enough time available to make this a priority at the moment. Meanwhile, the management board expresses the importance of a strong internal brand and motivated employees in order to maintain the strong position externally.

### 3.7 Findings from follow-up observations

*In the previous sections, a description of Vattnadahl has been presented. As earlier mentioned in chapter 2 Methodology, the case study was finalized by follow-up observations with the management board. The key findings from this are presented below. The aim of this section is to give an insight into what the management board think is crucial for the company moving forward and to describe the ambiguous reactions from the management board when presenting the material.*

#### 3.7.1 Important factors for Vattnadahl to perform in their changed surroundings

According to the management team, there are a number of primary factors enabling a future success in Vattnadahl's new business environment. A first essential consideration being highlighted is the feeling of pride towards the company. As one member within the management team expresses, it is incredibly important to believe

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in the concept and the products representing Vattnadahl. The employees must be passionate about what they sell to customers and what they offer the consumers. Secondly, an important factor mentioned is being solution-driven, meaning taking actions on identified problems and work towards bringing the firm in approved strategic direction. Additional considerations highlighted by the management team are team spirit, support from nearest manager, and the importance of experiencing continuous success. With these factors fulfilled, the management team believes Vattnadahl to be able to achieve success in the new, more challenging, business environment.

### 3.7.2 The reactions of the management board

The fact that the employees express a certain degree of anxiousness in the atmosphere and an inherent fear elicits different kind of reactions within the management team. One of the members expresses well-developed understanding, saying he/she also has got this impression from various parts of the organization. This, meanwhile another manager at a similar position is surprised by these results, indicating that he/she has not got these indications at all before. Similar contradictory reactions within the management team can be observed when presenting other results from the interviews with the employees. Some managers show great understanding and consider the results being expected, while others, almost shocked, respond heavily to the results presented.

One phenomenon discovered causing strong reactions within the management team is the confusion among the employees concerning who Vattnadahl actually is. A couple of managers express a certain kind of frustration when presenting these results since it, according to them, should be clearly stated within the organization. However, there are also representatives from the management board who instead agree with this confusion regarding who Vattnadahl really is and which position the firm strives to achieve.

### 3.7.3 Summary of the case study

In summary, Vattnadahl is experiencing changes both in their owner structure and in their strategy as they try to expand geographically as well as demographically. In addition to this, the company operates in an industry characterized by an increased competition and higher demands from both customers and consumers. Furthermore, Vattnadahl has previously been described as the small and local contender within the market. This view is, however, challenged by the changed owner structure and their



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new strategic directions. Internally, Vattnadahl considers themselves to be a flexible organization with an, at times, controlling management board. On a more tacit level, a strong sense of community and high commitment are stated being characterizing features of Vattnadahl. However, a changing atmosphere and challenges regarding the internal climate can be observed within the company.

## 4 Theoretical foundation

*This chapter is initiated by a short introduction to the theoretical area of organizational identity by discussing the environmental factors of access and exposure together with the concept of organizational change. Subsequently, the “Organizational Identity Dynamics Model” is introduced, which forms the structure for the remainder of the chapter. Linked to the model, concepts such as image and organizational culture are explained, together with a thorough review of the model’s features. The chapter concludes by introducing the theory of organizational health and a summary of the chapter.*

### 4.1 A changing environment

Today’s corporate world is rapidly changing and the environment is, to a large extent, characterized by fast-paced competition in an increasingly complex context (D’Aveni, 2007, 1995). Sources of competitive advantage at one point can be replaced by new factors the following day (D’Aveni, 2007, 1995). In an article by Hitt et al. from 1998, the authors stress this transformation, with a basis in increased globalization and rapid technological development. Related to this topic, Hatch and Schultz (2002) highlight two important factors characterizing this new competitive landscape, namely *access* and *exposure*. In defining access, the authors refer to the fact that organizations, increasingly, expand their boundaries by establishing close relationships with their external stakeholders (Hatch & Schultz, 2002). A consequence of this, according to Hatch and Schultz, is a change in how organizations define themselves. This phenomenon is enhanced by the organization itself, expanding the organizational borders, but also by external stakeholders, who increasingly act as members of the organization. Combining these trends, it can be argued that external stakeholder groups are assigned with more and increasing access to organizations than they have been provided with previously (Hatch & Schultz, 2002).

By further arguing for the factor of exposure, Hatch and Schultz (2002) highlight the increasing degree of critical voices from media, constantly monitoring company’s actions and possible mistakes. Additionally, the increasing phenomenon of networking further enhances exposure. The fact that employees also could be put in roles of, for example, investors, customers, activists, and local community members,

further amplifies the exposure since the flow of knowledge and information across corporate boundaries increases (Hatch & Schultz, 2002).

Combining the factors of access and exposure, Hatch and Schultz (2002) argue for a number of implications following these. Increased exposure means that employees get more input from external stakeholders and increased access entails that, for example, the corporate culture becomes more visible and available for external parties to influence (Hatch & Schultz, 2002). From this reasoning, the authors conclude the factors of access and exposure, and the implications following these, to increasingly put pressure on organizational identities (Hatch & Schultz, 2002). Both Albert and Whetten (1985) and Cheney and Christensen (2001) further confirm this fact by stating that many organizations today perceive it difficult to create and maintain their identities when acting in an environment characterized by critical scrutiny.

In addition to above-mentioned factors of access and exposure, the phenomenon of *organizational change* is also mentioned as an important factor increasing the pressure on identity (Hatch & Schultz, 2002). Historically, this interplay has been proven by research indicating a clear connection between the two concepts (Corley & Gioia, 2004; Dutton & Dukerich, 1991; Fiol, 2002; Gioia & Thomas, 1996; Reger et al., 1994). Change is described as especially challenging for companies because of its inherent ambiguity (Corley & Gioia, 2004). Moreover, Corley and Gioia (2004) argue that this ambiguity causes difficulties for the organizational members to identify “*who we are as an organization*”. This situation is not preferable for individual employees or the organization as a whole, consequently affecting the organization to seek a solution to reset a more stable position (Corley & Gioia, 2004). This is the background and the context of a typical identity change.

From the reasoning above, together with the issues salient in Vattnadahl, the theoretical concept of organizational identity can be concluded to be a territory of current interest for both practitioners and academia (Gioia et al., 2013). Recent research highlights different ways of defining an organization’s identity, and related to this is the connection to both image and organizational culture. Considering the aim of this study, to gain insights concerning a temporary disassociation between the internal and external definitions of organizational identity, it is important to clarify the relations between these three concepts. Following the research by Hatch and Schultz (2002), this theory chapter therefore is constructed from the illustrating model named the “Organizational Identity Dynamics Model”, see figure 5. From this model, the

theoretical areas of identity, image, and culture are described, further followed by an explanation of the relation between the concepts together with a more thorough review of the model.

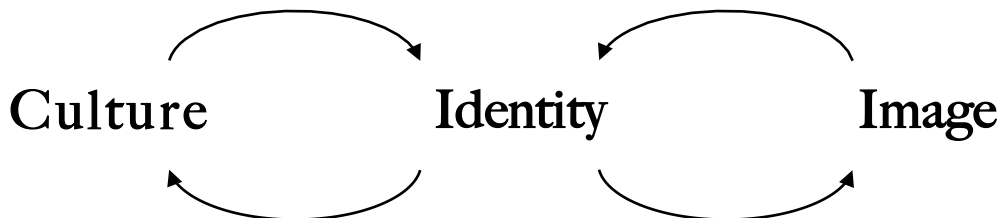


Figure 5 - The basic dynamic of the “Organizational Identity Dynamics Model” (Hatch & Schultz, 2002)

## 4.2 Organizational identity

*“Organizational identity is the members' collective, shared sense of who they are as an organization”*

Corley and Gioia (2004, p.175)

The theory of organizational identity was originally introduced by Albert and Whetten in 1985, stating the identity to be features that are collectively seen as central, distinctive and enduring within an organization. These three elements are also known as the three pillars of organizational identity, historically representing the foundation of the definition (Gioia et al., 2013).

Centrality, the first pillar, represents the features in an organization enabling the members to answer the question of “*who we are*”. The pillar consists of features that are central to the organizations’ self-definition, which could consist of products, services, values, practices, or labels (Albert and Whetten, 1985; Corley 2004; Gioia et al., 2013). These features are considered essential and without them the organization would not be the same anymore (Corley, Harquail, Pratt, Glynn, Fiol & Hatch, 2006; Gioia et al., 2013). Furthermore, Ashforth and Mael (1989) state these central features as the “soul” of the organization and according to Gioia et al. (2013) they are protected and unquestioned by the members, unless strongly challenged. Gioia et al. (2013) continue by giving the pillar of centrality extra importance as a defining aspect, or feature, of identity by stating;

*“[Centrality] has emerged as perhaps the most essential feature, simply because if there are no perceived central or core features, it is difficult to even conceive of the idea of identity”*

Gioia et al. (2013, p.126)

Distinctiveness, the second pillar, represents the features that differentiate the organization from other organizations (Albert & Whetten, 1985). In evaluating the distinctiveness of an organization, the members compare the core, or central, internal features with organizations that are comparable (Corley et al., 2006). Albert and Whetten (1985) describe that not all of the attributes in the definition of an organization's identity need to be unique, but rather it can be a set of attributes that distinguish the organization from others. Related to this pillar, Gioia et al. (2013) highlight a factor complicating the definition. Since the pillar of distinctiveness was introduced in 1985, organizations nowadays have come to operate in an environment highly characterized by benchmarking, resulting in organizations being less distinctive (Gioia et al., 2013). Yet, Gioia et al. (2013) state that this phenomenon does not affect the distinctiveness pillar of the identity concept. The rationale behind this statement is that distinctiveness does not have to be present in the eye of external parties, but rather within the minds of the organization's members. Contrary to this, the way in which external parties perceive the organization is called image, something that will be explained later in this chapter (Gioia et al., 2000). Gioia et al. (2013) conclude the scholar's discussion regarding distinctiveness by stating:

*“The fact that insiders believe that they have distinctive identities is one of the keys enabling the sense of identity itself”*

Gioia et al. (2013, p.169)

The third pillar, endurance, represents the aspect of stability and sameness over time of the identity concept (Albert & Whetten, 1985; Gioia et al., 2013). In order to define the identity in an organization, there needs to be some lasting or stable aspects to the question of “*who we are*” (Gioia, et al., 2013). However, the statement of identity as enduring has been widely debated by scholars, ever since the introduction by Albert and Whetten in 1985 (Corley & Gioia, 2004; Corley et al., 2006; Dutton & Dukerich, 1991; Gioia & Thomas, 1996). The question whether identity has an enduring character or whether it can be altered in shorter periods of time can be concluded controversial (Gioia et al., 2013). This lively discussion has resulted in the fact that there exists a breadth of research demonstrating evidence for possible changes of an identity over shorter periods of time (Gioia et al., 2013; Dutton & Dukerich, 1991;

Gioia & Chittipeddi, 1991; Gioia & Thomas, 1996). However, Gioia et al. (2000) describe that identity changes are not always conscious, but can occur in subtle ways. Members within the organization often prefer to view the organization from a stable point of view, even though it is changing, causing an unconscious identity change (Gioia et al., 2000). From this reasoning, several authors express the importance of focusing on whether the members within the organization perceive the identity as enduring, in advance for the question whether the identity really is enduring or not (Gioia et al., 2013).

As previously mentioned, this study is based on the social constructionist view of the identity definition:

*"[Identity is] the collective understandings of the features presumed to be central and relatively permanent, and that distinguish the organization from other organizations"*

Gioia et al. (2000, p.64)

According to this view, the perception of the enduring pillar can be formulated from the statement of that "*shared understandings are periodically renegotiated among members*", meaning perceiving the stability features from a more liberal approach (Ravasi & Schultz, 2006, p.434). Therefore, this social constructionist view of identity is considered being more dynamic in character.

#### 4.3 Image

While identity represents the way an organization sees itself, image describe an external view of the organization (Gioia et al., 2013). However, whether image is internally or externally defined, or whether it exists in communication between the organization and its audience, has been debated by several scholars (Schultz & Hatch, 2002; Alvesson, 1990). Alvesson (1990) describes organizational image as the impressions of an organization held by a particular group, thus indicating the image to be externally defined. However, an elaboration of the concept drawn from the definition made by Dutton and Dukerich in 1991 is labeled constructed external image and is representing another perspective (Dutton, Dukerich and Harquail, 1994). Constructed external image is described as how the internal members of an organization believe outsiders to perceive the organization (Dutton & Dukerich, 1991; Dutton et al., 1994; Gioia et al., 2013; Englund & Gerdin, 2012). Thus, constructed external image is internally created and defined by the members of the organization. Furthermore, Gioia and Thomas (1996) draw on the definition of constructed external image by distinguishing a present and a desired variation of it. In their

classification, present image represents the view described above as constructed external image, while desired image represents how the internal members of the organization would like outsiders to perceive them in the future. In summary, three distinctions of the image concept is applied in this study; *image* representing the external view of the organization defined by organizational outsiders, *constructed external image* representing beliefs held by organizational members regarding how organizational outsiders perceive the organization, i.e. what the organizational members believe the image to be, and *desired future image* representing the way organizational members would like the organization to be perceived in the future.

#### 4.4 Organizational culture

The concept of organizational culture has been frequently deliberated within the discipline of organizational theory over the past four decades (Alvesson, 2013; Bellot, 2011). According to Bellot (2011), no widely accepted definition of the concept exists, instead a large variation in descriptions of organizational culture can be found (Alvesson, 2013). However, some scholars have been frequently quoted for their attempts to find a suitable definition. Schein (2010) defines organizational culture as:

*“[Organizational culture is] a pattern of shared basic assumptions learned by a group as it solves its problems of external adaptation and internal integration, which has worked well enough to be consider valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems”*

Schein (2010, p.18)

Further, Schein (2010) identifies three different levels within organizational culture, depending on the degree of visibility to the observer; *visual artifacts*, *espoused beliefs and values* and *basic underlying assumptions*. These are illustrated in figure 6 below.

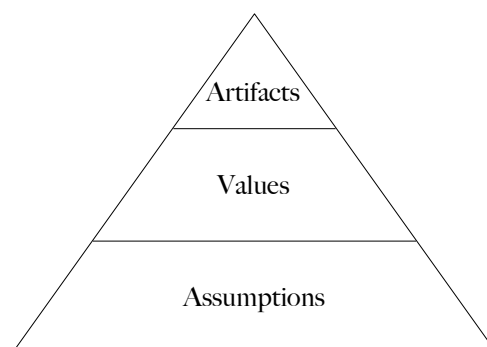


Figure 6 - The three levels of organizational culture Schein (2010)

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The first level, visual artifacts, includes the features being observable in character, such as dress code or physical behavior. This is contrasted by the second and third levels, which are more of a tacit nature withholding the deeper meaning of such observable behavior. The second level, values, includes the organization's rules of behavior and states how the members represent the organization. Finally, the assumptions of the third level are deeply rooted and often extremely difficult to change. These phenomena help group members to tell the meaning of things, define what to do and pay attention to, and even how to emotionally react in different situations (Schein, 2010). In accordance to this, Hatch and Schultz (2002) emphasize culture to give a sense of meaning to the organization, as the basic assumptions and values of an organization is a source of meaning for all employees.

### 4.4.1 Organizational culture versus organizational identity

Historically, the theoretical concepts of organizational culture and organizational identity have been found difficult to distinguish, leading to the fact that they have, to some extent, been utilized interchangeable (Alvesson, 2013). Although many scholars have acknowledged both overlaps and interdependencies between the two definitions, their interface was long left unexplored (Hatch & Schultz, 2002). However, in recent decades, scholars have made attempts to clarify this theoretical ambiguity. Hatch and Schultz identify three main distinguishing aspects in their publication from 2002. They claim that culture is more *contextual*, *tacit*, and *emergent*, while identity is seen to be more *textual*, *explicit*, and *instrumental* (Hatch & Schultz, 2002). Regarding the contextual aspect, Hatch and Schultz (1997, 2002) claim that culture forms the context within which identity is formed. The authors define culture as:

*"[Organizational culture is] the tacit organizational understandings (e.g. assumptions, beliefs and values) that contextualize efforts to make meaning, including internal self-definition"*

Hatch and Schultz (2002, p.996)

From this definition, Hatch and Schultz (1997, 2002) further claim that the formation and the interpretation of organizational identity are influenced by the organizational culture. In addition, Alvesson (2013) claims culture to be more internal, while identity has a stronger impact on the message the organization expresses to the outside world. Identity is more superficial and, therefore, it is easier to communicate and might also be easier to change compared to culture, which is both tacit and deeply rooted within the organization (Alvesson, 2013). As earlier mentioned, identity concerns the



question of “*who we are as an organization*” and especially who we are in comparison to others (Albert & Whetten, 1985). Thus, identity is relational by nature, meanwhile culture is independent of the outside world, distinguishing the two concepts (Ravasi & Schultz, 2006).

Referring back to the “Organizational Dynamics Identity Model” introduced in the beginning of the chapter, the concepts of identity, image, and culture are explained above. Subsequently, it is of interest to clarify how these three concepts are interlinked with each other, and by that further explain the dynamics of the model concerned.

#### 4.5 The Organizational Identity Dynamics Model

Combining the relationship between culture and identity with the connections between image and identity, Hatch and Schultz (1997, 2002) emphasize the importance of linking all three theoretical concepts together. From this reasoning, the “Organizational Identity Dynamics Model” was developed in 2002, presented in figure 7. This theoretical model explains how organizational identity is linked to cultural perceptions, as well as outsider’s images of the organization (Hatch & Schultz, 2002). The connections between the three concepts are explained by the processes by which organizational identity is constantly “*created, maintained, and changed*”, indicating the dynamic character of the identity conception (Hatch & Schultz, 2002, p.998).

*“The processes of [organizational] identity do not end but keep moving in a dance ...  
by all organizational stakeholders who join in”*

Hatch and Schultz (2002, p.1004)

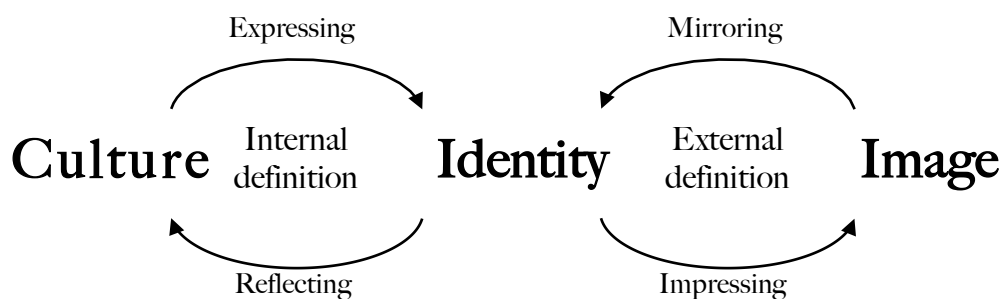


Figure 7 - The “Organizational Identity Dynamics Model” (Hatch & Schultz, 2002)

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The processes, illustrated by the four arrows in the figure above, create two different ways of explaining how organizational identity is an intermediary between image and culture. The first explains how image is influencing culture via identity, through the processes of mirroring and reflecting. The second way, how culture is influencing image, comprises the processes of expressing and impressing. These four interrelated processes together create the internal and external definitions of the organization's self, also illustrated in the figure. Furthermore, these two definitions combine to construct the overall definition of organizational identity.

### 4.5.1 The processes of organizational identity

In order to obtain a more thorough understanding of the model concerned, it is important to explain the four processes in further detail.

#### *Mirroring*

Mirroring is the process where organizational identity is influenced by the organization's image held by others (Dutton & Dukerich, 1991; Hatch & Schultz, 2002). The process of mirroring was introduced by Dutton and Dukerich (1991) in a study where they observed how an organization adapted their identity as a result of how outsiders perceived the organization. In line with this reasoning, Gioia et al. (2000, p.67) state that image has a "*destabilizing force on identity*" and by that, the image is compelling members to question and change the organizational self. Hatch and Schultz (2002) also emphasize the mirroring process by stating:

*"We believe that external stakeholder images are not completely filtered through the perceptions of organizational members. [...] Instead, traces of the stakeholders' own images leak into organizational identity."*

Hatch and Schultz (2002, p.995)

#### *Reflecting*

The process of reflecting is when the identity is embedded in the organizational culture (Hatch & Schultz, 2002). Following the previous process of mirroring, the image that has been mirrored in the identity is further interpreted in the context of organizational culture (Hatch & Schultz, 2002). These interpretations are considered inevitable since a part of an organization's self-definition rests in its culture. Furthermore, Hatch and Schultz (2002) state reflecting to be a process of triggering or trapping the organizational self into the internal rooted assumptions and values, meaning enclosing the identity within the organizational culture.

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### *Expressing*

The process of expressing is when the organizational identity is influenced by the expression of the organizational culture (Hatch & Schultz, 2002). Artifacts, values and assumptions that are part of the organizational culture, and by that the deeper sense giving of the organization, have the power to express influence over organizational identity (Hatch & Schultz, 2002).

### *Impressing*

Impressing is the process where the expressed identity influences how external stakeholders perceive the organization, thereby influencing the organizational image (Hatch & Schultz, 2002). Research by Rindova and Fombrun (1998), emphasizes the impression of identity to image by stating:

*“Projected images reflect not only a firm’s strategic objectives but also its underlying identity”*

Rindova and Fombrun (1998, p.60)

Furthermore, Rindova and Fombrun (1998) state that the impression of identity to stakeholders is not exclusively done by strategic communication from top management. On the contrary, employees and other organizational members can also transfer the identity to outside stakeholders, even if it is unintentional.

### 4.5.2 The internal and external definition of identity

With an increased knowledge of the four processes, it is subsequently of interest to explain the internal and external definition of organizational identity. As earlier mentioned, according to Hatch and Schultz (2002), the overall definition of organizational identity could be divided into its internal and external parts. The main difference between the two concepts is that the organizational members are conscious about the external definition but unaware of the internal one. As illustrated in figure 7, the external definition is embedded within the identity and the image of an organization. Being embedded in these two constructs, the external definition of identity is the part of the identity that is created in reference to outside stakeholders' view on the organization. Hatch and Schultz (2002) state the external definition of identity to equal the constructed external image, meaning the images the organization believes others to have upon them.

Moving on to the internal definition of identity, Hatch and Schultz (2002) state that defining the external definition is easier than defining the internal one. The authors

further highlight the fact that the internal definition and the external definition are separated, and that identity claims given in the external definition can not at the same time be given in the internal definition (Hatch & Schultz, 2002). The internal definition of identity is characterized as tacit in nature and embedded in between the identity and the organizational culture. As earlier mentioned, the concepts of identity and culture are similar in character, making the internal definition of identity complex (Alvesson 2013, Hatch & Schultz, 2002). Further, Hatch and Schultz (2002) state that the internal definition of identity is defined in reference to the culture, meaning that the internal definition of identity is of tacit nature. The internal self-definition is constituted in reference to the underlying assumptions and basic beliefs in the organization (Hatch & Schultz, 2002).

#### 4.5.3 The influence of power and communication

In the context of defining the four processes and the internal and external definitions of identity, Hatch and Schultz (2002) mention the influence of power and communication. By that, the authors highlight the fact that power and internal communication within the organization can have significant impacts on the processes of organizational identity. However, the effects are not thoroughly investigated.

*“The processes [of organizational identity] are open to more influence by those with greater power”*

Hatch and Schultz (2002, p.1004)

The authors further state that *“those with greater powers”* can influence the processes in various manners (Hatch & Schultz, 2002, p.1004). Since top management often makes the final decisions regarding new designs of logos or advertising, they influence which kind of cultural understandings that will be communicated to the outside world (Hatch & Schultz, 2002). Doing this, top managers influence the expressing and the impressing processes. Hatch and Schultz (2002) further elucidate a theoretical example of powerful managers not listening to market researchers, or other organizational members, in regards to which of the stakeholder’s images that should be incorporated in the culture. This situation leads to an effect on the processes of mirroring and reflecting.

Moreover, Hatch and Schultz (2002) emphasize the importance of internal communication when defining the organizational identity. By that, they claim that an effective dialogue between external stakeholders, managers and other organizational members contributes to a balance between identity, image and culture, enabling the

organization to thrive in a world of changing conditions (Hatch & Schultz, 2002). In regards to this reasoning, the authors also emphasize that managers with power can augment the various processes of organizational identity by encouraging an internal conversation that is open and constantly developing.

Moving back to the “Organizational Identity Dynamics Model”, the included elements are explained above. Further, it is, according to Hatch and Schultz (2002), of interest to clarify the various kinds of dysfunctions possible occurring as a consequence of an unbalance between identity, image and culture. From this, organizational narcissism and hyper-adaptation are explained, followed by a definition of organizational health.

#### 4.5.4 Dysfunctions

In constructing the model, Hatch and Schultz (2002) cited Albert and Whetten (1985) to highlight the implications that a possible disassociation between the internal and external definition can impose in an organization:

*“The greater the discrepancy between the ways an organization views itself and the way outsiders view it . . . , the more the ‘health’ of the organization will be impaired (i.e. lowered effectiveness)”*

Albert and Whetten (1985, p.269)

In accordance with this, Hatch and Schultz (2002) argue that such disassociation, or discrepancy, occurs when an organization neglects or denies the processes connecting identity, image and culture. The disassociation is a result of an organizational identity that is not equally constructed from both image and culture. With such unbalance of the identity construct, there is the risk for an organization’s health to be damaged and it is susceptible to dysfunctions.

According to Hatch and Schultz (2002), there are two kinds of possible dysfunctions that can occur in an organization characterized by an unbalanced identity; organizational narcissism and hyper-adaptation. As mentioned, these arise when an organization does not embrace all the processes constructing its organizational identity (Hatch & Schultz, 2002). If the processes of mirroring and impression are neglected, self-absorption and/or organizational narcissism can unfold. On the other hand, if the processes of reflection and expressing are neglected, loss of culture and/or hyper-adaptation may occur (Hatch & Schultz, 2002). The dysfunctions and the sub-

dynamics of the “Organizational Identity Dynamics Model” are illustrated in figure 8 below.

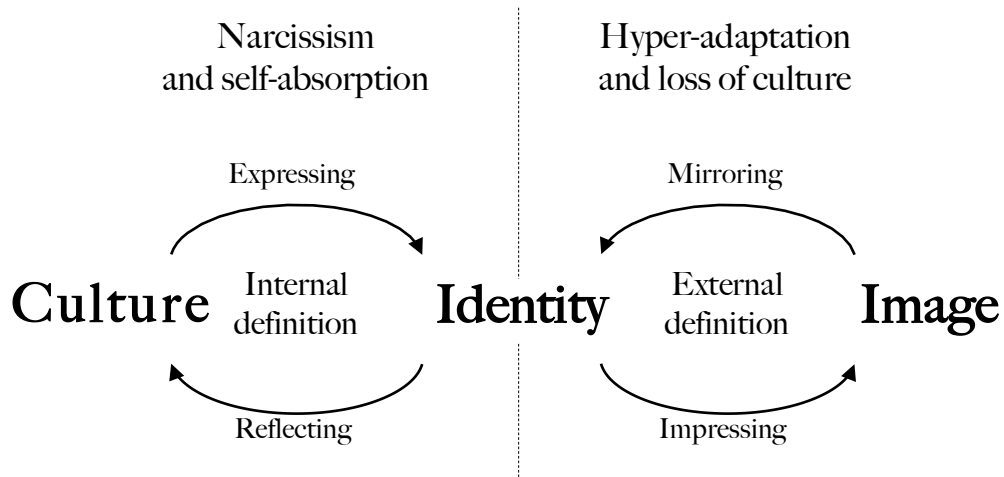


Figure 8 - Dysfunctions and sub-dynamics of the “Organizational Identity Dynamics Model” (Hatch & Schultz, 2002)

#### *Organizational narcissism*

Organizational narcissism is a dysfunction arising as a consequence of when an organization bases its identity solely on culture (Hatch & Schultz, 2002). This type of culture-based identity construction occurs when the organizational members do not listen to external outsiders, and instead base their identity only on expressions of cultural self-understandings. This makes the identity dynamics introverted and focused on internal beliefs. Hatch and Schultz (2002) acknowledge that it is often part of an organization’s culture to care for external stakeholders by, for example, expressing that the organization stands for a high level of customer service. However, if the organization does not listen to these stakeholders, the identity is constructed as a reflection of the expression of the cultural self. In this kind of situation the identity is solely constructed by the internal definition of identity.

*“We diagnosed the condition of being unwilling or unable to respond to external images as organizational narcissism”*

Hatch and Schultz (2002, p.1007)

Initially, the concept of narcissism was introduced on an individual level, describing an imbalance of personal identity. However, Brown (1997) made the connection between individual and organizational narcissism based on the mutual need for self-esteem. According to Brown (1997), a certain degree of narcissism is healthy for any

person, and any organization, but when the narcissistic traits reach extremes, it becomes pathological. The author uses social categorization in order to transfer the narcissistic attribute on an individual level to the organizational level and finally states six possible narcissistic traits for an organization; *denial, rationalization, self-aggrandizement, attributional egotism, a sense of entitlement, and anxiety* (Brown, 1997).

In the “Organizational Identity Dynamics Model”, organizational narcissism is developed as a consequence of neglecting, or never initiating, the mirroring process (Hatch & Schultz, 2002). Instead the identity is developed in a loop of reflection of self-expressions. A related dysfunction of this, according to the authors, is self-absorption, which could be formulated as a result of mistaking the process of reflection for the process of mirroring. This means that organizations are so eager about who they are that they lose track of what images stakeholders hold upon them (Christensen & Cheney, 2000). Furthermore, Hatch and Schultz (2002) state that this kind of behavior will eventually make external stakeholders lose interest and stop supporting the organization, and consequently turn to more engaging organizations instead. Finally, the authors also emphasize the fact that this kind of disassociation between image and culture is a temporary state in an organization.

*“Narcissism or self-absorption might occur for periods based in temporary disassociations between image and culture, but the dynamics of organizational identity will either correct the imbalance or contribute to the organization’s demise”*

Hatch and Schultz (2002, p.1010)

#### *Hyper-adaptation*

*“Just as stakeholders will turn away from extremely self-absorbed, narcissistic organizations, so we believe they will find they cannot trust organizations whose identities are built on image alone”*

Hatch and Schultz (2002, p.1012)

Contrary to the dysfunction of organizational narcissism, Hatch and Schultz (2002) state hyper-adaptation to occur when organizations gives external stakeholder too much attention and base the organizational self-definition exclusively on the images of others. The consequence of this is that the organization will lose track of who they are since their cultural heritage is ignored. Cultural heritage is instead replaced by a

constant, and extreme, adaptation to customer preference and market research. Hatch and Schultz (2002) state that this type of organizational behavior leaves the organization without meaning since the possibility to reflect on the basic assumptions and beliefs is not possible. Within the “Organizational Identity Dynamics Model”, this loss of culture is the result of full focus on the mirroring and impression processes, making the processes of expression and reflection suppressed (Hatch & Schultz, 2002).

In relation to the model, Alvesson (1990) highlights some examples of why the external definition of identity might be used as the single construct of the organizational identity. Alvesson (1990) states that, in the mind of managers, culture is replaced by the images held by outsiders, making culture vanish. Hatch and Schultz (2002), categorize this situation as a dysfunction in opposite to Alvesson (1990) who considers it to be a normal condition of an organization.

*“We conceptualize loss of culture as dysfunctional, questioning whether companies can remain reliable and engaging to their stakeholders over time without taking advantage of their culture’s substance”*

Hatch and Schultz (2002, p.1011)

Hatch and Schultz (2002) further state that the culture of the customer is getting increasingly more attention within the corporate world. When an organization's consideration of the market becomes the basis of deciding processes and structures, the organizational culture can be exposed (Hatch & Schultz, 2002).

As in the case of organizational narcissism, hyper-adaptation or loss of culture is not an everlasting state within an organization (Hatch & Schultz, 2002). Rather, Hatch and Schultz (2002) consider it to be a stage in the identity dynamics that are changeable. An example of such change is when organizations establish online communities where customers are encouraged to interact with the organization. Even if the organization's intent in this case is to impress the customers, the increased access and exposure makes the customer question the non-alignment between the unintentional cultural expressions on the community to the projected images (Hatch & Schultz, 2002).

Subsequently to stating the two various dysfunctions of an unbalanced identity, the “Organizational Identity Dynamics Model” is fully described. From this, it is of interest to move forward towards explaining the implications of an unbalanced



identity. Following the view of Hatch and Schultz (2002), the occurring dysfunctions are, as earlier mentioned, affecting the organizational health. Therefore, the following section addresses a theoretical basis of organizational health, emphasizing the meaning of the concept. This connection to organizational health is also accurate in relation to the issues observed within Vattnadahl, indicating that the organization is facing challenges in their internal environment.

#### 4.6 Organizational health

The concept of organizational health was originally introduced by Miles (1969) and is defined as:

*“A healthy organization [...] not only survives in its environment, but continues to cope adequately over the long haul, and continuously develops and extends its surviving and coping abilities”*

Miles (1969, p.17)

Within the theoretical field of organizational identity, organizational health is defined by Albert and Whetten (1985) as effectiveness. The effectiveness is expressed as the relationship between outputs and objectives within an organization (Burns, Bradley & Weiner, 2011). Steers (1977) defines this as “of the extent to which an organization achieves its goals”. This definition is well aligned with parts of the World Health Organizations’ (WHO) definition of a healthy organization, which is stated as an organization that achieves its goals (Burton, 2009).

Furthermore, WHO states that an unhealthy organization, or an organization with impaired effectiveness, can impose high stress levels, job dissatisfaction, lack of job commitment, burnouts and depression, consequently leading to business failure, i.e. not achieving its goals (Burton, 2009).

#### 4.7 Summary of the theoretical foundation

This chapter started by explaining the concepts of access, exposure and organizational change. These concepts are important to acknowledge in any organization, as they put pressure on the identity, image and culture in an organization. As a consequence, the dynamics between identity, image and culture, the so-called identity dynamics, were introduced as the theoretical foundation of this study. Identity is constructed in a constantly ongoing process between image and culture through four processes of mirroring, impressing, reflecting and expressing.

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Furthermore, the identity definition consists of two parts, the internal and the external definition. Internal definition of identity is defined in reference to the culture of an organization, while external definition is created in relationship to the image. When there is an unbalance, or a temporary dissociation, between the internal and the external definition, an organization can develop an organizational dysfunction; organizational narcissism or hyper-adaptation. These dysfunctions are seen as temporary, as they will either be corrected within the organization or cause the organization to fail, which can lead to bankruptcy. The reason why the dysfunctions cause danger to the organization is because of their effects on the organizational health, or the organization's ability to achieve its goals, in a negative way. In addition to this reasoning, it is stated that those with power within an organization has the possibility to augment both a balance and an unbalance between the internal and external definition of identity, and thereby potential dysfunctions and the effect on organizational health. In conclusion, it can be stated that the theoretical foundation is on an abstract and entirely theoretical level, making it difficult for an organization to grasp it in a more concrete way. Due to this fact, chapter 5 *analysis and discussion* is introduced by a discussion and concretization of the theoretical foundation.

## 5 Analysis and discussion

*The analysis chapter begins with a presentation of the analytical framework, developed in order to make a meaningful analysis of Vattnadahl. The remainder of the chapter is outlined from this framework, divided into four different steps.*

5.1 Creating an analytical framework from the theoretical foundation  
As an initial part of the analysis, the theoretical foundation of the study is restructured in order to be suitable for an analysis of how a temporary disassociation between the internal and the external definition of organizational identity affects organizational health. The framework, presented in table 1, is based on the theoretical concepts discussed and is designed to be appropriate with regards to the empirical material. The various areas of the framework are created in order to utilize the “Organizational Identity Dynamics Model” by Hatch and Schultz (2002) in a comprehensible way, and to further understand phenomena of organizational unhealthiness. In the table, the analytical areas are further explained in regards to the content and purpose of each area.

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Table 1 - Analytical framework

Step	Area of analysis	Content of analysis	Purpose of analysis
I	Organizational environment	The environment of the organization in terms of access and exposure, and their effect on organizational change.	To state if the organization's environment is stable or changing. If the environment is changing, it is of extra interest to study the identity dynamics of the organization.
2	Identity dynamics	The organizational expression of identity in terms of internal and external definition of identity.	To clarify the identity of the organization by distinguishing the internal and external parts of it. This is of importance in order to further analyze the balance of the identity dynamics.
3	Balance and management of identity	The balance between the internal and the external part of the identity definition, and the influence of those with power.	To conclude the balance of the organizational identity dynamics. In case of a discovered unbalance, a so called temporary disassociation, it is of further interest to analyse the possible effects on organizational health.
4	Organizational unhealthiness	Indicators of unhealthiness in an organization resulting from a temporary disassociation.	To state phenomena impairing organizational health, making the organization less able to fulfill its goals.

Important to highlight when applying the analytical framework is the fact that it is not a sequential process, meaning that the outcome of one analytical area is not necessarily the input of the following one. Instead, the purpose of each analytical area is to constitute a foundation for further analysis. In the forthcoming analysis, the numerical order presented above is followed and finalized by a short summary of each analytical

area. The analysis starts with step 1 in the analytical framework, Organizational environment.

## 5.2 Step 1: Organizational environment

*As presented in the table above, this first step of the analysis includes an examination of the organizational surroundings in terms of the increasing appearance of access and exposure forcing organizations to change. Accordingly, this section is divided into these subheadings and finalized by a short summary of this first step.*

### 5.2.1 Access and exposure

In accordance to theory, the factors of access and exposure are increasingly apparent in the environment surrounding Vattnadahl. A first important source of access and exposure is the strong brand held by the company. The high level of brand recognition and the explicit connection to the local market contribute with a genuine support, but it also causes a certain kind of vulnerability. The close relationship with the consumers results in the fact that Vattnadahl constantly is scrutinized and that the company operates in conditions characterized by high expectations. This puts Vattnadahl in a vulnerable position where they easily could make the consumers disappointed. Further on, Vattnadahl's widespread presence within social media amplifies the phenomenon described. The strong position on Facebook and other social media platforms gives the company an extra visible consumer support, but at the same time it also puts Vattnadahl's image under additional pressure due to the increased exposure.

### 5.2.2 Organizational change

In addition to the consequences of the strong brand and the established position within social media, making the factors of access and exposure increasingly obvious, various other factors within the market and the company itself forces Vattnadahl to organizational change. Primarily, the changing market dynamics, characterized by changed customer roles and consumer demands, is affecting the competition for all dairy companies. As mentioned before, old customers can today be seen as competitors due to the spreading phenomenon of private label products, making the competition within the Swedish dairy industry increasingly tough. Further enforcing the competition is the increased consumer demand, which affects the dairy companies to transform from solely delivering milk to actually selling it. By this, it is now increasingly important to convince the consumers that the products from Vattnadahl are the best option available in store. This puts extra pressure on a well-developed

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innovation culture and a functional market communication. Both the increased market competition and the changed consumer demands forces the dairy companies, including Vattnadahl, to organizational change and makes new key success factors visible within the industry.

Further on, in addition to the market changes, several internal changes within Vattnadahl can be highlighted. As a consequence of the new owner structure, Vattnadahl has made extensive changes within structures, processes, goals and the view of performance, which indicates a more comprehensive organizational change. Related to this, the initiative of new strategic intents, including expanding to new geographical and demographical consumer segments, further enhances the organizational change within Vattnadahl. As a consequence of these new intents, Vattnadahl goes from being market leader within their old existing segments to become a small player on the national scene. Naturally, this is a major change for the company.

### 5.2.3 Summary of step 1

In conclusion, it can clearly be stated that Vattnadahl is acting within an environment characterized by an increasing degree of access and exposure. In addition to this, the company is also currently going through significant changes due to changing market dynamics as well as new internal structures and processes. These conditions together put pressure on the identity dynamics of Vattnadahl, which is of interest to be further examined within the following steps of the analysis.

### 5.3 Step 2: Identity dynamics

*As presented in table 1, the second step of the analysis includes the reasoning of the organization's identity in terms of image and culture, leading to the internal and external definition of identity. Accordingly, this section is divided into subheadings handling the internal and the external part of the identity definition, and is further finalized by a short summary of this second step.*

When concluded that Vattnadahl's surroundings is putting pressure on its identity, it is of further relevance to analyze the identity dynamics of the company, including the internal and external definition of it. As stated within the theory chapter, the external definition is often easier to express and is defined as the constructed external image. The internal definition, on the other hand, is more complex and tacit, making it difficult to define in a first glance at a company. Therefore, this section is structured

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by first analyzing Vattnadahl's external definition of identity, followed by a discussion regarding the organizational culture within the company and finally the internal definition of the identity can be stated.

### 5.3.1 External definition of Vattnadahl's identity

The external definition of identity, how Vattnadahl believes, external parties to perceive them as an organization, can be derived from the material presented in the case study. The most distinctive factors, dominating the view, are the characteristics describing Vattnadahl as small, innovative and close to the consumer. By this, Vattnadahl believes that external parties perceive them as the flexible and agile contender taking up the fight against the major competitor Barly. Further on, it is interesting to highlight the fact that the employees at Vattnadahl strongly emphasize the connection to the geographical region of Scania in describing their perceived image. Expressly, they believe customers and consumers to think of them as fighters for Scania, which can be closely connected to the strong local presence. Finally, important image factors highlighted by Vattnadahl's employees are high quality and a concern for health and well-being. These could also be attributed to Vattnadahl's external definition of its identity.

In addition to the reasoning above, it is of interest to note that Vattnadahl still believes the consumers to view them as the small and local contender, highlighting these features as something that separates Vattnadahl from their main competitor Barly. This, despite the fact that the company nowadays is a part of the giant company Canapé. Consequently, within their constructed external image, employees at Vattnadahl seem to think that others view them as an isolated company rather than a part of Canapé. However, there are some contradicting views regarding this opinion internally. One employee describes the fact of being a part of Canapé as an important feature within the image of Vattnadahl, thus contradicting the image described by other employees. This contradiction between a perceived image of being the Swedish, local organization compared to an image of being part of the world's largest dairy company is of interest to highlight.

#### *Desired future image*

Further contradictions can be observed regarding which image Vattnadahl desires in the future. The desired future image is of interest as it affects the impressing process of the company's identity. Vattnadahl is now targeting consumers in new geographical and demographical markets and, as described in the case study chapter, these consumers have different demands compared to the traditional consumers. Thus,

Vattnadahl is now facing a crossroads regarding how much of their traditional image to maintain and to which extent they should adapt their image according to the demands of the new target groups. Some interviewees suggest that the image of Vattnadahl always should be closely linked to its farming roots and local heritage. Others strongly believe that the company needs to disassociate itself from their former image and instead be reinvented as a company, promoting health and wellness in order to attract a younger audience on a national scale. Still, others see potential for a more high-end, exotic image by suggesting Scania can be perceived as the Swedish version of Provence in the eyes of new consumers. These internal contradictions regarding desired future image are important to highlight as they, through the process of impressing and mirroring, affect the external definition of identity at Vattnadahl.

### 5.3.2 Vattnadahl's organizational culture

Moving on to the analysis of Vattnadahl's organizational culture, this is structured from the three levels introduced by Schein in 2010; artifacts, values and assumptions. At first, a clearly distinguished artifact within Vattnadahl is the Scania landscape consisting of open fields, farmers and cows. These types of illustrations dominates the internal communication and the decoration of the office building, making them part of the internal atmosphere. Also, continuously present in the internal surroundings of the company, is the Vattnadahl logotype. Internally, the logo is assigned with great power and high value. This could be confirmed by, for example, the decision of co-branding within the company, where the logo is further promoted. The employees have a high degree of trust in the logotype, making it an important part of the organization.

Further, continuing on from analyzing the more superficial artifacts towards the values within the organization, it is of importance to interpret the more tacit indications from the case study. This is well aligned with the theory earlier presented, emphasizing that the values are more deeply rooted than the artifacts. While conducting this analysis, important values within Vattnadahl can be stated as openness, humility, wellness and flexibility. In addition, members within the management board emphasize the value of taking on own responsibility and show a drive for action. This, meanwhile parts of the remaining employees claim an important value being obedience, referring to the fact that the employees are supposed to follow given instructions. This contradiction between the management board and other employees within the organization is a fascinating internal



phenomenon. How this discrepancy within the internal values is affecting the company is of interest to bring forward to latter parts of the analysis.

Finally, starting from the third level introduced by Schein (2010), assumptions, it is important to draw the analysis even one step further towards the tacit, deeply rooted factors interpreted from the case study. From this, important factors internally highlighted at Vattnadahl are fellowship and closeness to both the consumers and the farmers. In addition, interesting aspects are interpreted to be a certain kind of hard-working attitude alongside a character of disorganization. By this, the employees refer to a type of messiness associated with the internal leadership, communication and job allocation.

The above-stated categorization of Vattnadahl's culture is of value when further moving forward, analyzing the internal definition of the organizational identity.

#### 5.3.3 Internal definition of Vattnadahl's identity

As highlighted within the theory chapter, the internal definition of identity is defined in reference to the organizational culture. From the categorization of Vattnadahl's organizational culture above, the internal definition of identity therefore can be analyzed. Who Vattnadahl is, in relation to the defined culture, can be considered being characterized by the typical Scania feeling dominating the internal environment. Further, the unstructured, flexible approach is considered being central, in combination with a warm heart surrounding the organization. In addition, dominating aspects which may be suggested when interacting with the employees are a sense of down-to-earth-feeling and a certain kind of closeness. The humble attitude where the employees care for each other also becomes very clear within various observations and interviews. At Vattnadahl, there is a feeling that everyone is welcome to join in.

#### 5.3.4 Summary of step 2

To conclude step 2 of the analysis, regarding identity dynamics, it can be stated that Vattnadahl has a distinctive identity that defines who they are as an organization, even though there are clear indications on possible internal contradictions. The external definition of the identity is characterized by the image of a local, agile competitor on the market delivering products of high quality. This, meanwhile the internal definition is dominated by a team spirit, warm heart and hard-working employees. When constructing the internal definition of identity, the influence of Vattnadahl's

organizational culture is strong, indicating the internal importance of organizational culture.

#### 5.4 Step 3: Balance and management of identity

*As presented in table 1, the third step of the analysis includes an examination of the balance of the organizational identity. In addition, the management of this, in terms of power and communication, is analyzed. Accordingly, this section of the analysis is divided into these various themes and is further finalized by a short summary of this third step.*

Following the analytical framework and the reality of Vattnadahl, it is further of relevance to analyze the balance of the company's identity definition. The characteristics of Vattnadahl's internal and external definition of identity are discussed above, and from this it is possible to analyze the focus on the external versus the internal part. Is Vattnadahl's identity mainly dominated by the influence of the external definition or the internal definition, alternatively is the overall identity definition balanced between the two? The consideration of this issue is analyzed in the following section of the analysis. Within the theory chapter, two various types of dysfunctions occurring as a result of temporary disassociations are presented; organizational narcissism and hyper-adaptation. From these, Vattnadahl is analyzed in order to be able to highlight potential indications of each one of the dysfunctions within the organization.

##### 5.4.1 Organizational narcissism within Vattnadahl

According to Hatch and Schultz (2002), organizational narcissism occurs as a consequence of organizations strongly focusing on the internal part of the identity definition, thus giving inadequate focus to the external part. When an organization shows signs of narcissism, it is so caught up by itself, that it loses track of what its external stakeholder thinks about the organization. Within Vattnadahl, different phenomena indicating organizational narcissism can be observed.

A first indication of organizational narcissism is related to the fact that employees within Vattnadahl mention a recent customer survey revealing negative opinions from the customers towards Vattnadahl's planning abilities. When the organization became aware of that their new customers did not have the same view upon them as they had upon themselves, the organization was surprised. The fact that the customers require long-term plans and that Vattnadahl, historically, has not fulfilled this requirement is

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an indication of unwillingness to listen to their customers, and consequential organizational narcissism. However, the initiative of long-term planning within Vattnadahl indicates a commenced mirroring process. By starting to emphasize this process, the identity within Vattnadahl has been affected. Vattnadahl is not only known for their rapid market introductions, it is also a company that is able to set up long-term plans.

The reason why organizational narcissism has occurred within Vattnadahl can be multi-faceted, but one reason making the dysfunction surface recently is the transition from being a local supplier to becoming a nation-wide supplier. On the local market in Scania, the consumers seem to be associating themselves with Vattnadahl, making them less willing to buy products from other dairy companies. This indicates that the local customers, at times, oversee the lack of long-term plans since they are well-aware of the revenue Vattnadahl's products are contributing to their stores. Historically, it has been enough for Vattnadahl to deliver their products to the stores in order to make the consumers purchase and, presumably, making the local customers satisfied. Moving to the national scene, Vattnadahl needs to do more than deliver their products in order to get the dairy products sold. The consumers outside of Scania simply do not have the same perception of Vattnadahl, they do not value the company as fighters for Scania. According to them, Vattnadahl is just another provider of dairy products and the reason to purchase the organization's products is not stronger than the reason to purchase products from other dairy companies. Consequently, it is not obvious for the customers outside of Scania to choose Vattnadahl as a supplier. Vattnadahl's products do not generate the same success outside of Scania as it do within the region, and when Vattnadahl do not fulfill the requirement for long-term planning the customers becomes dissatisfied. This dissatisfaction can further result in a situation where customers turn away from Vattnadahl and start looking for dairy producers that are more engaging.

Moreover, the fact that Vattnadahl is acting from the hypothesis that customers outside of Scania have the same requirements as the customers in Scania, can be interpreted as self-absorption. Vattnadahl is caught up in their old ways of doing things, and they do not take in the views from their new national customers. Vattnadahl do not initiate a mirroring process based on the customers outside of the local region. This has made Vattnadahl self-referential in the sense that they, historically, have been so eager about their own strength as a company that they have lost track of what their new customers actually think about them. Recently,

Vattnadahl have understood the importance of actually listening to their new customers needs in order to capture them. In conjunction with this, Vattnadahl has also hired new key personnel that have previous experience of working on a national scene. This implies that the organization not only has initiated the mirroring process, but also acquired the personnel having the ability to understand, and change, the image others hold upon it. The new personnel do not have these self-absorption traits, making them questioning the existing routines and believes within the organization. In conclusion, these new employees are more likely to enhance the mirroring and impressing processes, counteracting the indications of narcissism. Even if there may be traces of narcissism left within the organization, for example it is not clear to which extent Vattnadahl actually is mirroring the image hold by their new customers, it can be stated that Vattnadahl is working actively to engage more with their new customers.

Discussing the concept of organizational narcissism on a higher level, the dysfunction can be argued to exist differently depending on which stakeholder that is the focus of analysis. In the case of Vattnadahl, there are traces of organizational narcissism through the analytical perspective of the new customers. If the analysis would have been conducted through another perspective, and instead focusing on the consumers as the base of analysis, the outcome is not as evident. From this perspective, Vattnadahl is performing a well-functioning mirroring process, embracing the image from their consumers in a way that make the stakeholders content. In conclusion, the case of Vattnadahl shows that arguments for self-absorption and organizational narcissism in one stakeholder's perspective can be seen as arguments for an identity in line with outsiders image from another stakeholder's perspective.

#### 5.4.2 Hyper-adaptation within Vattnadahl

According to Hatch and Schultz (2002), hyper-adaptation is a dysfunction occurring as a consequence of a company mainly focusing on the processes of impressing and mirroring, thus neglecting the internal definition of identity. Indications of hyper-adaptation can be found within several different areas of Vattnadahl.

A first example indicating hyper-adaptation is related to the internal innovation process. Vattnadahl prides them on being innovative. Thus, they have high focus on developing and launching new products to the market. Interviewees describe how new ideas are constantly being introduced and pushed through the internal product development process. Meanwhile, the reasons behind these new innovations are not

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properly communicated to the employees working with them. Furthermore, some employees claim that, as a consequence of the ambition to constantly introduce new products to the market in a rapid speed, these launches are not well planned and the ideas are not properly thought through. This behavior can be explained by the fact that Vattnadahl is highly concerned about satisfying various consumer needs. Furthermore, the behavior could be linked to the fact that Vattnadahl is, as stated earlier in the analysis, experiencing a level of uncertainty regarding what their desired future image really is. The company is trying to adapt to new consumers, hence also to new consumer demands, without having decided, and internally communicated, to which extent they should adapt their image. Instead they try to satisfy different consumer groups simultaneously. Rather than following a long-term strategy, the company constantly tries to foresee possible consumer needs, thus often changing direction. A similar behavior can be observed within the communication through social media. The company is striving to gain as many likes and followers as possible, meanwhile being unsure of what message they really want to communicate. Both within social media and through the new product launches, the company can be seen as overly adapting to different and volatile consumer demands. Thus, the company focuses on communicating values they believe will attract consumers, rather than values that are in line with the company's culture. This behavior can be stated as a sign of hyper-adaptation.

The ambition to impress consumers through social media communication and new product launches indicates a goal of building a strong brand in the eyes of the consumers. It is evident from the interviews that the brand is of high importance for Vattnadahl. This is exemplified by a statement from one senior manager, claiming:

*"We are our brand"*

Management board member

Furthermore, Vattnadahl has traditionally been very successful at building their brand, thus also gaining support from their consumers who value Vattnadahl and their brand. In example, this was illustrated by the incident in 2009 when Barly tried to push Vattnadahl out of retail stores and the consumers protested loudly. Since this incident, the close relationship with the consumers is of high importance for the company. Naturally, Vattnadahl wants to continue building their brand when entering new geographical territories on the national level in order to get similar support from their new consumer groups. Another possible reason for Vattnadahl having a strong external focus is the fact that they function in an industry

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characterized by the importance of holding close relationships with the consumers. The reason for this is that the consumers' willingness to buy is in strong relation to the customers' willingness to sell the products. Without support from the consumers, the negotiations with customers become challenging. This is another reason why Vattnadahl has a good reason for focusing on building their brand. However, in their strong external focus they also risk to lose track of the internal aspects of their identity. This can be seen from the fact that interviewees express that the employees are not as high up on the company's agenda as they used to be, indicating that the employees, and thus the culture, is not given adequate focus.

Further, also related to the fact that employees are not given the same attention anymore, it is of interest to reflect upon the organizational structure of Vattnadahl. The HR department within the organization can be considered being small and anonymous, while, for example, the marketing department is more outstanding, receiving more attention internally. This allocation of focus between the departments is, in itself, an indication of that the company invests more in external activities rather than internal initiatives. In extension, this could be considered contributing to the signs of hyper-adaptation observed within Vattnadahl.

### *Loss of culture within Vattnadahl*

As stated above, the culture is occasionally a lower priority compared to the image, which receives a high degree of attention internally within Vattnadahl. According to Schein (2010), the basic assumptions of a company, hence the deepest level of culture, is factors that have been proven right in the organization enough times to become unbeatable and a self-evident part of the way things are done within the company. Furthermore, Hatch and Schultz (2002) claim that over adapting towards the consumers' needs and wishes can lead to loss of culture, thus consequently leading to loss of meaning for the members of the organization. Within Vattnadahl, signs for loss of culture and loss of meaning can be observed as employees express that they do not really know what the company stands for and what values to associate it with anymore. Furthermore, important cultural aspects of the company such as the strong sense of community are not as strong as it used to be, although it is still present. Some employees state that their colleagues more often close the doors to their offices nowadays, rather than socializing the way they used to. A loss of meaning can further be observed by the fact that the employees not really have understood why the company constantly launches new products. Furthermore, being eager to please the consumers can make the company forget what they stand for, and consequently threatening the basic assumptions of the organization.

One apparent example of the above-mentioned issue is the internal debate around co-branding, illustrating an example of when Vattnadahl is so eager to please their consumers that they forget about their own core values. In this specific example, when Vattnadahl launched quark through their subsidiary Tornado, they co-branded this product, thus placing the logo of Vattnadahl next to Tornado's logo. However, the foreign raw milk within the quark made many of the employees upset, claiming it to be contrary to what Vattnadahl stands for. In this situation, the willingness to impress new consumers made Vattnadahl put their logo on a product containing milk that was not of Swedish origin, thereby going beyond their existing norms. Obviously, the Swedish origin of the milk was considered being an important identity claim within Vattnadahl that were not noticed within this situation. In a theoretical context, the impressing process was not influenced by the expression of culture in the identity construct. In addition to the neglected expression process, the employees got inadequate information regarding the rationale behind the co-branding of the quark, undermining the reflection process for the organization. Without information about the entire picture, it is challenging for the employees to reflect in a fruitful way. This further enhances the tendencies towards hyper-adaptation in Vattnadahl.

Finally, the indications of hyper-adaptation mentioned above could be discussed in regard of which external stakeholder to focus on. Although strong indications of hyper-adaptation towards the consumers can be observed within Vattnadahl, the company's customers express through a customer survey, that Vattnadahl does not adapt enough. It can also be interpreted from the interviews that the willingness to satisfy, and adapt for, the needs of the customers as well as the suppliers is not as prominent as for the consumers. This indicates that rather than hyper-adaptation towards all stakeholders, Vattnadahl is experiencing hyper-adaptation towards one specific stakeholder, namely the consumers.

#### 5.4.3 The influence of power and management

*Subsequently to the analysis of organizational narcissism and hyper-adaptation within Vattnadahl, it is of interest to move into the discussion regarding the influence of those with power in an organization. This because of the reasoning mentioned before, concerning both the theoretical and empirical interest of such relationship.*

According to Hatch and Schultz (2002), those with power within an organization have the ability to emphasize the focus on certain parts of the identity construct. Within Vattnadahl, the power can be considered being centered around the

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management board. This can be supported by a number of observed phenomena within the organization. Employees at Vattnadahl describe a firm leadership from the management board, characterized by strong opinions that can be difficult to argue with. Furthermore, the management board is considered being controlling at times and some describe them as “running the show” at Vattnadahl. Thus, the management board clearly has the power within the organization. From this fact, it is of interest to analyze which of the processes influencing the identity that are emphasized by the management board compared to the other employees within the organization. This, since the theory claims that the processes emphasized by powerful members are underscored when defining the overall identity of the organization. According to this reasoning, the behavior and focus expressed by the management board are analyzed in the following sections.

A first statement, observed from the interviews, is that the management board expresses some various indications of hyper-adaptation. The above-described behavior of pushing new products through the launching process is claimed by the interviewees as being initiated by the management. Related to this, employees express a dissatisfaction regarding this behavior and also a confusion regarding why some of these products even are being launched. This indicates that management emphasize a focus on the external processes of identity, impressing and mirroring, thus enhancing the tendencies towards hyper-adaptation.

Furthermore, zooming into the external definition of identity, some contradicting views on who Vattnadahl think they are through the eyes of their stakeholders, and who they ought be in the future, i.e. their desired future image, has been discussed in step two of the analysis. Interesting to note is that meanwhile most of the interviewees make identity claims related to the traditional image of Vattnadahl, as the local company with close connection the farmers and the region of Scania, it is exclusively people within the management board who represents the contradicting views. This indicates an ambition from the management to conduct impressing processes in order to change the image, and hence, the external definition of identity. An example of this can be observed related to the recently launched campaigns focusing more on health and well-being rather than the farming heritage. These kinds of impressing activities are not in line with the external identity held by the majority of the employees, causing unbalance and enhancing the disassociations of hyper-adaptation and loss of culture.



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Moreover, according to theory, the communication and collaboration within the company also have implications for which processes of identity that are being emphasized. Within Vattnadahl, employees express the raised stress level to constitute a barrier for communication. Furthermore, decisions made by management are not always properly communicated and nobody is in charge of the overall internal communication. Moreover, this can be interpreted from the fact that employees perceive the internal strategy to be unclear. By not prioritizing the internal communication, the processes of reflecting and expressing are given less than adequate attention, which amplifies the tendencies towards loss of culture.

### 5.4.4 Summary of step 3

Concluding the sections of organizational narcissism and hyper-adaptation, features indicating both of the dysfunctions can be found within Vattnadahl. However, the features of hyper-adaptation are more obvious within the organization, compared to the indications of narcissism, which are less distinctive. In addition, the indications of narcissism are currently highlighted within the organization, making the company paying attention to them and attempt to undermine them. Therefore, in conclusion, hyper-adaptation is the dominating dysfunction characterizing Vattnadahl, proved by the heavy focus on the external image, and the strong influence of the external definition in its identity.

Furthermore, the influence of power mentioned by Hatch and Schultz (2002) can clearly be illustrated in the case of Vattnadahl. The salience management board, possessing much of the power internally, is concentrating the company's focus on the needs and wishes of the external stakeholders, further enhancing the hyper-adaptation traits stated above.

### 5.5 Step 4: Organizational unhealthiness

*As presented in table 1, this fourth step of the analysis includes an examination of organizational unhealthiness caused by a disassociation between the internal and the external definition of identity. Accordingly, this section is structured by initially stating the health aspects needed in Vattnadahl to achieve its goals. Subsequently, the analysis concerns what kind of unhealthiness factors, in relation to the dominating dysfunction of hyper-adaptation that, can be found within the company, thereby preventing them to achieve their goals.*

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As described within the theory chapter, a healthy organization is an organization that has the ability to survive in its environment and that continues to develop over time (Miles, 1969). Further on, it is an organization showing effectiveness, meaning doing the right things in relation to its goals, and by that achieving them (Steers, 1977). By following the criteria of achieving its goals, the case of Vattnadahl is applied. In doing this, it is primarily of interest to state the most important factors needed for Vattnadahl to be able to achieve its goals.

### 5.5.1 Health factors needed for Vattnadahl to achieve its goals

The following factors are, in an interpretive manner, observed within the organization as aspects enabling for Vattnadahl to achieve its stated goals. It is important to notice that the actual formulation of the goals is not the focus of this analysis, instead it is the factors enabling the fulfillment of them that are of relevance.

#### *A burning commitment*

Within Vattnadahl, a genuine engagement among the employees is an essential success factor. The majority of the employees emphasizes, both explicitly and indicated implicitly, the fact that the employees put their soul into their work, making the organization achieve its goals.

#### *A strong belief in the organization*

Furthermore, a strong belief in the organization is considered being an important factor for the organization's effectiveness. This is specifically emphasized by the management team, highlighting that it is essential for the employees to be proud of working at Vattnadahl. The fact that the employees believe in the concept and the products representing Vattnadahl is essential for the company to achieve its goals.

#### *An urge of taking initiative*

A sense of drive for action among the employees, representing an enterprising attitude, is considered being a third important factor of effectiveness within Vattnadahl. Both explicitly and implicitly, indications of the importance of being solution-driven are clearly observed. Concluding, an urge of taking initiative is helping Vattnadahl in achieving its goals.

#### *A team spirit*

Finally, the importance of a genuine team spirit is highlighted. The fact that the employees work together to succeed is considered being a factor of great importance

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internally. Often emphasized within the interviews is the value of working together as a big, great family.

Table 2 - Health factors for Vattnadahl

Important health factors for Vattnadahl
<ul style="list-style-type: none"><li>• A burning commitment</li><li>• A strong belief in the organization</li><li>• An urge to take initiative</li><li>• A team spirit</li></ul>

The four health factors, summarized in table 2, could be concluded representing the most important ones for Vattnadahl in achieving their goals. Further on, keeping these in mind, it is of interest to move forward towards analyzing interpreted factors of unhealthiness within the organization, preventing the organization from achieving its goals. It is important to

notice that the factors of unhealthiness emphasized within the analysis below are not all possible factors of unhealthiness within the organization, but only those that can be considered arising as a consequence of the dysfunction of hyper-adaptation, earlier identified.

### 5.5.2 Unhealthiness factors related to the hyper-adaptation dysfunction

There are six factors of unhealthiness interpreted as being present within the organization of Vattnadahl. Below, the various factors are described together with an analysis of its respectively reason of emergence, emphasizing the connection to the identified dysfunction of hyper-adaptation. Subsequently, each factor is analyzed from the perspective of what impact they have on the four important health factors. In order to facilitate the understanding of this critical analysis, it is summarized in table 3 below.

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Table 3 - Unhealthiness factors, their emergence and the effects on health factors in Vattnadahl

Unhealthiness factor	Emergence within the organization	Effects on the important health factors
Stress	The ambition of constantly fulfilling new consumer demands forces Vattnadahl to work rapidly and with agility, causing internal stress.	<p><b>Team spirit</b> – no time or calmness to prioritize cooperation</p> <p><b>Commitment</b> – less enthusiasm when stressed out</p> <p><b>Initiative</b> – no energy to take on new assignments</p>
Confusion	The constantly shifting strategies, due to volatile consumer demands, makes the employees confused.	<p><b>Initiative</b> – insecure what to do</p> <p><b>Belief in the organization</b> – uncertainty regarding where the company is heading</p> <p><b>Commitment</b> – Difficult to be committed when it is unclear where the organization is heading</p>
Frustration	The rapidly changing plans and the internal urge to make quick decisions make employees unable to finalize their own assignments, consequently making them feel frustrated.	<p><b>Commitment</b> – difficult to be committed when the energy is wasted on frustration</p> <p><b>Team spirit</b> – frustration gives the employees an inappropriate attitude towards cooperation</p> <p><b>Initiative</b> – frustrated employees becomes negative and less creative</p>
Lack of initiative	Due to a centered power structure, the employees experience an internal powerlessness, making them lose drive for initiatives.	<p><b>Initiative</b> – the unhealthiness factor is the direct opposite of the health factor of an urge to take initiative.</p>
Anxiety	The constantly changing plans make the employees anxious regarding having the wrong focus.	<p><b>Initiative</b> – employees acting cautious, inhibiting them from taking initiative</p> <p><b>Commitment</b> – worried employees have troubles being 100 percent committed</p>
Lack of pride	Rapid internal changes make the employees not being able to finalize their projects, consequently making it difficult for them to feel proud of their personal achievements. Additionally, actions opposing the organization's values make employees losing the pride of the company.	<p><b>Belief in the organization</b> - the unhealthiness factor is the direct opposite of the health factor of belief.</p>

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### *Stress*

A certain kind of stress among the employees can be interpreted from the interviews. This factor is especially emphasized by interviewees when mentioning the fact that Vattnadahl regularly is adapting their strategy and their plans to changing consumer demands. By this, they indicate that this stress is related to the rapidly changing conditions characterizing the hyper-adaptation dysfunction. The highlighted internal stress has a number of important impacts on the health factors earlier mentioned. Firstly, the factor of team spirit is affected from the reasoning that if the employees are stressed out, they do not have time or the calmness to prioritize teamwork and cooperation. In addition, the factor of commitment is affected from the perception that stress makes the employees less enthusiastic, further making them not as engaged to either their own assignments or the company's. Finally, the factor of initiative is affected from the reasoning that the stress makes the employees take on less additional assignments as a consequence of lack of energy, therefore not prioritizing new initiatives.

### *Confusion*

A second significant unhealthiness factor interpreted from the interviews is confusion. The employees express that the ambition of often adapting the strategy to changing consumer demands occasionally makes them disoriented. This sense of confusion has several implications on the earlier stated health factors. Firstly, the initiative ability is reduced due to the fact that the employees feel insecure about what to do and what new initiatives to introduce, thereby making it less meaningful to initiate new assignments. Secondly, the belief in the organization is decreased because of employees not knowing either where the company is heading or how they could contribute themselves. Finally, the factor of commitment is affected due to the fact that if the employees do not know the direction of their work, it is difficult to be strongly committed to it.

### *Frustration*

The third interpreted unhealthiness factor within Vattnadahl is frustration. This inherent irritation among the employees can be considered having various different causes connected to hyper-adaptation. An example is the fact that the employees do not receive the opportunity to finalize the assignments that they initiated, due to rapidly changing plans. Additionally, at times, managers act above the employees' heads in order to reach rapid decisions, making the employees frustrated. This has some serious impact on the earlier stated health factors at Vattnadahl. First of all, the commitment factor is affected due to the fact that the employees can be considered

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losing their enthusiasm when getting frustrated. Additionally, the team spirit is affected because of employees not having the appropriate attitude towards cooperation when being frustrated. Lastly, the initiative ability is inhibited due to the fact that employees are spilling their energy on the frustration, inducing a certain kind of negativity, instead of being creative and introducing new ideas within the organization.

### *Lack of initiative*

A further interpreted unhealthiness factor is lack of initiative. This can be considered emerging within the organization due to the employees' feeling of powerlessness towards their own working situation. They experience the internal power structure being top centered. This unhealthiness factor is the direct opposite of the earlier stated health factor of an urge to take initiative. Thus, this factor is directly affecting the internal health.

### *Anxiety*

The fifth internal unhealthiness factor is anxiety. Due to the constantly changing plans and strategies, the employees become anxious about having the wrong focus, meaning focusing on irrelevant assignments and producing results not being valuable for the organization. This inherent anxiety has a significant impact on the earlier stated health factors. Firstly, the factor of initiative is affected due to employees' feeling of uncertainty and therefore they act cautious and do not take initiatives on their own. Secondly, the factor of commitment is affected because of employees feeling worried about spilling energy on the wrong focus, and thereby not being able to be 100 percent committed.

### *Lack of pride*

Finally, the sixth unhealthiness factor detected within Vattnadahl is lack of pride. Many and rapid changes within the organization make it challenging for the employees to feel completely content with their own achievements. There is not always time to completely finalize various projects. Additionally, the management, at times, acts above the heads of the employees, resulting in the fact that the employees do not feel ownership or personal achievement. Furthermore, in combination to this lack of personal pride, the employees occasionally feel lack of pride for the overall organization. In the situation where the values of the organization are neglected by various actions, the employees begin hesitating about the meaning of the organization, making them less proud of their employer. This factor of unhealthiness

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can be stated as the direct opposite of the earlier stated health factor defined as a strong belief in the organization, making them contradict one another.

#### 5.5.3 Summary of step 4

Summarizing the fourth step of the analysis, it can be interpreted that Vattnadahl has four significant health factors, making them achieve their goals, namely a burning commitment, a strong belief in the organization, an urge of taking initiative and a team spirit. Furthermore, six unhealthiness factors can be identified when analyzing the empirical data from Vattnadahl, namely stress, confusion, frustration, lack of initiative, anxiety and lack of pride. These six unhealthiness factors can be considered opposing the health factors, thereby preventing the organization from achieving its goals. Important to notice is that these six unhealthiness factors are interpreted in relation to the identified dysfunction of hyper-adaptation, meaning that the unhealthiness factors are consequences of Vattnadahl's unbalanced identity definition. From this reasoning, these six factors can be concluded representing the hyper-adaptation's effects on the organizational health of Vattnadahl.

## 6 Conclusions and final remarks

*This chapter is initiated by presenting the overall conclusions, which is derived from the analysis presented in the previous chapter. Subsequently to this, the academic and practical contribution is outlined. The chapter is finalized by a discussion regarding suggestions for future research.*

Following the analysis conducted in the previous chapter, Vattnadahl has been illustrated in the light of identity dynamics. From this, insights have been gained concerning how a temporary disassociation between the internal and the external definition of identity is affecting organizational health, by asserting six unhealthiness factors. In addition, the influence of management and power has been described. From this, it is possible to state the overall conclusion of this study.

The structure of this chapter is constructed by answering the three different parts of the study's purpose, with help of the stated research questions. Firstly, the characteristics of the identity dynamics at Vattnadahl are summarized. Subsequently, the organizational unhealthiness deriving from an unbalanced identity is concluded. Lastly, the influence of management and power is investigated. Following these conclusions, the academic and practical contribution of the study is described. The chapter is finalized by stating suggestions for future research.

### 6.1 What is characterizing the identity dynamics at Vattnadahl?

The identity of Vattnadahl can be defined by combining the external and the internal definition of its identity, analyzed in the previous chapter. The external definition is concluded being dominated by the description of a small, local and fast-moving competitor in the market. This, meanwhile the internal definition is concluded being described by a significant team spirit and hard-working employees within an environment of loving character.

Furthermore, the identity definition of Vattnadahl is concluded being unbalanced with a stronger focus on the external part compared to the internal part of the definition. From this, the organization can be concluded experiencing the dysfunction of hyper-adaptation. Even though, some soft indications of organizational narcissism



can be observed within the organization, the traces of hyper-adaptation are stated being stronger, making them outweigh the narcissistic ones.

## 6.2 Organizational unhealthiness derived from identity unbalance

Following the fourth step of the analysis, six factors of organizational unhealthiness can be interpreted as resulting from the dysfunction of hyper-adaptation. These six factors, which prevents Vattnadahl from achieving its goals, are concluded being stress, confusion, frustration, lack of initiative, anxiety and lack of pride. Even though these six unhealthiness factors are observed within the organization of Vattnadahl, they can be concluded general in nature. Therefore, they could also be of interest for organizations in similar contexts and for organizations facing the same type of challenges. However, it is important to notice that these six factors are defined being of unhealthy character from the starting point of the four health factors that are stated within Vattnadahl in particular. This should be taken into account when applying the results in similar situations.

## 6.3 Influence of power and management

Finally, the third part of the purpose can be concluded. By observing and interpreting Vattnadahl, it can be concluded that those with power within the organization can be stated having greater influence of the identity dynamics. Those employees have a larger say in which of the processes within the “Organizational Identity Dynamics Model” that are to be prioritized, therefore influencing the balance of the identity. From this, the theoretical claims by Hatch and Schultz (2002) is proved and confirmed in an empirical context.

## 6.4 Academic and practical contribution

As concluded in previous sections in this chapter, this study leaves contributions of both academic and practical character. The three different parts of the purpose, concluded above, is first of all of academic interest through the application of the “Organizational Identity Dynamics Model” in an empirical context. From this, the conceptualizing of unhealthiness factors and the empirical confirmation of the influence from those with power are further contributions. From a practitioner's point of view, the findings can be of use for Vattnadahl and other organizations experiencing the same kind of environmental challenges or similar unhealthiness factors. From this, it is possible to understand the potential root causes of emerged unhealthiness factors. Additionally, the insight of which unhealthiness factors that can be derived from too much focus on image, compared to the focus of culture, is of

practical value. Finally, this study develops an analytical framework that can be of use for companies in order to understand the characteristics of their identity dynamics.

Further on, in extension to the contributions stated above, it is of interest to emphasize two other insights of academic significance gained in the analysis performed. These insights concerns the construction of organizational narcissism and hyper-adaptation, and consist of, firstly, a nuanced grading of the concepts and, secondary, a variance of dysfunctions towards different stakeholders. These two contributions are further explained below.

As stated in the analysis, both hyper-adaptation and organizational narcissism are detected within this study. However, the tendencies towards hyper-adaptation are considered being stronger compared to those towards narcissism, thus indicating a possibility for the dysfunctions to simultaneously exist in different strengths or nuances. From this reasoning, the conceptual framework of identity dynamics by Hatch and Schultz (2002) could be further developed by stating the dysfunctions as having either a strong or a soft character. Hence, the case company can be stated having tendencies towards softer narcissism, meanwhile indicating tendencies towards stronger hyper-adaptation. If adapting the thoughts of a nuanced grading of the dysfunctions, the definition of temporary disassociations can be questioned. When dysfunctions can co-exist in different strengths or nuances, it can be questionable if a disassociation actually is temporary or if an organization constantly has a certain degree of dysfunction in each direction.

Furthermore, as earlier mentioned, the study indicates that the traits of hyper-adaptation are evident from a consumer perspective, meanwhile the indications of narcissism are visible through the perspective of the customers. This implies that the resulting dysfunction could differ depending on which stakeholder that is in focus of the analysis. Thus, it could be of importance to separate different stakeholders when utilizing the “Organizational Identity Dynamics Model”, therefore achieving more accurate results.

In conclusion, the insights regarding the nuance of soft versus strong dysfunctions, and the distinctions in results depending on different stakeholder perspectives are of academic interest. Hence, they offer an elaboration of the organizational identity dynamics concept.

### 6.5 Future research

Finally, subsequently to the analysis and conclusions stated above, the following areas are stated to be of interest for future research:

- Conduct a similar case study, but with the main focus on the dysfunction of narcissism. By studying an organization with dominating narcissistic claims, additional factors of unhealthiness may be concretized. This type of concretization was not allowed by the empirical data in this study.
- Study the phenomena of temporary disassociation in combination with the nuanced grading of dysfunctions, introduced in this study. Can it be empirical stated that an organization may have various nuances of both dysfunctions and therefore constantly having a somehow unbalanced identity? From this, can the term temporary in “temporary disassociation” be further questioned?
- Conduct a study examining the stakeholder perspective of the various dysfunctions. Can it be further empirically confirmed that an organization can be considered having different dysfunctions, at the same time, depending on which stakeholder that is in focus of the analysis?
- Finally, it can be of interest to conduct a similar study to this one, but from a multi-case perspective. By this, the results could possibly be further generalized.

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**Some references have been removed or modified due to consideration of the case company's integrity.**



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