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Abstract

This article addresses how top managers activate their organizational identity concepts during strategic decision making. It integrates the social cognition and strategic management literature by employing the accessibility principle in strategic management processes. Data were gathered through interviews and case scenario-based questionnaires from top managers in four Indonesian pharmaceutical companies. Analysis suggests that cognitive associations that are achieved through decision integration, desired future image, and information sharing are keys in making identity dimensions accessible, thus enabling the activation of organizational identity concepts in these top managers' minds. Results also indicate an association between perception of control and top managers' ability to activate concepts of organizational identity. The article discusses the theoretical and practical implications of findings.

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Keywords

organizational identity, strategic decision making, accessibility, case study, managerial cognition

The concept of organizational identity has received much attention since its first formulation more than 20 years ago by Albert and Whetten (1985). Organizational identity is a self-referential belief, an answer to the question, "What kind of organization is this?" Organizational researchers view this concept as the key factor in managerial perception (Dutton & Dukerich, 1991), a potential source of competitive advantage (Fiol, 1991), and a significant factor in strategic decision making (Barney et al., 1998; Gioia & Thomas, 1996). Although at a theoretical level organizational identity is conceptualized as a key concept, some top managers do not use their organizational identity in a purposeful way (Barney et al., 1998). Some tend to take them for granted, leaving a question of how top managers are able to make use of their organizational identity concept in their thinking process.

Research on the cognitive process on organizational identity currently tends to focus on (a) social identity and individuals' identification with their social groups (Foreman & Whetten, 2002; Kreiner & Ashforth, 2004; Pratt, 1998); and (b) the nomological net between organizational identity and strategic decisions as well as organizational performance (Dutton & Dukerich, 1991; Gioia & Thomas, 1996; Voss, Cable, & Voss, 2006). The first approach is dominated by social identity theory, whereas the second draws on organizations as interpretation systems (Daft & Weick, 1984) from the strategic management literature. Although these streams of research have enriched our understanding of organizational identity and have contributed to our knowledge of organizational behavior, they leave a significant gap in addressing the cognitive explanations behind top managers' ability to use organizational identity concepts. Cornelissen, Haslam, and Balmer (2007) call for researchers to investigate the way organizational identity concepts are activated in the thinking process, because concepts or categories that are not activated will not be involved in the thinking process (Fiske & Taylor, 1991). To investigate the process of identity activation, the current study asks the following question: How do top managers activate their organizational identity concepts in their strategic decision-making process?

To answer this research question, this article employs the accessibility principle (Higgins, 1996), which refers to the ease or speed with which a concept can be invoked or brought into active use (Bruner, 1957). This principle explains why only concepts with high accessibility—rather than all

available concepts—will be involved in top managers' thinking processes. It has the potential to explain why some top managers are able to activate their organizational identity concepts and some are not. Also, accessibility refers to the potential of an activated concept to spread its activation to other concepts (Higgins, 1996), especially concepts with strong associations (Fiske & Taylor, 1991; Kiesler & Sproul, 1982). Employing the accessibility principle may provide a key to understanding how the organizational identity concept may be activated during a conversation about strategic decision making.

As an essential part in understanding the identity activation process, this article also explores the association between the activation of organizational identity concepts and perception of control. Research at an individual level suggests that control-related belief is influential in activating strategic thinking (Bandura & Wood, 1989), implying that perception of control signifies a potential construct to activate concepts in top managers' minds. Furthermore, the strategic management literature conceptualizes perception of control as a key determinant in organizations' strategic choice and strategic action (Thomas, Clark, & Gioia, 1993). Thus, exploring the association of this construct with identity activation may locate the current study in a broader context of strategic decisions and actions, producing potential practical implications.

While acknowledging the possibility of different groups in organizations to have different conceptualizations of their organizational identity (Pratt & Foreman, 2000), this article focuses on one group: top management. This focus is critical because the context of this study is strategic decision making, and it is the top managers' responsibility to formulate strategic decisions. To guide the research question, top managers are defined as the most influential executives at the top of an organization (Hambrick, 1994). Organizational identity is defined as the central and distinctive characteristics of the organization as perceived by its top managers (Voss et al., 2006).

This article contributes to the organizational behavior literature by drawing on the accessibility principle in the context of strategic decision making. This approach underlines the importance of construct activation and reflects a renewed interest in the cognitive aspects of identity theory (Cornelissen et al., 2007). The current study also extends the identity activation theory by exploring its link with perception of control. By combining strategic decision making and social cognition, the study is able to highlight several aspects of strategic decision making that may act as powerful forces to activate concepts of organizational identity. This integration contributes to the growing body of research on the relationship between organizational identity and the strategic decision-making process. It also points to the importance of identity management, with considerable implications for both theoretical debate and practice.

The Activation of Organizational Identity Concepts

This section highlights the gap in the social cognition and strategic management literature in relation to understanding the creation and maintenance of organizational identity. It then builds propositions that link identity action, strategic decisions, and perception of control.

Cognitive Explanations of Identity Activation

Two extensive reviews on organizational identity renew a call to use a cognitive framework in understanding the way organizational identity is constructed and reconstructed (Corley et al., 2006; Cornelissen et al., 2007). One possible framework to explain it is social cognition. This theory explains that individuals use concepts to understand their world, and these concepts or knowledge structures are embedded in a network of categories (Fiske & Taylor, 1991). Furthermore, concepts will be part of the thinking process when they are activated, and the activation process depends on accessibility and salience (Higgins, 1996). Whereas accessibility refers to the properties of knowledge structures, which are part of the individual (Forster & Liberman, 2007; Higgins, 1996), salience points to the properties of external stimulus (Fiske & Taylor, 1991; Higgins, 1996). Accordingly, research tends to concentrate on these two aspects of identity activation.

The research stream that focuses on the properties of the stimulus investigates how the salience of the external stimulus pulls individuals' attention and activates dimensions of identity. This group of researchers refers to the activation of identity concepts as identity salience (Ashforth & Johnson, 2001; Hogg & Terry, 2000; Kawakami & Dion, 1995). Studies have found that members' tendency to activate their group or organizational identity concepts is triggered by seeing the title of their organizations (Van Dick, Wagner, Stellmacher, & Christ, 2005) or by physical arrangements (Milward, Haslam, & Postmes, 2007). They have also shown an association between identity activation and organizational behavior. For example, Proudford and Smith (2003) illustrated how gender and race triggered the salience of group identity, which in turn influenced how individuals in the group resolved, concealed, or escalated conflict. Although this research focus has certainly shed light on what kind of stimulus is influential in activating individuals' concepts of organizational identity, it does not provide detailed information about the cognition itself because this perspective focuses on the external stimulus.

A second view, however, has focused on the properties of the knowledge structures by employing the accessibility principle (Forster & Liberman, 2007; Higgins, 1996). Empirical work in this area usually manipulates or

assumes some degree of individuals' awareness of their group or organizational identity (Haslam, 2004), and then explores its association with other aspects. For example, Schwarz and Watson (2005) found that individuals' membership in a particular group activated their group identity and triggered the activation of perceived authority of knowledge. This perspective has the potential to increase our understanding of top managers' minds because of its focus on the accessibility of knowledge structures. Thus, this current study decides to employ the accessibility principle. Similar to the research by Schwarz and Watson (2005), it assumes top managers' awareness of their membership in an organization, and investigates how they activate their concepts of organizational identity during the strategic decision-making process.

Factors Influencing the Activation of Organizational Identity Concepts

Concepts can be activated when they are highly accessible (Higgins, 1996) or through spread of activations from interrelated concepts (Forster & Liberman, 2007). Thus, in activating concepts with strong cognitive associations with organizational identity, top managers may also activate their actual concepts of organizational identity. Organizational researchers agree that strategic decision is one concept that has strong cognitive association with organizational identity. Top managers tend to define their organizational identity in terms of their strategy (Corley, 2004). Organizational identity is also identified as a key factor in the strategic decision-making process (Barney et al., 1998; Dutton & Dukerich, 1991; Gioia & Thomas, 1996). Furthermore, desired future image, as a special form of strategic decisions, has been formulated as having high cognitive association with organizational identity. Because of the reciprocal relationship between organizational identity and desired future image (Gioia, Schultz, & Corley, 2000), accessing their desired future images may play a potential role in the tendency of top managers to activate concepts of their organizational identity. Indeed, desired future image provides directions for top managers to formulate and change their organizational identity (Barney et al., 1998; Gioia & Thomas, 1996). It suggests that knowing what you would like to be in the future stimulates internal discussions about who you are here and now. Because of the strong cognitive association among strategic decisions, desired future image, and organizational identity, this study proposes thus:

Proposition 1: Top managers who have developed strong cognitive associations among organizational identity, strategic decisions, and desired future image tend to be able to activate more concepts of

their organizational identity than top managers who do not have strong cognitive associations between organizational identity, strategic decisions, and desired future image.

Accessibility depends on frequency of use (Higgins, 1996), which in a collective is influenced by information sharing and social interaction (Hogg & Terry, 2000). In their meta-analysis, Mesmer-Magnus and deChurch (2009) demonstrate that information sharing is influential in affecting cohesion and member satisfaction. A similar result is evident in research on top-management team. Carmeli (2008) demonstrates that information exchange, collaborative behavior, and joint decision making significantly influence top managers' satisfaction with their team and increase their interactions. The more intense the interactions, the more aware members may be of their organizational identity (Kawakami & Dion, 1995), because interaction increases the probability of members to use their organizational identity concepts. For example, Van Knippenberg and Van Schie (2000) found that members were more aware of the identity of their work group than of their organizational identity, because they interacted more frequently with their work group than with other members of the organization. Because of the importance of interactions and information sharing, this study proposes thus:

Proposition 2: Top managers who frequently share information with each other tend to be able to activate more concepts of their organizational identity than top managers who do not frequently share information.

Furthermore, research shows that when individuals feel in control they tend to perform better in cognitive tasks (Thompson, 1993), especially in complex analytical skills. For example, Wood, Bandura, and Bailey (1990) show that individuals with low control-related belief tend to be less systematic in their analysis and use more exploratory strategy. The reverse is evident for people with high control-related belief, suggesting that perceiving ability to control is potential in activating cognitive skills. Perceiving ability to control also plays a critical role in evaluating opportunity and threat (Jackson & Dutton, 1988) and in identity management (He & Baruch, in press). In their research on cognitive mechanism underlying organizational identity, He and Baruch (in press) demonstrate how managers continuously associate an identity dimension with its positive function in the past or its potential to assist them in the future. Taken together, perception of control may have

strong association with concepts that are activated in top managers' minds during strategic decision making.

Proposition 3: Top managers with higher perception of control tend to be able to activate more concepts of their organizational identity than top managers with lower perception of control.

Method

This research aims to understand the way top managers activate their organizational identity concepts using the case study method (Eisenhardt, 1989a), which seeks to gain insights inductively from a variety of data sources by “recognizing patterns of relationships among constructs within and across cases and their underlying logical arguments” (Eisenhardt & Graebner, 2007, p. 25). The method was chosen because the occurrence of identity activation process is largely unexplored, especially in the context of strategic decision making, and because the case study method can explicate complex phenomena.

Research Setting

This research comprised four case studies of pharmaceutical companies in Indonesia. This industry is fragmented and competitive; 3% of the world's pharmaceutical companies compete in Indonesia while the market itself is only 0.3% of the world market (Sarnianto, 2003). Indonesia's pharmaceutical market has grown 20% to 25 % each year since 2000 compared with the world pharmaceutical market, which grows only 7% annually (Warta Ekonomi, 2005). A competitive industry presents a more dynamic challenge for top managers than a stable industry, providing opportunities to learn more about their strategic thinking (Hodgkinson & Sparrow, 2002).

To be able to replicate or extend the emergent theory, the study selected a purposive and theoretical sample (Eisenhardt & Graebner, 2007). This study focussed on companies with different organizational ages (see Table 1), because of the potential significant influence of organizational age on organizational identity (Barney et al., 1998). The first company, Alpha (all company names are pseudonyms), is a startup company that was established with a vision to penetrate international markets. Its plant was designed to meet the standard of that market, which is much higher than what is required in Indonesia. The second company, Boomerang, is a mature company. Its main product line has enjoyed domestic market dominance since it was first

Table I. List of Companies

Company	Number of Employees	Company Age (Years)	Interviewees
Boomerang	400	30	5
Alpha	700	4	4
Ten Forte	1400	37	5
Proficient	1300	26	4
Total			18

launched, gaining 90% of the market. Although it had long enjoyed good financial performance, and its main product line still had market acceptance, Boomerang started to experience some financial difficulties. The third company, Ten Forte, was established in 1969 and has penetrated the ASEAN market. Since 1998, Ten Forte's growth has been double or triple that of the domestic market (Warta Ekonomi, 2005). The fourth company, Proficient, was established in 1980. During the 5 years prior to the research, Proficient had enjoyed an annual growth rate of more than 30%. During the research period, the company was undergoing strategic change, involving a redefinition of the company's vision and strategic focus.

Data Sources

Semistructured interviews. The study used semistructured interviews to collect data on organizational identity and factors associated with its activation. Questions probed major strategic decisions, reasons for those decisions, and top managers' confidence in their own decisions. Based on the accessibility principle (Bruner, 1957; Higgins, 1996), this study assumed that the top managers would refer to their organizational identity as the main factors in their decision making if they were able to activate these concepts. So as not to influence, shape, or prime respondents' answers, the term *identity* was not used in the interviews. A total of 18 top managers, including CEOs, participated in the study. The top managers were the head of functions, such as manufacturing, sales and marketing, finance, business development, and human resources. Interviews with the CEOs lasted between 45 and 180 minutes, whereas those with other top managers lasted between 30 and 45 minutes. All interviews were conducted in Indonesian language (Bahasa), tape-recorded and transcribed.

Case scenario-based questionnaires. Case scenario questionnaires were employed to gather data about perception of control, with respondents asked to read a case and then respond by filling out the questionnaires. To construct the case

scenarios, the study followed the approach proposed by Thomas et al. (1993). First, a list of strategic issues being faced by top managers was compiled from the interviews and archival data (strategic planning documents, articles in leading journals, cases, and popular press). The second stage involved a panel of four experts, including two well-respected practitioners and two senior academics, whose primary interest is the pharmaceutical industry in Indonesia. These four experts were asked to select topics and, together with the researcher, drafted the scenarios. The panel chose strategic issues based on three criteria: (a) the potential to affect organizational performance (Kuvaas, 2002), (b) the possibility of influencing strategic positioning (Eisenhardt & Bourgeois, 1988), and (c) the potential to affect the whole organization, with as many functions as possible (Eisenhardt & Bourgeois, 1988). The panel assessed the content validity of the cases by answering the questions, "Does the scenario represent the type of strategic issues being faced by top managers in the pharmaceutical industry in Indonesia?" and "Is the case easy to understand?" Two of the six cases were chosen (see Appendix A). These two cases were rated as "realistic" and "easy to understand" by all panel members.

To measure perception of control, the study modified questionnaires from Thomas et al. (1993), and operationalized it as the extent to which top managers perceive their organizations as having the capability to deal with a particular strategic issue (Thomas et al., 1993). The questionnaires used a 7-point Likert-type scale with anchors ranging from 1 = *strongly disagree* to 7 = *strongly agree* to indicate the respondents' perception of control. Five items (see Appendix B) were presented repeatedly after each case, with a total of 10 items for the two cases. The study conducted back to back translation for this questionnaire. The coefficient alpha for the perception of control scale was .83 for Case A and 0.88 for Case B, which indicated a good internal consistency.

Archival data. Background information about the Indonesian pharmaceutical industry and the four companies was gathered from international reports, newspaper articles, and each company's Web site.

Data Analysis

Quantitative data were analyzed by first calculating the mean score of perception of control (Table 3) and examining its patterns. All interviews were coded based on a coding list (see Table 2) that was developed through an iterative process between theory and data. Hood (2007) explains that, unlike grounded theory, where coding is gained solely from the data, in inductive qualitative analysis the coding list is derived from both data and theory. For

Table 2. Summary of Coding Schemes for Factors Associated With the Activation of Organizational Identity (OI) Concepts

	Boomerang	Alpha	Ten Forte	Proficient
Strategic Decisions	Marketing strategy	International certification	Strategic alliance	Restructuring
	Financial management	Strategic alliance	Marketing strategy	Outsourcing Information technology
Decision process	Lack of information sharing	Information sharing	Information sharing	Information sharing
	Political activity	Consensus	Cognitive conflict	Cognitive conflict
Desired future image		Clear articulation	Clear articulation	Clear articulation
		Ongoing discussion	Visionary leader	Ongoing discussion
Decision integration			Strategic integration	Strategic integration
			Tactical integration	Tactical integration Information system

example, because theory suggests cognitive associations among strategic decisions, desired future image, and organizational identity, interviews were coded on these aspects. The data, on the other hand, suggest other coding attributes, such as decision integration and decision process. Following coding, case summaries were prepared (see Table 3). Attributes and traits were added to case summaries only if they were mentioned by two or more people. For example, all top managers in Boomerang made some reference to their special product line and expressed their pride in it. This special product line was then included in case summaries.

An attribute was coded as organizational identity when (a) it referred to the whole organization, and (b) top managers displayed positive feeling about it. Research on organizational identity firmly maintains that the term *identity* refers not only to cognitive categorization but also to positive feeling about an attribute (Cornelissen et al., 2007; Edwards, 2005). For example, top managers in Proficient explained their human resources as “the best

Table 3. Case Summaries

Company	OI Dimension	Frequency ^a	The Activation of OI Concepts	Mean PC (External Issue)	Mean PC (Internal Issue)
Boomerang Alpha	A product line	5	Low	4.30	3.50
	A new company	4	Low	5.80	5.52
	Sophisticated plant	3			
Ten Forte	A growing company	5	High	6.47	6.20
	Communication climate	5			
	Top team	3			
	Broad lines of products	3			
	Strategic alliance	2			
Proficient	A growing company	4	High	6.15	6.81
	Communication climate	4			
	Decision integration	4			
	Information technology	3			
	Knowledge management	3			
	People	4			

Note: OI = organizational identity; PC = perception of control.

a. Frequency of top managers who reported the dimension.

people in the industry” and “the reason for their success.” Examples of organizational identity claims are reported in Table 4. Furthermore, because accessibility is defined in term of the ease with which a concept can be activated, the ability of top managers to activate concepts of their organizational identity was measured in terms of frequency of respondents referring to organizational identity as a critical factor in their strategic decision making (see Table 3). For example, three out of four top managers in Alpha made some reference to its plant, and explained it as a central and distinguishing attribute of its strategic decision making.

Table 4. Examples of Claims of Organizational Identity

Company	Identity Dimension	Examples of Claims
Boomerang	A product line	This product has 33 competitors, but we have 90% of the market share (B1)
Alpha	A new company	We are still a baby (A1)
Ten Forte	Quality plant	We take advantage of our high-quality plant (A2)
	A growing company	We want to grow. You have met some of my people, they use 30% to 40% of their time for sustainable growth. It is always our number one priority (TF3)
	Communication climate	We have a clear decision-making culture (TF5)
	Top team	We have the best people in the industry, at least at the senior level (TF2) Top people in the industry . . . satisfied employees (TF3)
	Broad products	Its [major competitor] portfolio is not as broad as ours (TF4)
	Strategic alliance	This is the first time an Indonesian company is able to license out to a respected MNC. The most expensive licensing, the most interesting one (TF3)
Proficient	A growing company	If you are resistant to change, you will not feel comfortable here (P1) We have strong profit, we are growing (P4)
	Communication climate	Our way of communication is excellent, with less politicking compared with my previous company (P1)
	Decision integration	I cannot ignore other departments. Because of the clear interdepartmental links, a problem with other departments will affect my department as well (P1) A clear red line among us [all departments] (P2)
	Information technology	Now, people say that we have the best IT. We won some awards in relation to this (P4)
	Knowledge management	Our competitive advantage is knowledge management (P2)
	People	If you want to know what makes me proud in this company: our people (P3)

Results

The Activation of Organizational Identity Concepts

Findings showed that some top managers were able to activate concepts of their organizational identity without prompting them, suggesting that the concepts of their organizational identity were highly accessible. These top managers referred to their organizational identity concepts as key aspects of their strategic decisions. Their ability to activate concepts of their organizational identity was related, first of all, with cognitive associations between strategic decisions, desired future image, and organizational identity (Proposition 1). The study found that cognitive association was strengthened by decision integration. Furthermore, top managers' ability to activate concepts of their organizational identity was also associated with the frequency of their information sharing (Proposition 2), as well as top managers' perception of control (Proposition 3).

Top managers in Ten Forte and Proficient frequently activated the concept of their organizational identity (see Table 3). For example, Proficient's CEO used his understanding of the company's organizational identity to explain Proficient's strategic focus:

We are not a distributor like FedEx or TNT. They are strong in delivery and warehouses. We are strong in market knowledge and our role is to provide information for our principals [clients]. Our strategies should focus on this aspect.

When they made sense of their strategic formulation, top managers in Ten Forte and Proficient almost always made some reference to their organizational identity, suggesting that their organizational identity concepts were highly accessible and they were able to activate them. Not only was the frequency of making references to their organizational identity high, top managers in Ten Forte and Proficient also showed a high degree of shared understanding regarding their organizational identity. Several dimensions of their organizational identities were reported by all informants (see Table 3), which indicates that as a collective they were able to activate their concepts of organizational identity.

In contrast, top managers in Alpha and Boomerang were not able to activate a shared understanding of their organizational identity concepts beyond the attributes reported in Table 3. Although some top managers made references to other characteristics outside those listed in Table 3, these attributes were not supported by others. For example, Alpha's CEO (A3) explained in detail how their marketing strategy differed from that of many other companies,

and justified this dimension as a central attribute of their organization. Unfortunately, his top managers made no reference to that aspect, suggesting that although this dimension might be available in the minds of Alpha's top managers, it was not accessible. Similarly, data suggest that more attributes of Boomerang's organizational identity were available in its top managers' minds. Unfortunately, only one was shared. Several times, Boomerang's top managers conceptualized its company's organizational identity from the perspective of their functions. For example, one executive (B3) expressed his pride in their marketing strategy, but no others supported this point. One executive (B5) even expressed his disappointment in their marketing strategy, saying, "We do not have good marketing strategy for this special product. It is like we take this product for granted, and just enjoy its good performance."

Factors Influencing the Activation Organizational Identity Concepts

This study aimed to understand how top managers activate concepts of their organizational identity. Three propositions were tested; this section presents the results related to each.

Cognitive associations among strategic decisions, desired future image, and organizational identity concepts. Findings suggest that concepts of organizational identity were activated, along with other concepts, such as strategy and desired future image (see Table 5). When top managers explained their strategy, they commonly reported it as their identity, which suggests a strong cognitive association between concepts of strategy and organizational identity. For example, Proficient's CEO explained their IT as their strategic focus saying, "We have to start by setting our business infrastructure that is an integrated IT system." He also demonstrated how their IT system was different from other companies in that it linked many departments and linked strategy to implementations, suggesting that IT was Proficient's defining characteristic. Similarly, Ten Forte's CEO several times explained that strategic alliance is one of their central characteristic that distinguishes them from other companies, for example by saying, "I am confident that we are the partner of choice in Indonesia."

Further evidence of an association between strategy and organizational identity comes from the frequency of top managers reporting their organizational identity as the reasons for their strategy, or the reasons for their confidence in their strategy. For example, one executive from Alpha (A1) explained, "Because our plant is highly sophisticated, we are able to develop an alliance with a multi-national company as our strategy." Top managers from Ten Forte also expressed associations between strategy and organizational

Table 5. Cognitive Associations

Associations Between Concepts	Examples of Claims
Strategy (marketing), organizational identity, OI (product line)	We do not have good marketing strategy for this special product. It is like we take this product for granted, and just enjoy its good performance (B5)
Desired future image (regional player), OI (plant), Strategy (international certification)	We develop our strategies based on our mission which is to be a regional player. We have a new plant with high Good Manufacturing Practices [GMP] standard, and this year we are aiming to meet international standard to enter its market (A1)
Desired future image (regional player), OI (plant), Strategy (strategic alliance)	It is clear that our target is to export high-quality products. Although we are not there yet, we are taking advantage of our high-quality plant, and we are building strategic alliances with multinational company (A2)
Strategy (strategic alliance), OI (broad line of products)	Our strategic alliance with X [a multinational] started because they approached us. They know that we have a broad line of products and we are the best company for this partnership (TF2)
Desired future image (regional player), OI (top team)	Our vision is to be a regional player [then he elaborated this notion]. We are confident to be able to achieve this, because we are making progress, we have experienced a lot, and we have a stronger top team (TF3)
Strategy (outsourcing), OI (people, growing)	I'm confident that this strategy [outsourcing] will work. I can feel this. This is because of the people here: our spirit of improvement is high. If you are resistant to change, you will not feel comfortable here. In this company, the climate of improvement is everywhere (P1)
Strategy (restructuring), OI (knowledge management)	To achieve our vision, we need to define our competitive advantage, which is in knowledge management. Then we need to restructure our organization to advance this idea (P2)
Desired future image (regional player), OI (knowledge management), Strategy (IT)	Because we have this big dream, to be a regional player, to be a distributor with knowledge as our competitive advantage, we need to have good data bases, to monitor our stocks everywhere, etc. Thus, we have to start by setting our business infrastructure that is an integrated IT system (P3)

identity. For example, one informant (P2) said, "The fundamental reason for us to restructure is our agreement on who we are or the nature of our business." Similarly, Proficient's CEO (P3) explained, "I am confident, very confident,

that we can implement this strategy, because this company has the best people in the industry, at least at the managerial level.” The CEO’s pride in his people suggests that human resource was one defining attribute of Proficient.

Data suggest that vision, or desired future image, was associated with strategic decisions (see Table 5), making the activation of one stimulate the activation of the other. Top managers in all companies, except Boomerang, showed clear and explicit knowledge of their desired future image. They frequently made references to their future image, and used them to guide and filter alternative strategic actions. One top manager from Proficient (P1) explained how they had rejected the CEO’s directions on the basis that it was not in line with Proficient’s central characteristics, and that it would not help them achieve the company’s desired future image. Similarly, one executive from Ten Forte (TF2) explained, “We have a clear *road map* [italics added]. For example, we will not invest in this or in that. Each project is judged by its ability to help achieve our vision. This is like an automatic decision.” Alpha’s CEO (A3) also stressed the importance of desired future image in their strategic decisions, saying, “Our strategies are strongly related to our vision and our being: why we are created in the first place.”

In discussing their strategic decisions and their vision, these top managers frequently made references to their organizational identity. For example, Alpha’s CEO (A3) stated, “We want to be a regional player, that is why our GMP [Good and Manufacturing Practices] standard is much higher than the Indonesian GMP standard.” On another occasion, he expressed his pride of one of Alpha’s central characteristics: “You’ll be amazed to see our factory [which is applying the GMP standard].” His comments suggest that Alpha’s vision dictated the development of their high-quality factory, which then became one of its central characteristics. In response to the question about their strategic decision, Alpha’s CEO stated, “Our strategy this year is to comply with X [an international standard] so that we can export to that country. The high quality of our factory enables us to do this.” This comment suggests that Alpha’s central characteristic (i.e., its factory) was associated with their strategic formulation, and its CEO activated Alpha’s identity while making sense of its strategy. Similarly, Proficient’s and Ten Forte’s top managers used their desired future image in their strategic decision making and frequently activated their organizational identity concepts (see Tables 3 and 4).

In contrast, Boomerang’s top managers were not able to activate their desired future image, let alone linked it with their organizational identity, perhaps because it did not have a vision statement in its company profile (see Table 2). At Boomerang’s annual meeting, its top managers discussed only

their target for the next year and their achievement, which was largely dependent on their one special product line. Their discussion focused on Boomerang's here-and-now characteristics, not their desired future image. Data suggest that Boomerang's desired future image was not available, and so it was not possible for Boomerang's top managers to activate it. The unavailability of its desired future image contributed to Boomerang's lack of ability to activate its organizational identity, which was in contrast to the other two mature companies, Proficient and Ten Forte.

An emergent finding reveals that decision integration, defined as the extent of integration among strategic and operational decisions (Eisenhardt, 1989b), was one key difference among the four companies (see Table 2). Two companies that failed to activate many concepts of their organizational identity showed a low degree of decision integration. Boomerang's top managers never referred to an effort to integrate their strategic decisions, whereas at Alpha, only its CEO made some reference to it. In contrast, companies that frequently made reference to the integration of their strategic decisions were able to activate more dimensions of their organizational identity.

In Ten Forte's case, its CEO chose a strategy that would strengthen many dimensions of their organizational identity. In the interview, he went as far as showing a diagram to illustrate how Ten Forte's strategies were intended to fit one another. Most of its top managers expressed the importance of key performance indicators that linked desired future image and its strategy. Similarly, all top managers in Proficient expressed the importance of decision integration and performance measurements that linked all departments together and finally linked them to their desired future image. They perceived that decision integration was the best way to make sure that everyone was supporting each other to achieve their final goal. The company even had developed an information system to support this connection between strategic decisions and tactical actions. With this program, they were able to monitor the company's performance, whether its progress helped or hindered their organizational identity, and who they wanted to be.

Information sharing and identity activation. One clear difference among the four companies was their decision-making process (see Table 2). Top managers that frequently shared information with each other (Ten Forte and Proficient) showed higher ability to activate their organizational identity. The reverse was evident in companies with lower tendency to share information (Boomerang and Alpha). For example, Boomerang's CEO never attended meetings and chose to communicate his ideas with his top managers only after he had made a final decision. As the CEO (B1) noted, "*I am the CEO, I give orders and guidance, I don't need to attend any meeting*" [italics

added] and “I never attended any meeting, but I know exactly what happens.” In cases of disagreement, Boomerang’s CEO preferred not to discuss the problem and communicated only in writing. One example is clear from the CEO’s (B1) comment about strategic actions taken by one of his top managers:

She decided to recruit new managers from multinational companies, which required high salary. I do not like this. *I sent her a letter—I do not want to discuss this* [italics added]—saying if you want to recruit new managers make sure that our turnover is this much. Otherwise, we will not make any profit.

Boomerang’s communication climate was in stark contrast with that of Proficient. All of Proficient’s top managers expressed high satisfaction with their leader’s communication style, especially his willingness to share his opinions and be open-minded. They shared a story where the CEO was open to the suggestion of a strategic initiative from a middle-level manager, and worked with other top managers to make that initiative a major strength of Proficient. It was also clear that Proficient’s CEO (P4) strongly emphasized the importance of shared understanding: “We just did an employees’ survey. What makes me happy is that they understand my ideas. It seems that we have the same understanding, all employees from top to bottom.”

Open communication in Proficient was also evident among the top managers themselves. All informants in Proficient were very proud of their information-sharing culture, and one top manager (P1) expressed his pride by saying, “I am proud of our communication culture. We can express our ideas openly, we challenge each other.” Similarly, another executive (P3) explained, “We have clear rules, and the rules apply to everyone. Vertical and horizontal communications are working here. No office politics.” They dealt with disagreement by engaging in cognitive conflict, as defined by Amason and Mooney (1999), each communicating his or her different opinion. Each of them expressed their satisfaction with the way everyone challenged each other without sacrificing their personal relationship. Similarly, there was a regular sharing of information in Ten Forte. For example, one executive (TF4) noted, “We routinely meet once a month, but on spontaneous bases our CEO will call us and update us.” Another top manager (TF2) explained, “Many times we meet not to decide anything, but to share information.” The physical environment (such as the dining room) also provided opportunities to strengthen this open communication climate. Top manager in Ten Forte used their lunch time to communicate and build informal relationship.

Perception of control and identity activation. As shown in Table 3, top managers in Proficient and Ten Forte had a higher perception of control over their strategic issues than the top managers at Boomerang and Alpha. The Proficient and Ten Forte managers' perception of control related to both internal and external challenges. Their ability to activate dimensions of their organizational identity also relied on internal capability (such as people and IT system), as well as external orientation (such as broad lines of product and strategic alliances). This result suggests an initial and tentative assertion that perception of control is associated with the ability to activate concepts related to strategic decision making.

Further analysis suggests that top managers tended to perceive a higher ability to control strategic issues in relation to their central characteristic (see Table 3). For example, one of Ten Forte's identities was its strategic alliance, as was reflected in its CEO's comment, "We are the first company in Indonesia that can license out to a respected multinational." The ability of Ten Forte's top managers to activate concepts related to the strategic alliance seemed to be associated with their perception that they were able to face external competition from multinational companies (i.e., the external challenge as measured in the case scenario). Likewise, Boomerang had a higher perception of control in relation to external challenge than to internal challenge, and its organizational identity was also more externally oriented: a special product line with high market approval. Taken together, these results indicate that perception of control is associated with top managers' ability to activate concepts of organizational identity.

Discussion

The data generally support the three propositions examined in this study, which were derived from the social cognition and strategic management literature. Top managers in the four companies were able to activate their organizational identity concepts without specific questions about them, demonstrating that identity activation occurs through the high accessibility of the concepts and their strong cognitive associations with other concepts that play a significant part in the strategic decision-making process.

Limitations

Despite the significant insights it offers, this study has several limitations. First, its findings and theoretical insights are drawn from four companies in a single industry. Researchers argue that industry provides a powerful

context for top managers to perceive things in a particular way (Hodgkinson & Sparrow, 2002), and so the findings of this study may not be applicable to other contexts. However, the aim of a case study is to build theory and to gain insights into the logic behind some phenomena (Lincoln & Guba, 1985). Thus, the new insights and logic gained from this study of a single industry can still be used as the starting point for studies in other organizational contexts. Indeed, a case study focusing on a single industry is common in the literature (e.g., Eisenhardt, 1989b).

The use of single interviewer and single coder poses another limitation. It is highly desirable for the case study method to use multiple investigators to foster divergent views and boost confidence in its findings (Eisenhardt, 1989a). However, multiple interviewers and coders are not always feasible, for example when it is difficult to find team members that understand the language used by the participants. Moreover, the use of a single interviewer or single coder is not unknown in organizational research (e.g., Cheney, 1983), and it still has a potential to produce a theoretically grounded and methodologically acceptable study.

The small number of participants in this study, only four to five people from each company, does not facilitate quantitative analysis, such as measuring the difference between means (Howell, 1997). Collecting data from more participants, in addition to the top managers, may provide further understanding of whether other groups' understanding of their organizational identity has any associations with top managers' ability to activate organizational identity concepts. However, the aim of this study was to focus on the top managers and how they activate their organization identity concepts. Four or five people from a top management team provide a solid understanding of the way they access their organizational identity concepts.

Contributions

This study has four main contributions. First, the study demonstrates that decision integration enables stronger cognitive associations among strategic decisions, as well as between strategic decisions and organizational identity. Decision integration promotes the interconnectedness between organizational identity and other concepts, so that the activation of one may stimulate the activation of others. Social cognition scholars contend that spread of activation occurs among concepts that have strong cognitive association (Higgins, 1996; Kiesler & Sproul, 1982). Furthermore, because many dimensions of organizational identity are closely linked to strategic decisions, decision integration may encourage the development of integrated identity.

When integration is achieved, multiple dimensions of identity become a set of complimentary identities, which then will have meaning beyond the sum of its parts (Ashforth & Johnson, 2001). Thus, decision integration is a substantial contributor to developing identity synergy (Pratt & Foreman, 2000) or holistic identity (Ashforth & Johnson, 2001). The achievement of identity synergy, through decision integration, enables members of organizations to activate one or more identity dimensions every time one dimension of organizational identity is activated, hence increasing the accessibility of their organizational identity. Organizational identity that has high accessibility will be more a part of top managers' thinking processes than concepts with low accessibility. By demonstrating the role of decision integration, this study sheds light on a factor that influences the activation of organizational identity concepts in top managers' minds.

Second, this study provides additional rationale of why a desired future image plays a significant role in organizational identity. Many researchers have pointed to the importance of desired future image on organizational identity (see Gioia et al., 2000). By employing the accessibility principle, this study takes a fresh approach in explaining and examining the significance of desired future image in influencing members' ability to use their organizational identity in their thinking process. Accessibility research shows that superordinate goals, such as desired future image, tend to have high accessibility (Forster & Liberman, 2007), especially when individuals keep the goals active in their minds. Desired future image may also increase the functional value of organizational identity. According to Kopetz and Kruglanski (2008), information that has higher functional value will be more accessible. The current study shows that in answering questions about their strategic decisions, top managers engaging in clear and ongoing discussion about their desired future image (e.g., Ten Forte) were able to make more references about their organizational identity than were those top managers who had no clear understanding of their desired future image (i.e., Boomerang). This tendency possibly occurs because imagining a particular future triggers the activation of several routes to achieve that future (Sherman, Judd, & Park, 1989), making the future and its routes more accessible and thus able to be activated without much cognitive effort (Kunda & Spencer, 2003). Furthermore, a clear articulation and an ongoing discussion of desired future image facilitate members to revisit this concept and reexamine it in relation to their identity here and now. Gioia et al. (2000, p. 67) argue, "Image in its multiple guises provides a catalyst for members' reflexive examination of their organizational self-definition." Thus, frequent examination of desired future image not only increases the accessibility of these concepts but also the accessibility of organizational identity concepts.

Third, the study demonstrates that explicit identity, which is developed through a clear articulation of desired future image and frequent information sharing among top managers, is potential in stimulating the activation of identity concepts. It suggests that greater clarity of desired future image may enforce top managers' understanding of it and its relations with other concepts, which subsequently increases the activation of organizational identity concepts. As Ashforth and Johnson (2001) strongly argue, subjective importance is a key determinant of individuals' tendency to activate a particular identity dimension. This situation was especially evident in companies with explicit identity, where top managers clearly articulated their desired future image and engaged in ongoing discussion about their identity (e.g., Ten Forte and Proficient). Their organizational identity served as a guide to generate strategic choices, as well as to assist them in evaluating information and deciding resource allocations. In contrast, Boomerang's top managers illustrate the case where identity dimension was difficult to access. It suggests a case of implicit identity, where shared understandings take place at an unconscious level (Hatch & Schultz, 2000), making it difficult to access and share the identity. In turn, this dimension is not activated and does not take place in information processing (Ashforth & Johnson, 2001). Thus, explicit identity increases the activation of organizational identity and has important implications for practice.

Although the importance of communication in organizational identity theory is not new (e.g., Gioia & Chittipeddi, 1991), the current study contributes a novel approach in investigating the role of communication in identity management. By exploiting the accessibility principle, this study demonstrates that regular information sharing enables members of the top management group to use and reuse identity concepts related to their strategic decisions, making these concepts more accessible. The frequent activation of an organizational identity concept in communication produces a more explicit identity, which in turn increases the use of that particular dimension in information sharing. This finding has also enriched research on the role of communication on organizational identification. For example, it extends findings from Bartels, Pruyn, De Jong, & Joustra (2007) and Van Knippenberg and Van Schie (2000), who found that group interaction influenced members to identify with their work group, rather than with the organization as a whole. The current study, however, has shown that frequent information sharing in a top management group stimulated the activation of identity of the organization as a whole, which arguably promote organizational identification (Pratt, 1998). A possible reason why the findings from this study differ from those of previous research is that, unlike other work groups, the top management group has a

special responsibility to the whole organization, and not only to their group. Intense information sharing in the top management group will most likely involve discussion about the whole organization, encouraging top managers to access the identity of the organization as a whole. Information sharing increases the possibility of top managers to access their organizational identity and generate a more explicit identity.

Fourth, the study sheds new light on the association between perception of control and the activation of organizational identity concept. This idea is consistent with research on control-related belief at the individual level that indicates the potential power of perception of control to influence cognitive tasks (Bandura & Wood, 1989; Thompson, 1993). It seems that control-related beliefs unleash the ability to access concepts or categories in relation to a particular belief. For example, Proficient had the highest level of perception of control, especially in relation to internal strategic issues (see Table 3), and its top managers were able to activate their organizational identity in relation to their internal process (i.e., communication climate, people, IT, and knowledge management). Another possible explanation is that the high accessibility of organizational identity intensifies control-related beliefs in that particular dimension. For example, the high ability of Proficient's top managers to activate their organizational identity in relation to IT reinforces their belief in their ability to manage strategic issue in IT. Perception of control has considerable impact on organizational action (Thomas et al., 1993), hence by demonstrating the link between top managers' ability to activate the organizational identity concept and their perception of control, this study contributes to a wider discussion about organizational identity, managerial perception, and organizational action.

Implications and Conclusion

This research has three main implications. First, by identifying several factors that may influence the activation of organizational identity concepts, the study suggests further research on organizational identification and disidentification (Kreiner & Ashforth, 2004). As Pratt (1998) argues, the activation of identity is a prerequisite for organizational identification. Members of organizations who are able to access and activate their concepts of organizational identity will have more opportunity to identify with it. It is interesting to know what happens when the concept of organizational identity is never activated, or is in a "sleep" situation. Will this have any consequences for organizational disidentification? If so, what factors help or hinder the potential to make some concepts of organizational identity "sleep?" Investigating

this aspect may add to our understanding about organizational renewal and merger, where top managers need to commit on certain actions to make sure that some “old” concepts sleep and are not activated in their strategic decision making. This aspect warrants further exploration.

Second, this study calls for more empirical studies in the area of identity activation and strategic decisions. Some research has focused on the relationship between knowledge activation and organizational behavior, such as citizenship behavior and customer-oriented behavior (Ulrich, Wieseke, Christ, Schulze, & Van Dick, 2007), and managers’ hiring decisions (Kulik, Roberson, & Perry, 2007). Others have investigated the role of identity on organizational learning (Christianson, Farkas, Sutcliffe, & Weick, 2009; He & Baruch, *in press*) and organizational growth (Gioia et al., 2000; Thomas et al., 1993). However, the relationship between identity activation—which is the prerequisite for identity to be part of the thinking process—and strategic decisions remains underexplored.

Third, the study has significant practical implications for identity management. Barney et al. (1998) argue that some top managers are unable to use their organizational identity in their decision making, and thus resulting in the decay of their organizational identity. The current study suggests that explicit identity facilitates top managers to activate and use the concept in strategic decision making, reinforcing the organizational identity, and reducing the possibility of their organizational identity concepts perishing. To promote explicit identity, top managers may want to clearly articulate a desired future image and develop a communication climate that is characterized by information sharing and cognitive conflict. Because organizational identity provides the framework for members to understand organizational practices, routines, and policies, the more explicit the identity is the clearer the context for sense-making process. Explicit organizational identity will also promote the quality of strategic decisions, because explicit knowledge improves decision quality (Brockmann & Anthony, 2002).

Furthermore, existing research indicates that compared with paying attention to their organizational capabilities, top managers tend to focus on their own personal abilities (Moore, Oesch, & Zietsma, 2007), or on their competitors’ actions (Lant & Hewlin, 2002). This study thus offers a way for top managers to center their attention on their own organizational identity. Top managers may want to formulate decision integration to develop identity synergy and to increase the activation of organizational identity concepts in their minds. Integrating identity, image, and tactical implementations will increase the probability of top managers using organizational identity concepts in strategic decision making. Greater activation of organizational identity concepts will increase the likelihood of top managers focusing on the central characteristics of their organizations.

In conclusion, the study contributes to the growing body of literature that examines the way organizational identity operates in top managers' minds. As Cornelisen et al. (2007) argue, researchers to date have attempted to explain the process of identity construction and reconstruction using words, such as mirroring and bridging. Although these words are useful, they are not grounded in a particular discipline, making it hard to link the understanding to theory or research. A social cognition perspective contends that identity activation (or some use the term *identity salience*) will contribute substantial understanding of how identity operates and is activated. Early works on identity activation tended to focus on how the "external side"—that is the salient stimulus—influences identity activation (Milward et al., 2007; Van Dick et al., 2005). The current study takes an innovative approach by investigating the "internal side," by investigating concepts inside members' cognitions that have high accessibility and thus are able both to be activated and to spread the activation to concepts of organizational identity. Through the accessibility principle, this study sheds light on how identity concepts are activated and brought into the top managers' thinking process. It offers ways to increase the likelihood of developing organizational identity from a potential source of competitive advantage into a realized one.

Appendix A

Case Scenarios

External Challenge. A large and reputable multinational company from overseas is going to acquire one of Indonesia's top 10 pharmaceutical companies. This multinational company has many well-known products that are in line with your company's product focus. In addition, its prospective Indonesian partner has an excellent distribution network and coverage, not only in Indonesia but has also established distribution network in the ASEAN region. This merger is, essentially, a merger of two forces: product and distribution forces. Your executive team is greatly concerned that this new company may potentially reduce your market share in Indonesia. It may also curtail your company's plans to expand when the ASEAN Free Trade Agreement (AFTA) takes effect in 2008.

Internal Challenge. The pharmaceutical industry in Indonesia is one of the business sectors that has recorded steady growth. To capitalize on this, a reputable consultant has strongly recommended that pharmaceutical company in Indonesia implement a good and integrated information system.

(continued)

Appendix A (continued)

The system should be able to assist pharmaceutical company in getting information about its stock within its warehouses, its distributors' warehouses, as well as warehouses of all its retailers. The system should also be able to monitor the company's performance. In other words, pharmaceutical companies in Indonesia need information technology that functions as a decision support system and an executive information system. Though the system may require a considerable outlay of capital, once it is properly implemented, it will provide prompt and accurate access to all the company's records.

Appendix B

Perception of Control Scale

To what extent would your organization:

1. Perceive it has the capability to address the above situation?
 2. Feel it can manage the above situation instead of the situation managing it?
 3. Perceive that it has accessible resources to resolve the above situation?
 4. Perceive that it has sufficient knowledge to understand the above situation?
 5. Perceive that its responses to the above situation are constrained?
-

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