

Sustainability and Organizational Identity: Is it Really in Our Bones? Exploring the Relevance of Organizational Identity as a Frame for Understanding Sustainability

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Introduction

“We are very explicit about using a sustainability frame in our day to day business, but it’s still relatively new, so, to use a phrase that goes around here...is it really in our bones? Certainly not to the point where we’re satisfied if we stopped talking about it, it would continue to be top of mind”

Is it really in our bones? This thoughtful question, posed by a manager in the electricity sector, reveals the challenge of identifying whether sustainability is fully integrated into the core of who an organization purports to be. While many firms ignore the notion of balanced progress toward financial, environmental and social goals, and others profess its virtues without significantly altering their current mode of operation, some companies recognize sustainability as an opportunity, and work toward incorporating it in the day-to-day management practices of the organization. An important question, then, is why do some organizations acknowledge the value of sustainability while others do not? And further, what organizational factors might help to build a ‘mindset’ where sustainability is “really in our bones”?

Sustainability has been described by Elkington (1998) as balanced progress toward the “triple bottom line” of economic development, environmental quality and social justice. Of these, it is possibly the social dimension that is least developed in terms of corporate strategy and practice (Wheeler *et al*, 2001). However, if our environment is to be authentically protected and nurtured, it is human beings who will need to be educated and motivated to undertake this commitment. In this paper we will explore the significance of the social dimension of sustainability by considering how an organization’s identity might influence the perceptions of sustainability professed by its senior leaders.

A knowledge structure is described as a “mental template that individuals impose on an information environment to give it form and meaning” (Walsh 1995: 281). At the organizational level, knowledge structures can be envisioned as paradigms that might filter organizational interpretations of information, including the recognition of what constitutes an acceptable strategic direction for the firm. Organizational Identity is most commonly referred to as what is central, enduring and distinct about an organization (Albert & Whetten, 1985; Dutton & Dukerich, 1991). We are interested in exploring whether this construct may prove a useful frame to generate insight as to why certain organizations develop a “sustainability mindset”, where their “knowledge structure” characterizes sustainability as a strategically valuable opportunity for the firm.

The purpose of this paper, is to begin to identify key areas of inquiry worthy of further investigation in the context of a larger research project exploring the sustainability of Canadian firms. This paper will explore whether Organizational Identity is a relevant frame for the larger study by pursuing two questions: i. Does it resonate with the leaders of Canadian-based firms recognized for their pursuit of sustainability? And; ii. Does it appear to hold the potential for explaining some of the variation in organizational mindsets around sustainability?

We will achieve this, first, by considering how sustainability is defined by leaders in these firms and second, by sorting the data using six “dimensions” of organization identity that are hypothesized to vary across organizations. In doing so, we attempt to identify some preliminary constructs at the organizational level that may be worthy of further investigation with regard to how they might contribute to a “mindset” that either encourages cognitive inertia or that assists organizations with the recognition of sustainability as a legitimate imperative for business.

Organizational Identity

The concept of identity has its roots in antiquity. From Aristotle’s directive “know thyself” to the present day postmodern assertions that there is no identity, only image (Alvesson 1990) the question of who we are and what our place is in society is a fundamentally human one. For practitioners, identity is so important because it has profound implications for action. Who we are, to a large extent, determines the course of action we pursue and the manner in which we interact with others. It has been suggested that “concerns about identity are just as profound as concerns about survival” (Whetten & Godfrey, 1998: viii).

In its simplest expression, *organizational identity* (Albert & Whetten 1985; Ashforth & Mael 1989; Dutton & Dukerich 1991; Dutton, Dukerich & Harquail 1994; Elsbach & Kramer 1996; Gioia & Thomas 1996) refers to what organizational members perceive as a firm’s essential character. Organizational identity is a particularly compelling issue to study in the context of sustainability and the networked economy. In the new economy, ambiguity around identity is a prevailing characteristic (Alvesson, 2001); considering identity in this context will allow us to respond to calls to further the traditional view of organizational identity as that which is “central, enduring and distinctive” (Albert & Whetten 1985) in favour of a more dynamic, complex and robust view of identity (Gioia et al, 2000) which focuses on the aspects of identity that might vary across organizations.

Organizational Identity and Sustainability

Sustainability can be described broadly as a particular strategic direction that an organization decides to pursue. Sustainability is a particularly compelling strategic direction to study in relation to identity for the following reasons:

- i. It addresses questions about “who we are” as a company. With the pursuit of sustainability, there is no longer a single-minded focus on profits and short-term goals; even though the business case for sustainability can be made, integrating concerns for environmental and social dimensions results in operating in a fundamentally different way than required by the dominant social system.
- ii. It deals with issues of “what business are we in”? Not all organizational activities are equal within a sustainability approach. For example, a carpet company, such as Interface, that wants to pursue sustainability must begin thinking of itself as flooring service provider in order to generate alternative solutions to environmentally degrading practices that are standard in the industry.

- iii. It raises the issue of the role of legitimacy in organizational issue interpretation. Sustainability can be described as an illegitimate strategic direction. Because of this, the dimensions of an organization's identity may prove critical for transforming the "organizational mindset" with regard to sustainability and conferring credibility to this strategy.

Organizational Identity as a Socially Complex Resource

In this paper, we consider organizational identity from a strategic perspective as a socially complex resource, which may provide long-term competitive advantage to an organization (Stimpert *et al.*, 1998) in the new economy context. Historically, competitive advantage (and reputation) was considered to be a product of economic factors such as price, quality and service. However, contemporary concerns reflecting a growing awareness and acceptance of environmental-social-economic linkages have demonstrated that social and environmental factors contribute very significantly to how a company is perceived and how it performs in the marketplace (Enviroics, 2000; Svendsen *et al.*, 2001a & b). Pursuing organizational sustainability may lead to a crisis of identity, as it raises questions about "who we are" as a company and deals with issues of "what business are we in?"

From a strategy perspective, organization identity has been defined as "the theory that members of an organization have about who they are" (Barney *et al.*, 1998: 87). From this perspective, identity is important because it describes the essence of an organization, focuses management attention on strategic issues, is an influence on the resource allocation process and it can be very motivational. For these reasons, organization identity has been argued to enhance organization effectiveness and performance and serve as a source of sustained competitive advantage as it is socially complex, developed over time and held in manager's cognitive beliefs (Barney *et al.*, 1998) and thus, is difficult to imitate.

The Dimensions of Organizational Identity

The traditional view of Organizational Identity is somewhat static. Because sustainability is very much about organizational transformation, we needed to rethink identity as a more dynamic construct in order to apply it to this domain of inquiry. In order begin our exploration of the relevance of this concept, we have focused on six "*dimensions*" of organization identity, that have been proposed as important ways that identity can vary (Barney *et al.*, 1998). These dimensions: homogeneity, intensity, complexity, abstractness, content and context are described more fully in the interpretation of the data.

It is important to note that, in this study, we are not intending to test or to validate these dimensions; however, we will use them as one interpretation of how a firm's identity may vary in order to look across organizations and assess whether this frame has resonance with the research objectives. If this frame appears useful, ultimately, in the larger research project, we intend develop an inductive, "grounded theory" (Glaser & Strauss, 1967; Strauss, 1987; Corbin & Strauss, 1990) approach to exploring the relationship between organizational identity and

sustainability in order to uncover identity dimensions that might emerge from this research. At this stage we intend to move to an even more dynamic, process view of identity by considering how dimensions of identity, might vary across organizations and over time through the interaction of an organization's future image, current identity and past reputation, enabling or inhibiting the cognitive shift that allows for the adoption of sustainability as a strategic direction.

Methodology

Context of the Research

The research conducted here is drawn from the Development Phase of a much larger study in progress entitled *Sustainable Canada: The Sustainability of Canadian Business in the New Economy*. The study is supported under the 'Initiatives in the New Economy' program of the Social Sciences and Humanities Research Council of Canada. The ultimate purpose of the project is to explore what would be the competitive and organizational advantages if Canada, Canadian business sectors and Canadian-based companies were to brand themselves more actively in international markets with respect to environmental and social values. The project includes a) an investigation into 'green marketing' issues to help to 'brand' Canada as a place where sustainable business practices are widely embraced; and, more substantially, b) research into the best practices and potentially better practices that large, leading Canadian organizations can adopt to move to more sustainable organizational behaviour. The study thus far has touched several sectors of the Canadian and international economy, and is looking at the potential for collective action and learning at the organizational, sectoral, cross-sectoral (along value chains) and national levels.

Data Collection and Analysis

This current study is aimed at shaping and focusing our research agenda over the next 18-24 months. Our preliminary qualitative data set used in this paper consisted of 24 depth interviews with representatives from six sectors of the Canadian economy: chemicals, electricity, environmental services, forestry, oil and gas, and primary manufacturing (aluminum and steel production). Fourteen large Canadian-based companies with combined annual revenue of greater than C\$20 billion comprised the set. All of these firms have expressed publicly an intention toward sustainability or sustainable development, to a greater or lesser degree, in varying terms.

Our interviews averaged 60 minutes in length, and consisted of open and closed questions on the subject of the firms' interpretation and approach to sustainability, including specific questions regarding various dimensions of organizational identity. Our respondent set was a mix of upper-middle managers to senior executives, with a bias toward the latter. The interviews were taped and transcribed, and the data reviewed by all three researchers in order to assess the relevance of these dimensions to understanding perceptions around sustainability.

It should be noted that this data was treated as leaders' perceptions of what their organizations are doing or what they are aspiring to do. The next phase of research will triangulate organizational interviews with archival data (including performance metrics, annual reports, databases on social performance (Harrison & Freeman 1999), industry reports, and internal documents), and stakeholder interviews in order to validate these perceptions around sustainability. However, for this preliminary work, we were interested in how organizations who profess to be pursuing sustainability and who are perceived as leaders in sustainability think about sustainability and how they characterize it to others.

In the following section, we present and discuss descriptions of sustainability offered by these respondents and describe dimensions of their identity. We then consider which dimensions might influence those perceptions of sustainability as a way to assess the potential for future research in this area. We do this, using the frame of Organizational Identity and the perspective of Institutional Theory as a way to explain why some of these organizations may be experiencing cognitive inertia with regard to sustainability.

Who We Are and How We See: Perceptions of Sustainability and Dimensions of Organizational Identity

Perceptions of Sustainability: Minimum Harm or Maximum Good

Throughout the interview, leaders commented on the meaning of sustainability, both in their organizations and in their industries. A common theme among respondents was that definitions of sustainability varied across their particular industry, and that sustainability was often difficult to define, even at the organizational level:

“It’s a word that people use, or maybe misuse and abuse, so we try to define ‘what do we mean from a practical point of view’”

“I was on the national round table and we asked about sustainability and what does it mean? And everybody had a different definition for it.”

“If you asked in our company you’d probably get 5000 or 6000 answers because we have roughly that many people”.

“We think we’re on the right path but sustainability is an evolving concept – we don’t know what it is”

Many organization’s described how they struggled with the use of the language and with adopting a definition that resonated with their organization:

A key success factor for [our organization] has been the development of common language around sustainability. This has been an evolutionary, trial and error approach over time, to find out which terms resonate with people and which don’t. Developing the language matters...vocabulary and language can either be a huge barrier or a great asset.”

Wheeler, Colbert and Freeman (2002) provide a framework for conceptualizing organizational approaches to sustainability. Often, organizations that profess to be pursuing sustainability are, in fact, pursuing *Compliance-Based CSR* or *Relationship Management*. Wheeler *et al* (2002) argue that in order to maximize value creation for all stakeholders, it is important to operate inclusively across these three dimensions.

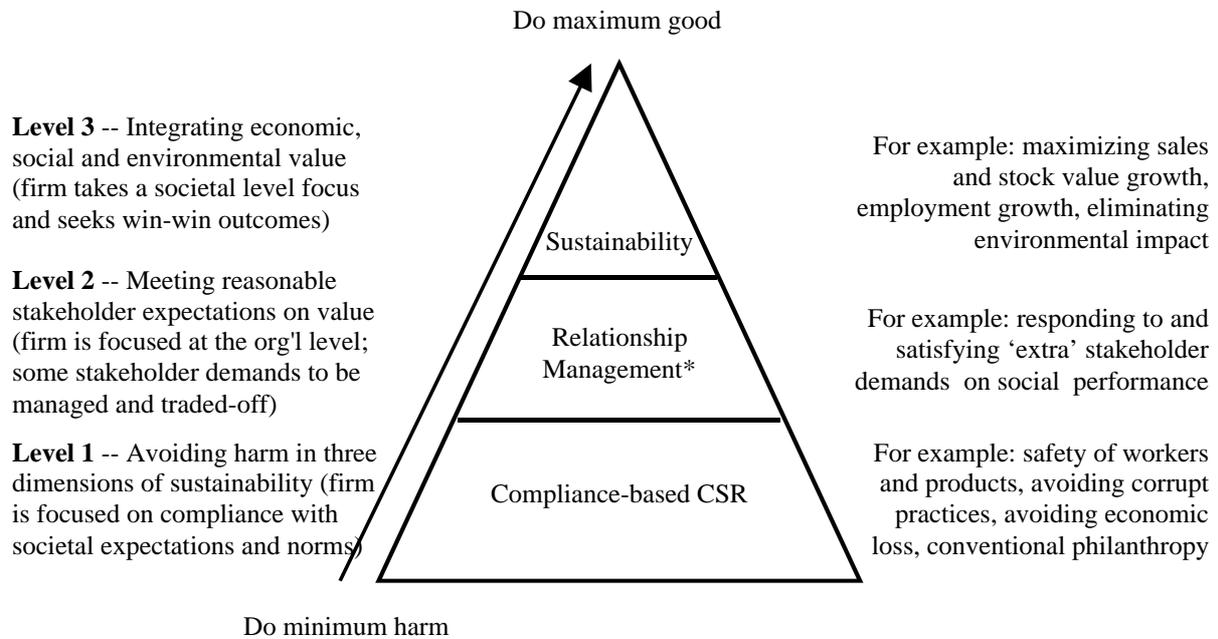


Figure 1: Framework for classifying companies' positions on value creation in three dimensions of sustainability (developed from CED, 1971; Sethi, 1975 and Carroll, 1979)* Note – in this model, a 'stakeholder approach' unites all levels, but we have used the narrower construct of 'relationship management' to describe the practice of balancing and meeting demands through trade-offs.

Throughout these preliminary interviews, we found evidence of firms conceptualizing sustainability as operating exclusively in one of the three categories, spanning two categories and a few, whose description fell into the category of "sustainability". It is interesting to note that most of these organizations were emphatic about described their activities as "sustainability" even though, clearly, some were more actively pursuing Compliance-Based CSR or Relationship Management:

A small portion of respondents described sustainability primarily in Level 1 terms of Compliance-Based CSR:

"Sustainability, for us, is best captured with the word "eco efficiency". This relates to people on the manufacturing side, it's easier to apply that notion. Efficiency is a language the mill people can understand. We try to bring it down to, lets say, pure English that people can relate to. We don't use the word sustainability. We use the word waste minimization. So that's why we talk about waste minimization, eco-efficiency. People understand those words more."

The majority of respondents described sustainability as an integration of Level 1 and Level 2 activities of Compliance-Based CSR and Relationship Management:

“Sustainability is about being successful over the long-term. Related to that is earning societal consent to operate and grow the business. I think it can also take the form of being a producer of choice given that it’s virtually always the case that oil and gas companies are not the owners of the resource they develop. The crown almost always owns the resources. A third dimension is capturing emerging business opportunities, so anticipating and responding to change may be a way of characterizing that.”

“So for me you could go all the way from saying that oil and gas is not a sustainable industry because eventually we will run out, it is not a replaceable commodity. I’ve heard that at the World Business Council for Sustainable Development, there are some companies there who believe that oil and gas and mining should not be allowed to join the organization. On the other hand, you could say what it means to our industry might be something more like how do you achieve alignment between social, economic and environmental objectives within the strategy of your own corporation and that is how I chose to define it. We don’t really use the term sustainable development. It’s just not something that anybody in the company relates to. So we tend to talk more in terms of our management systems around total loss management, which covers everything from environment, health, leadership, stakeholder relations, and management. And corporate social responsibility, which we’re a bit more comfortable with, or corporate citizenship”.

Very few organizations described sustainability in terms of operating across Level 1, Level 2 and Level 3 activities of Compliance-Based CSR, Relationship Management and Sustainability:

“We adopted the Bruntland Commission’s definition meeting today’s needs without compromising the needs of the future. We’ve talked to staff a lot about the three legs of sustainable development, the economic, the environmental and the social. We always say to people, look, you can’t do our business without having some impact on the earth, on communities where we operate. And we’re a for profit business with shareholders who insist rightly that we deliver economic benefits. So, it’s such a clean and clear fit for our business, as a resource business, to try and minimize our footprint on the earth, to make sure that we’re accepted by communities, that we don’t have much difficulty putting together a strong business case as to why this is good sense. We intend to be the most profitable company in our business and we see no conflict between that and being the most responsible environmental company and being the company welcomed by employees, communities, neighbours, governments, NGO’s whomever, because they see that society overall gets a strong benefit from our business. So we want to have shareholders as winners, communities as winners, and kind of the earth as a winner per se, but not as big a loser perhaps as it could be if we didn’t do our business in a responsible way. We say to our shareholders, we’re doing this to make more money, not to make less, we intend to be an attractive place for employees, and

potential recruits to work, for customers to choose us. We believe we'll win the environmental battle, the social battle and the economic battle all at once.”

“Sustainability for us is a long-term goal. We have existing power plants that we’ve invested a lot of money in that still have 25 years of life, I’m thinking specifically of hydro electric and nuclear and fossil plants. We want to continue to run them because there is economic value in them but we recognize that in order to do so we have to reduce the environmental impact of those plants and the relationship we have with the community needs to be stronger than it is today. We also have modest investments in green power – solar wind and biomass –in addition to running the existing plant. As an industry sector we’ve had a real debate about sustainable development – most would probably buy into license to operate but social responsibility is not widely used and there is more emphasis on the environmental dimension of sustainability.”

Considering this range of perceptions about what constitutes sustainability, we were interested next in exploring what organizational factors may work together to establish these varying mindsets and how an Organization’s Identity might contribute to producing these different perceptions of sustainability.

Dimensions of Organizational Identity

In order to evaluate if Organizational Identity might be a useful construct worthy of further exploration in the “*Sustainable Canada*” project, we asked leaders a series of both closed and open-ended questions in order to prompt them to describe their organization as it related to the six dimensions on which identity is proposed to vary.

- 1) **Homogeneity:** *Organizational identity varies across organizations with regard to the degree that it is shared by organization members.*

Variations in identity across the organization were described by respondents as having possible negative impacts on the pursuit of a sustainability approach:

“There is a reasonable amount of independence of thought or empowerment, or words that are not so positive, in different parts of the company which leads to a lot of internal conflict and inconsistency in our messaging and in some cases in our approach or even in our commitment”

The majority of respondents expressed the belief that organization members would share their view of the identity of the organization. This was characterized as a positive and often work was done in order to enhance homogeneity as a means to achieving sustainability:

“I hope that others would give our business objectives around financial strength, long-term vision and being a caring company. [It’s] pretty simple – we’re leaders in profitability, we want to grow profitably and we want to do both of those under an overarching commitment to sustainable development, and I hope, well we keep hammering on them, almost any time we get up and talk about the business we start with these.”

- 2) **Intensity:** *Organizational identity varies with regard to how strongly the beliefs are held i.e. the belief “yes, this is our identity” (intensity) and “yes, this is a good identity to have” (conviction).*

Intensity was assessed through evaluating the language used when speaking about the dimensions of identity. We considered the clarity of how they articulated their identity (intensity) and the degree of passion or dismay espoused by respondents regarding their identity (conviction).

Most often, respondents described their organization’s identity in very clear and positive terms:

“You may not get the word ‘committed’ from everyone. That’s my own perspective and it may not pour off the lips of the masses. People might not use the word ‘principled’, but it comes back to core values. You know how when you walk into an organization you experience an energy field? I think people experience the quality of energy that exists in the environment – are you authentic, do you cheat and lie, do you work with integrity, do you really have care and concern for people or are those just words?”

Not being able to clearly characterize the identity was described in negative terms, with the most common outcome of this cited as the inconsistency of delivering on the sustainability promise:

“I’m having difficulty capturing the organization...we’re a bit schizophrenic...for example, with respect to stakeholders we do some of the most advanced work, but not consistently...we also do some of the worst.”

- 3) **Complexity:** *Organizational identity varies with regard to the number of beliefs that comprise the identity and the number of identities*

Those organizations with more focused and consistent beliefs and one clear identity described this as an asset for sustainability:

“We have extraordinarily – not just ‘competent’ – but extraordinarily ‘good’ people. We have people in our organization that really believe in the values we hold, and work really hard, whether they are working at a plant site, or a customer’s location, or a research lab to live up to those values. And this is a corporation where we’ve been in business in Canada for 125 years, so you don’t get that without being pretty attendant to things, and having something that holds you together pretty strongly, and that’s our core values. It really comes back to people, and if we have the capacity to help people see this as the right thing to do, the good and right thing to do, they’ll make it happen.”

Organizations characterized by multiple identities were often described in negative terms, with this characteristic detracting from the organization’s ability to focus on sustainability due to multiple agendas:

“One of the most important things about us is that we’re owned by politicians. We have a dual identity. We’re both a crown corporation and a business. Being a big business like that means ...you have enormous expectations on you that are completely inconsistent. You’re expected to be completely businesslike and also provide the service of a government department.”

4) **Abstractness:** *Organizational identity varies with regard to the degree to which the identity focuses on simple, concrete things, or on abstract, intangible ideas.*

Those organizations who expressed their identity in more abstract terms, were often those who were pursuing Level 2 or 3 sustainability:

We are in the business of creating the future for mankind through the miracles of science. Or perhaps, we bring our capacity to apply science to the problems of mankind. Sounds lofty, but at an ethereal level, that is what we are engaged in.

“A multimaterials solutions provider”

These less concrete and broad descriptions appeared to provide room for more possibilities in terms of integrating economic, social and environmental value. In contrast, those who used more concrete terminology, such as:

“We’re in the business of turning crude into cash” or “we’re in the oil and gas business”

“Electric utility”.

“We are in the flat rolled steel and steel-related products business, providing solutions to a full range of customer in automotive, containers, construction, etc. That’s the reality today. One could also argue that we’re in the materials business or the ‘solutions’ business or whatever, but the former is the current picture.”

were more likely to describe themselves in terms which suggested they were pursuing Level 1 or Level 2 of sustainability.

5) **Content:** *Organizational identity varies with regard to an organization’s internal versus external focus as it relates to their identity (e.g. how much do they monitor and react to what others think).*

A balance in internal and external focus was described by many respondents as important to managing for sustainability:

“...Not just get a lot of awards, but if individuals could see the vision we are trying to create, and get themselves connected to the work, that can be reinforced in very

positive ways by it being recognized that we are doing the right thing. It's can help to keep you aligned.”

“I think we need a stronger market focus in order to reinforce that culture [of sustainability]. Sometimes it can be too inward looking.”

“How external stakeholders perceive us is very important. Our number one issue as an oil and gas explorer is access to land, and if we are not recognized as a good performer, we won't get access to resources. It's a key strategy for differentiating ourselves...we also have incredible communication processes internally. We spend an awful lot of time training and education our people on SD. Our CEO recently spent a full morning on satellite link to all of our operations talking about sustainable development. We have e-journals that change continuously that talk about SD, it's part of our project management training.”

6) **Context:** *Organizational identity varies with regard to the internal and external context, in particular, the history of the organization and the future ideals of the organization.*

History played two different roles in the respondents' descriptions of their identity. On one hand, a long, proud history of corporate social responsibility was sometimes described as contributing to the current focus on sustainability:

“I think it goes to our heritage, we're celebrating 200 years of existence this year, and so we're one of the oldest industrial companies in NA and that is a source of pride to us and our ability to evolve and change. We have been recognized globally as a leader in environmental...and trying to push the envelope in terms of what that understanding means in terms of sustainability. It's really about who we are.”

“[Since our inception] we've always taken safety, health and environment focus...always taken environmental and societal considerations into business considerations – but in terms of positioning that in terms of sustainable growth, just starting that in last couple of years”

On the other hand, the past was sometimes referred to as a negative legacy of bad experiences that also contributed to their current focus on sustainability:

We've had a dramatic change in the past 10 years from a compliance mindset to a performance mindset and from an internal focus to an external focus.

I think that there are two things. I think that the whole area about being principled probably has its roots in the beliefs and in how the company was formed as a crown corporation. And the expectations of the public are that we are more so than a private company. And I think that the expectations of the public are still like that. And I think that is why people will give us all this credit as being the most socially responsible, the most environmentally responsible, it's not necessarily because we are all that much better, it's because people attribute that to us because of our heritage. And I think we've really tried to build on that”.

“[The organization] doesn’t have a brand yet, this is contributing to that – we have some of the legacy from [our parent company] – some will see us as dependable, others will see us as bureaucratic dinosaurs who aren’t very environmentally responsible – our function is to create the brand and counter some of the negative associations of the legacy of [our parent company].”

I think so, except we’re a lot more financially strong than we used to be, we do understand the economic side of the equation, we’re a lot more business like than we used to be. We’ve always had a long-term vision, but instead of being soft and a bit fuzzy, now we’re more focused. And caring company, yes, again, caring in a balanced way, I think in the past we were a bit muddle headed at times, we thought caring meant being everyone’s friend, where it actually means making choices and sticking up for what you believe in. And sometimes that isn’t popular.

In either case, history is described as being important and organizations future-oriented vision of sustainability is often characterized as a function of the organization’s historical identity.

Considering these variations we recorded in the descriptions of sustainability provided and across dimensions of the organization’s identities, we decided to use institutional theory, one of the few organization theories that acknowledges the social construction of reality, in order to consider how Organizational Identity might shape the organization’s ‘mindset’ or the cognitive frame through which it interprets strategic directions.

Socially Constructing Sustainability: The Role of Cognitive Legitimacy in Sustainability

The social construction of reality implies that social existence is a human construction, while, at the same time, human perspectives are shaped by social factors (Berger & Luckmann 1966). The social order exists only as an outcome of human activity, not as a product of the “laws of nature”. This is encapsulated by Berger and Luckmann (1966: 58) in the following: “Society is a human product. Society is an objective reality. [Hu]man[s are] social product[s]”.

Within the two main streams of social construction: an interactionist approach and a structuralist approach (Pfeffer 1985). The interactionist position is extreme relativism with each event knowable only from the perspective of the individual experiencing it. The structuralists see patterns of meaning shaped by roles and shared paradigms which structure and constrain the interpretations that are given to interaction patterns. Thus, for the structuralists there are more shared understandings and definitions, although the shared definitions are the product of cognitive processes (Pfeffer 1985). We take a structuralist approach in this paper which is consistent with the institutional perspective, primarily a structuralist approach to the social construction of reality (Pfeffer 1985).

Institutional Theory and Organizational Identity

The institutional perspective (Meyer & Rowan 1977; DiMaggio & Powell 1983; Oliver 1991; Scott 1987, 1991) is particularly relevant for understanding the link between organizational identity and sustainability. Institutionalization refers to the process by which the structuring and

functioning of organizations becomes widely acknowledged as appropriate and necessary (Tolbert & Zucker 1983; Meyer & Rowan 1977; DiMaggio & Powell 1983; Scott 1987; Scott & Meyer 1994; Baum & Oliver 1991). Institutional theory helps us to understand how practices encouraging sustainability are created and adopted over time by organizations, as taken-for-granted practices and how they become "embedded" in institutions and organizational fields (Jennings & Zandbergen 1995; Hoffman, 1999; Bazerman & Hoffman, 1999).

Organizational Identity has been described as limiting what members consider legitimate interpretations of issues and constraining what are considered acceptable or legitimate solutions to those issues (Dutton & Dukerich, 1991; Dutton, Dukerich & Harquail, 1994; Gioia & Thomas, 1996; Meyer, 1982; Miles & Cameron, 1982). Thus, organizational identity is critical to defining the context within which leaders respond to sustainability concerns. This is best understood as an iterative and mutually reinforcing process whereby the recognition of issues by managers (Sharma *et al.*, 1998; Sharma, 2000; Sharma & Vredenberg, 1998; Westley & Vredenberg, 1996; Bansal & Roth, 2000) and other key stakeholders e.g. leaders of associated organizations (Egri & Herman, 2000) assist in the creation of a 'sustainable' organizational identity which in turn help to legitimate and realize these capabilities at the firm level. The role of leaders is in organizational sense making, where collective actions are given meaning through the leader's interpretation and cognitive modeling of environmental events (Huff, 1990; Jacobs & Jaques, 1987; Thomas, Clark & Gioia 1993; Gioia & Chittipeddi, 1991; Sharma 2000).

Legitimacy has been described as arising from congruence between the organization and its cultural environment (Meyer & Scott 1983; Scott 1991). More specifically, legitimacy can be described as arising from alignment between the social values represented by organizational pursuits and the norms of acceptable behaviours in the wider social system (Meyer & Scott 1983; Scott 1991; Neilsen & Rao 1987; Suchmann 1995; Dacin, 1997; Dowling & Pfeffer 1975). Suchmann (1995) defines three main "types" of legitimacy: pragmatic, moral and cognitive. These types can be summarized as follows. Pragmatic legitimacy indicates that support for an organization's strategic decision is related to the expected value to a set of constituents. Moral legitimacy is based on judgements of whether the activity is "the right thing to do", and cognitive legitimacy is based on an organization's actions being seen as necessary or inevitable, based on some taken-for-granted cultural account (Suchmann 1995).

From an interpretivist perspective, with its attendant assumption that social groups move toward convergence around meaning, the implication for identity is that it will endure only to the extent that the social context affirms the projected identity (Bouchikhi et al. 1998). Most organizational justifications for sustainability invoke moral legitimacy (the ethical case) or pragmatic legitimacy (the business case). However, cognitive legitimacy can be argued as essential because sustainability subverts many of the taken for granted assumptions of the dominant discourse.

In fact, sustainability has been described as a crisis of a mainstream paradigm of social change, and as such, attempts to absorb sustainability into the logic of social modernization are not effective (Piccolomini 1996). Sustainability has been described as creating a crisis of rationality at the level of the system, a crisis of legitimacy at the sociocultural level and a crisis of motivation at the individual level (Piccolomini 1996; Habermas 1976). New social movements

revisit core concepts of the dominant discourse around development and offer new patterns of social and political life. The symbolic challenges of new movements suggest that sustainability can be seen as a social movement because it explores new kinds of cultural priorities in order to establish a new pattern of social development (Piccolomini 1996; Melucci 1994). Considering sustainability in this way, a new “organizational mindset” must be established in which sustainability has cognitive legitimacy.

Environmentally and socially destructive behaviour is supported by core, taken for granted beliefs of modern society (Bazerman & Hoffman 1999; Allenby 1998). The dominant social paradigm is characterized by an adherence to neoclassical economic principles and goals such as economic growth and profits (Egri & Pinfield 1999). The formal structures of organizations often reflect the myths of their institutional environments rather than being efficiently organized to respond to work demands (Meyer & Rowan 1977; Bell 1973). Considering this, it can be argued that the single bottom line is a “rational myth” of the institutional environment which reflects the dominant social paradigm, rather than the range of possible ways of organizing that are available to organizations. Sustainability may be resisted then because changes to the dominant discourse could render current practices illegitimate.

Organizations may be bound together more by a common perception of reality or a shared paradigm than by common values or preferences; in essence an organization can be understood as a socially shared way of making sense of the environment (Weick 1979; Morgan 1997; Pfeffer 1981). An organizational paradigm constrains how individuals in organizations apply meaning to and legitimate organizational issues (Dutton 1992; Burrell & Morgan, 1979). It has been argued that what is required in order to achieve balanced progress on the three dimensions of sustainability is a focus on the cognitive meaning of sustainability in order to understand how it challenges the status quo (Piccolomini, 1996). Environmentally and socially destructive behaviour is supported by core, taken for granted beliefs of modern society (Egri & Pinfield, 1996; Bazerman & Hoffman, 1999; Allenby, 1998). Considering sustainability in this way, the challenge is in establishing a new “organizational mindset” (Smircich & Morgan, 1982; Morgan & Adams, 2000) in which sustainability has cognitive legitimacy.

From an interpretivist perspective, Organizational Identity can be described as an aspect of culturally embedded sensemaking that defines who we are in relation to a larger social system (Fiol et al. 1998). Organization’s identities are described as influencing how individuals interpret issues and their behavioural response to those issues (Dutton & Dukerich 1991; Dutton, Dukerich & Harquail 1994; Meyer 1982; Miles & Cameron 1982). By considering an organization as creating images of reality and then interacting with these images, cognitive frameworks will place limits on the awareness of alternatives which can then constrain behaviour (Kuhn 1970). As with environmental problems (Bazerman & Hoffman 1999), behaviour contrary to sustainability is perpetuated by institutions at the cognitive level which then forms common perceptions of behaviour that are taken for granted. In the larger research project we will ultimately consider how dimensions of the organization’s identity (Barney *et al*, 1998) may serve to facilitate or inhibit the development of cognitive legitimacy for sustainability.

Conclusion

From our conversations with leaders we derive that the evolution of sustainability will require, not just better information, or a more compelling moral or business case for the sustainability imperative, but rather a fundamental shift in organizational mindset with respect to the issue. More specifically, we suggest that an organization's identity might play a role in perpetuating cognitive inertia, or in assisting organizations with recognizing sustainability as a legitimate strategic alternative.

“Quite often there is a confusion between sustainability and environmental. We think of it as the triple bottom line, of which the environmental side of it is a piece. I don't believe from a sustainability point of view, the environmental piece has been integrated into the business strategies to the extent of the financial performance and even to some degree the social performance....people think about the social and how it impacts results, but it comes back to...they're doing it for good business results and business results in their mind are still financial results they're not sustainability metrics. So, I think environmental still sits out there as an obligation.”

“A barrier that I encounter on occasion is around mindset. Whereas at [our organization] we talk about the need to earn societal consent and grow, our position on climate change is driven by what stakeholders expect from us on this whole issue, when we talk to [many other companies], the mindset tends to be that they have a right to operate, ...to heck with this business of having to earn it...they feel like they have inherent rights that should be defended. There are many companies in the oil patch and I would guess across many sectors who have that mental model...engage stakeholders really only in the sense of when they need something from them.”

“For other companies, if they are not in a growth mode, they lapse into that other mindset, they don't have anything to talk to anyone about, so they withdraw within the plant gate.”

Morgan (1997) describes one of the problems of an autopoietic, or self-referential, identity as the pitfall of egocentrism. A relevant example for sustainability is that egocentrism can destroy the context on which an organization depends. Because egocentric organizations draw narrow boundaries around definitions of who they are, they advance this self-interest in a narrow domain that can create negative effects in the physical and social environment that may jeopardize their future survival (Morgan 1997).

This preliminary research has served to identify organizational identity as a frame that holds promise for understanding organizational mindset. Future research will explore, using an inductive approach to qualitative analysis, the dimensions of identity most consistent with achieving sustainability. In doing so, we hope to move the organization beyond egocentrism toward a more holistic, stakeholder-focused approach that establishes sustainability as a legitimate pursuit.

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