

Research Integration Framework of Organizational Identity Change and Strategic Change in Subversive Situation

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Abstract: At present, the economy is developing rapidly, and the environment in which the organization is located is more and more highly dynamic, uncertain and even subversive, in order to maintain a sustainable competitive advantage, enterprises must carry out organizational strategic changes. The premise of successful strategic change is the realization of organizational identity change, and the change of organizational identity will also trigger the strategic change of an organization. This paper will explain the relationship between strategic change and organizational identity change, and summarize the subversive situations that lead to organizational identity change and strategic change.

1. Introduction

In the process of development, organizations are bound to be influenced by the external environment. Due to the frequent changes of institutional environment and market environment, organizational identity shows higher dynamic characteristics, which will lead to more intensive strategic replacement of organizations. Academic circles generally believe that change is an important way for organizations to cope with complex and changeable environment and maintain competitive advantage. The strategic change of an organization involves not only the actual and concrete factors of the organization, but also the abstract factors about organizational cognition that most managers ignore. Organizational identity is the attitude of organization members to "who are we?". Collective cognition and common belief are the core and unique essential attributes of an organization. The success of strategic change is closely related to the change of organizational identity. However, there are relatively few research perspectives that combine the two.

2. Organizational identity change

Albert and Whetten (1985) first proposed the construction of organizational identity. They think that organizational identity is an organization's answer to "who are we?", and it is the core, the most lasting and the most unique organizational feature in an organization, which is finally manifested in the nationality, culture, purpose, values, core business, ownership structure, product or strategic style of the organization. In the process of organizational operation, organizational identity points out the way and direction for the development of an organization.

Organizational identity is the product of artificial construction. Organizational identity is unique, which is the most important symbol that distinguishes our organization from other organizations. Being at the core level of the organization, it has the functions of shaping organizational cognition, guiding organizational behavior, guiding and shaping strategy and operation [1]. In the long-term development of organizations, organizational identity presents dynamic characteristics, but it is difficult to change in the short term due to the solidification of members' cognitive framework and the path dependence in organizations.

Organizational identity change refers to the process of changing the core, unique and lasting characteristics of an organization and redefining who we are as an organization [3]. Many studies have shown that changing organizational identity can bring many benefits to the organization, such as

improving the organization's ability to adapt to the environment, improving the organization's image, and promoting organizational strategic change.

3. The relationship between organizational identity change and strategic change

Strategic change is an organizational change behavior in which an enterprise completely or partially denies the previous strategic logic and framework and re-establishes the enterprise strategy in order to adapt to the dynamic changes of internal and external environment or maintain and enhance organizational performance. Organizational identity change and strategic change are two independent change activities. Although they are different in concept connotation, theoretical basis, change content, driving factors and change depth, they are both long-term, significant and overall change activities. Henderson, Cheney and Weaver (2015) found that there is a close relationship between organizational strategy and organizational identity, and organizational implementation of strategic change will affect the established connection between "organizational voice" and "personal cognition" [3]. In other words, the organizational strategic change will inevitably change the existing organizational identity. On the other hand, organizational identity will affect organizational strategy.

Organizational identity change will lead to strategic change. Organizational identity will affect the business behavior of enterprises and limit the development direction of enterprises. Once an enterprise identifies an organization, it will develop firmly in the industry. If managers want to make major changes at the organizational level, they can first establish a convincing and clear future identity image that people can associate with and promise, thus simplifying the initiation of strategic changes. When a new organizational identity appears, in order to meet the requirements of the new identity, the organization will change its strategic direction and change its own product structure and process. The reason why organizational identity can become the source of strategic change direction is that organizational identity is more difficult to imitate than other resources and capabilities in the organization, and it can even become the source of competitive advantage for organizations.

The realization of strategic change is based on the success of organizational identity change. Any major changes in the organization, especially strategic changes, must be accompanied by major changes in the overall understanding of the organization. Therefore, it is necessary to reconsider the existing identity and image, and then change the existing organizational identity. However, organizational identity often has inherent inertia, which leads to organizational members' unwillingness to change their belief in the formed organization. In the process of enterprise's strategic change, the guiding role of managers is very important, if managers can't change the organizational identity, or can't adjust the contradiction between the new and old organizational identities well, it will directly lead to the failure of organizational strategic change.

4. A variety of situations that lead to strategic change and organizational identity change

In many situations, organizations need to change themselves to adapt to environmental changes. In some situations, organizational legitimacy will be lost when organizational identity changes. Organizational legitimacy means that the means and purpose of organizational operation conform to social norms, values and expectations. In the value system constructed by society, organizations are required to act in socially acceptable ways [4]. Under these circumstances, enterprises must change their organizational identity to gain organizational legitimacy or carry out thorough strategic changes to adapt to changes in the environment.

4.1 Transformation and upgrading of traditional industries

At present, China advocates saving environmental protection and changing the mode of economic development. Only by fundamentally changing the organizational identity and strategic objectives of enterprises can traditional industries achieve industrial upgrading. For example, in the early stage, coal-fired power generation was the most energy source in China. In the later stage, with the development of technology, the requirements of national policies and the need of environmental

protection, many enterprises with coal-fired power generation as their main business must reposition their organizational identity, redefine the problem of "who are we" cognitively, change their mission and objectives, and make fundamental and thorough strategic changes if they want to survive and gain organizational rationality in the new market.

4.2 Tissue expansion or contraction

When an organization expands and contracts, the original organizational structure is facing adjustment, in order to adapt to the new organizational structure, a new organizational identity must be created. In the process of enterprise merger and acquisition, there will be a high degree of uncertainty, which makes the change of organizational identity in the process of integration very complicated. In the process of expanding organizational change, in the process of forming new organizational identity, the party with distinctive organizational identity often occupies a favorable position in the process of integration. However, for the shrinking change, the shrinking organization part directly loses its original distinctive identity and social reference, and the original identity label becomes no longer applicable, so the organization must carry out organizational identity change before it can operate as a new whole.

4.3 Cross-border operation of enterprises

For the sake of long-term development, it has become very common for organizations to conduct cross-border operations. The identity of cross-border enterprises is usually multiple, ambiguous and difficult to define. When an organization operates in a new field, it will encounter many challenges brought by the change of organizational identity. On the one hand, in the process of cross-border operation, enterprises need to maintain the continuity of organizational identity to prevent themselves from losing themselves in highly dynamic innovation; On the other hand, due to the identity difference between the old and new industries, enterprises need to change the identity meaning at the same time to reduce the barriers of identity difference in the new field. Therefore, enterprises should not only pay attention to business development, but also expand their organizational identity when carrying out cross-border business activities.

4.4 Internationalization of enterprises

In the process of internationalization of multinational corporations, due to the differences in political systems, economic structures and cultural customs between countries, many factors such as prejudice and misunderstanding between countries will form the disadvantages of outsiders. Studies have shown that the organizational identity of multinational corporations is also one of the reasons for the disadvantages of outsiders. Du Xiaojun and Yang Bo (2015), based on the case summary of Lenovo and COSCO Internationalization, found that organizational identity is ambiguous, negative organizational image of the country of origin and other reasons make organizational stakeholders misunderstand organizational identity, which makes the organization lose organizational legitimacy in the host country, and it is difficult to recognize organizational identity. Only by changing the organizational identity, through substitution, evolution and supplement, can the host country stakeholders be presented with a new organizational identity consistent with the host country's institutional norms, values and stakeholders' expectations, so as to obtain the legitimacy of organizational identity [5].

4.5 Disruptive technological innovation

When disruptive technological innovation occurs in the market, the new technology will eliminate the old technology, and the original product or business model will become inapplicable. The adoption of disruptive innovation technology by enterprises is an important strategic change activity, which will often have a huge impact on enterprises, so it will face many obstacles and obstacles, even lead to the change of organizational identity, and have a significant impact on the survival and development of enterprises, so it may lead to resistance by organization members. Therefore, when adopting destructive technology, enterprises should not only pay attention to technology itself, but also pay

attention to organizational identity; When an enterprise sticks to its organizational identity and the old organizational identity hinders the adoption of new technologies, it will lose its competitive advantage, so it needs to change its organizational identity.

5. Conclusion and prospect

5.1 Research conclusion

Organizational identity is an organization's concrete answer to "who is our organization", which is characterized by artificial construction, core, uniqueness, persistence and dynamics. Under the current economic environment, the transformation and upgrading of traditional industries, destructive technological innovation, cross-border operation, enterprise internationalization, organizational expansion or contraction, etc, will all prompt enterprises to carry out strategic changes and organizational identity changes. The whole mechanism can be seen in Figure 1. Changing organizational identity is the prerequisite and inevitable requirement for realizing many important strategic changes, if organizational identity change fails, it will probably lead to the failure of the whole organizational strategic change.



Figure 1. Research framework of strategic change and organizational identity change in different situations

5.2 Research Prospects

First of all, nowadays, the academic research on organizational identity mostly adopts qualitative research methods, and the research on the relationship between organizational identity change and strategic change tends to be qualitative research of theoretical exploration. In the future, we can adopt precise quantitative research methods for organizational identity and the relationship between organizational identity change and strategic change, and verify the relationship in detail by using empirical data.

Secondly, the research results of combining strategic change and organizational identity change to analyze organizational phenomena are still relatively few, and the existing research results are relatively shallow on the mechanism of their action. In the future, interested scholars can deeply study the deep internal mechanism of the connection between strategic change and organizational identity change, and discuss the two-way iterative relationship between organizational identity change and strategic change in various situations, and how the two changes make enterprises maintain competitive advantage.

Thirdly, although this paper explains several situations that trigger organizational identity change and strategic change, it does not discuss in detail how to trigger organizational identity change and strategic change in these situations. In the future, we can explore the internal mechanism of promoting organizational identity change in more situations, and study the corresponding countermeasures to help enterprises achieve organizational identity change successfully.

Finally, with the increasing complexity of social development, the organizational identity of organizations in society is also diversified, and multiple organizational identities become more

common. In the future, we can study organizational identity from the perspective of "multiple organizational identity management", and introduce organizational identity theory into the strategic field to increase the possibility of strategic management research.

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