THE INTERPLAY BETWEEN INSTITUTIONAL FORCES AND ORGANIZATIONAL IDENTITY

This paper proposes mechanisms through which organizational identity influences strategic responses to institutional forces. It is suggested that organizational identity influences organization’s receptiveness to institutional pressures. It is further suggested that an organization’s propensity to comply depends on the expected effect that compliance would have on organizational identity and intended image.

Previous literature has shown that organizations adopt institutionalized practices in order to survive (DiMaggio & Powell, 1983; Meyer & Rowan, 1977, 1983; Meyer & Scott, 1983; Tolbert & Zucker, 1983; Zucker, 1977). Researchers in the past three decades have studied many factors that can result in inter-organizational variation in response to institutional pressures (Beck & Walgenbach, 2005; Davis & Greve, 1997; Han, 1994; Kossek, Dass, & DeMarr, 1994; Oliver, 1991; Westphal & Zajac, 2001). In spite of a developed literature on the causal link between institutional pressures and conformity, the effect of organizational identity (Albert & Whetten, 1985) on strategic responses (Oliver, 1991) to institutionalization forces is understudied.

The purpose of this paper is to examine mechanisms through which organizational identity and intended image can influence strategic responses to institutional forces. Organizational identity is defined as “mental associations about the organization held by organizational members” (Brown, Dacin, Pratt, & Whetten, 2006:102) that answers the question “Who are we as an organization?” (Brown et al., 2006).

Most of the past studies on the relationship between institutional theory and organizational identity have assumed that organization members are willing to retain their current organizational identity (Dutton & Dukerich, 1991; Fox-Wolfgramm, Boal, & Hunt, 1998). Therefore, these studies argue that, in order to be adopted, an institutional force should be aligned with organizational identity (Dutton & Dukerich, 1991; Fox-Wolfgramm et al., 1998). In the current paper, I argue that organizational leaders are not necessarily satisfied with organizational identity; therefore, they might not intend to preserve it.

Organizational leaders actively attempt to enact organizational identity in order to strengthen its positive aspects and weaken the negative ones (Sveningsson & Alvesson, 2003). I argue that leaders are aware that compliance with institutional forces can influence both organizational identity and intended image. Organizational intended image is what organization leaders want others to think about the organization (Brown et al., 2006) and is defined as “mental associations about the organization that organization leaders want important audiences to hold” (Brown et al., 2006:102). Therefore, the expected effect of compliance on organizational identity and intended image influences strategic responses to institutional pressures.

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It is further suggested that leaders try to predict the organization’s construed image (Brown et al., 2006) after compliance with a given institutional force. The relationship between this possible future construed image with organizational intended image and identity influences the choice of strategic responses. I argue that if leaders expect that compliance would strengthen those aspects of intended image that are central to organizational identity, they engage in substantive compliance. However, when leaders expect that compliance would enhance aspects of intended image that are peripheral to organizational identity, they would engage in ceremonial conformity (Pfeffer, 1982) and symbolic compliance.

This paper also explores another mechanism through which organizational identity can influence strategic responses. I suggest that organizations differ in their openness or receptiveness to institutional pressures for conformity. I define institutional receptiveness as a predisposition or property to be open to institutional forces. Therefore, an organization that has high institutional receptiveness is more likely to comply with institutional pressures. I suggest that organizational identity is an important antecedent of institutional receptiveness and can predict strategic responses.

This paper attempts to contribute to the literature in several ways. First, it extends theory on organizational identity to consider its role in institutionalized contexts. Second, this paper is among the first to introduce the notion of intended image in the institutional literature. Moreover, this paper contributes to the literature by introducing the concept of institutional receptiveness and suggesting that institutional conformity is an intra-organizational phenomenon insofar as certain organizations will have predictable tendencies or propensities toward change in response to institutional pressures. Thus, intra-organizational factors are identified as being potentially critical to the likelihood of conformity.

In the following sections, I first briefly review the relevant literature on organizational identity and institutional theory. Next, the theoretical model is presented. The paper concludes with suggestion for future research and discussion.

**Background**

**Organizational Identity**

The concept of organizational identity was initially introduced by Albert and Whetten (1985). They argued that organizational identity is the answer to questions such as “who are we?”, “What kind of business are we in?”, or “What do we want to be?” (Albert & Whetten, 1985:90). They argued that an adequate response to these questions should satisfy three criteria: claimed central character, claimed distinctiveness and claimed temporal continuity. While central characters refer to features that are seen as the essence of the organization, distinctiveness is about characters that distinguish the organization from others. The third criterion, temporal continuity, refers to features of the organization that have been to some extent continuous over time.

The notion of image was initially introduced and clearly distinguished from identity by Dutton and Dukerich (1991). Based on their definition, organizational image is the way organizational members believe others, who are outside the organization, see the organization. Therefore, organizational image is a construct held in the mind of organizational members. In a later work, Dutton and Dukerich (Dutton, Dukerich, & Harquail, 1994) rephrased the construct of organizational image to construed external image to emphasize the distinction between this construct and reputation and clarify “whose beliefs are of interest” (Dutton et al., 1994:249). While organizational reputation refers to “outsiders’ beliefs about what distinguishes an organization” (Dutton et al., 1994:249), construed external image refers to organizational members’ assessment of reputation. Therefore, construed external image captures how organizational members perceive their reputation.
Lately, Brown and his colleagues (Brown et al., 2006) made a thorough review of different viewpoints of an organization and proposed labels for each viewpoint. They defined *identity* as “mental associations about the organization held by organizational members” (Brown et al., 2006:102). Based on this classification, identity answers the question “Who are we as an organization?”. They defined *construed image* as “mental associations that organization members believe others outside the organization hold about the organization” (Brown et al., 2006:102). Construed image would answer the question “What does the organization believe others think of the organization?”. Construed image would be better understood when juxtaposed by the concept of reputation. *Reputation* is supposed to answer the question “What do stakeholders actually think of the organization?” and is defined as “mental associations about the organization held by others outside the organization” (Brown et al., 2006:102). Finally, they referred to the construct of *intended image* which answers the question “What does the organization want others to think about the organization?”. Brown and colleagues defined intended image as “mental associations about the organization that organization leaders want important audiences hold” (Brown et al., 2006:102). In this paper, I follow the definitions proposed by Brown and his colleagues. It is also noted here that in the current paper, the terms identity and organizational identity are used interchangeably.

**Organizational Identity and Institutional Theory**

**Institutional theory.** The conceptual foundations of neo-institutional theory were established in the late seventies and early eighties (DiMaggio & Powell, 1983; Meyer & Rowan, 1977, 1983; Meyer & Scott, 1983; Tolbert & Zucker, 1983; Zucker, 1977). Meyer and Rowan (1977) argued that organizations are expected to behave rationally in order to be accepted in their environment. They proposed that organizations conform to rationalized myths to signal their social fitness with the environment and gain legitimacy. These rationalized myths are “accepted as prescriptions of appropriate conduct” (Greenwood, Oliver, Sahlin-Andersson, & Suddaby, 2008:3).

Conforming to rationalized myths, organizations become isomorphic with their environment. Unfortunately, the notion of isomorphism has been misinterpreted by many researchers. Being isomorphic with environment does not mean that organizations become similar to each other. Homogeneity is only one possible consequence of institutionalization (Greenwood et al., 2008) and organizations do not necessarily respond similarly to each other when facing similar institutional pressures.

Responses to institutional pressures may vary from organization to organization due to contingencies both in the organization and the environment. Institutional contexts contain multiple and inconsistent myths. Therefore, organizations can choose among various, yet equally legitimate, responses (Greenwood et al., 2008). Moreover, organizations are not similar and may differ in certain characteristics and their need to appear legitimate and rational. Oliver (1991) addressed both environmental and intra-organizational factors that can influence organization’s responses to institutional pressures. Oliver (1991) showed how organizations can be proactive and strategically choose among various possible responses to institutional pressures.

**Institutional theory and organizational identity.** Few studies have integrated institutional theory and organizational identity (Czarniawska & Wolff, 1998; Fox-Wolfgramm et al., 1998; Glynn & Abzug, 2002; Lounsbury & Glynn, 2001). Lounsbury and Glynn (2001) have studied the effect of stories told by or about entrepreneurs on identifying and legitimizing new ventures. Entrepreneurs usually confront a lack of legitimacy (Low & Abrahamson, 1997) which is needed to acquire capital. Lounsbury and Glynn (2001) have suggested that stories translate extant stocks of institutional capital (Oliver, 1997) and resource capital into the new venture identity which in turn facilitates capital acquisition and wealth creation.
Glynn and Abzug (2002), through a study of 1600 name changes, have demonstrated how organizational names have changed in the process of institutional conformity. Based on the assumption that “organizational names encode central features of meaning and organizational identity” (Glynn & Abzug, 2002:267), they have argued that institutional conformity shapes organizational identity. They have also shown that symbolic isomorphism, in this case manifested in organization name, can result in increased legitimacy.

Fox-Wolfgramm and her colleagues (Fox-Wolfgramm et al., 1998) have studied the effect of organizational identity and strategic orientation on organizational adaptation to change pressures, mainly institutional pressures. They suggest that when the institutional pressure is inconsistent with organizational identity and construed image, we will witness a high level of resistance to change attempts. They further argue that even if change occurs, when it is inconsistent with current or envisioned identity and image, it will be unsustainable. Therefore, the organization goes back to its initial position when the change pressure is reduced. They concluded that to ensure sustainable change, envisioned identity and image need to be changed in order to be consistent with the new situation.

Two types of resistance to change pressures are defined in the study done by Fox-Wolfgramm and her colleagues (Fox-Wolfgramm et al., 1998): identity resistance and virtuous resistance. Identity resistance refers to the cases in which the change pressure is not consistent with organizational identity and virtuous resistance refers to cases when the organization members believe change is not necessary because organizational identity already meets the required characteristics demanded by change pressure.

One of the interesting contributions of this article is introducing the concept of identity plasticity (Fox-Wolfgramm et al., 1998). In fact, identity plasticity adds a forth dimension to organizational identity. Identity plasticity is based on the assumption that some identities and images are more flexible than others. Therefore, they are like a balloon that can expand without breaking. Based on this argument, an organizational identity can change and still remain an enduring characteristic of the organization.

**Organizational Identity and Strategic Responses**

In this paper, I explore different ways through which organizational identity influences institutional receptiveness and strategic responses to institutional pressures. First, I argue that certain characteristics of organizational identity can influence the general attitude of an organization toward institutionalization. In other words, the focus of the first section is on the effect of identity on institutional receptiveness, defined earlier as an organization’s predisposition toward compliance with institutional pressures. In the next section, I explore how organizational identity and construed image can influence the choice of strategic responses when an organization faces a specific institutional force.

**Organizational Identity and Institutional Receptiveness**

“Early versions of institutional theory placed particular emphasis on the taken-for-granted character of institutional rules, myths, and beliefs as shared social reality and on the processes by which organizations tend to become instilled with value and social meaning” (Oliver, 1991:145). Later works recognized that organizations may respond more or less to institutional pressures due to both contextual and intra-organizational differences. Oliver (1991) suggested that organizations may respond to institutional pressures proactively and introduced several environmental and organizational factors that can influence institutional responses. Many subsequent studies have investigated various contextual and intra-organizational contingencies that can explain different inter-organizational responses to institutional pressures. For example, Westphal and Zajac (2001) studied how experiential and vicarious learning combined with powerful actors’ (i.e. CEO vs. boards) political interest can influence the response to
Institutional pressures. Davis and Greve (1997) investigated how the structure of the networks in which firms are embedded can influence the speed of adaptation to institutional forces. Most of the studies on the causal link between institutional pressures and conformity have explored the interplay between environmental and organizational factors in the context of a particular institutional pressure. These studies have tended to overlook the potential for organizations to be predisposed to either conform or reject institutional pressures.

Having said that, early versions of institutional theory had recognized that organizations are not equally influenced by institutional pressures and that certain organizational characteristics cause organizations to be more or less vulnerable to institutional pressures. Meyer and Rowan (1977) argued that organizations with intangible or difficult to evaluate outcomes, mainly in not-for-profits and governmental sectors, are more sensitive to the need to be seen as rational. Therefore, these organizations are more vulnerable to institutional pressures and, consequently, more likely to comply with institutional pressures (Meyer & Rowan, 1977).

Almost two decades later, Greenwood and Hinings (1993) suggested that “organizations tend to operate through structures and systems that are manifestations of a single, underlying interpretive scheme” (Greenwood & Hinings, 1993:1058) which they called ‘archetypes’ defined as “a set of structures and systems consistently reflexive of a single, underpinning interpretive scheme” (Greenwood & Hinings, 1993:1057). Archetype, by analogy, is the biography of an organization and “organizations tend to remain within an archetype” (Greenwood & Hinings, 1993:1058). They suggested that an organization’s archetype influences its response to change pressures, mainly institutional pressures.

Following Greenwood and Hinings, I suggest that organizations have specific characteristics or biographies which tend to result in a predisposition to either conform to or reject institutional pressures. The concept of institutional receptiveness is defined as an organization’s predisposition or property to be open to compliance with institutional forces. Organizations with high institutional receptiveness are less likely to reject institutional pressures in comparison to others. Past studies have investigated several intra-organizational factors such as organization status (based on annual sales volume) (Han, 1994), organization size (Beck & Walgenbach, 2005), production technology (Beck & Walgenbach, 2005), administrative intensity (Beck & Walgenbach, 2005), and strategic orientation (defender vs. prospector) (Fox-Wolfgramm et al., 1998) that can influence an organization’s general receptiveness to institutional pressures. Absent from previous literature, however, is any examination of how identity influences institutional receptiveness.

Figure 1 illustrates different factors that can influence institutional receptiveness. Factors that are not the focus of the current study are circumscribed by dotted lines. This study focuses on the effect of organizational identity on institutional receptiveness.

Organizational identity is about what is central, distinctive and enduring about an organization (Albert & Whetten, 1985). When an organization goes through change, key aspects of organization may be influenced; therefore, organizational identity can change. As a type of change force, institutional pressures can influence organizational identity. Glynn and Abzug (2002) have shown how organization names, a manifestation of organizational identity, change during institutionalization. In a later work, Glynn (2008) examined how institutions can enable organizational identities.

The literature on organizational identity indicates that organizations are reluctant to lose or change their identity (e.g. Fox-Wolfgramm et al., 1998). Hence, a strong identity reduces institutional receptiveness because organization members are concerned that institutionalization will threat the organization’s identity. Therefore, the more central, distinctive and enduring the organizational identity, the stronger the resistance to institutional pressures.
As mentioned earlier, Fox-Wolfgramm and her colleagues (Fox-Wolfgramm et al., 1998) suggested the notion of identity plasticity as a forth dimension of organizational identity. An organization with a highly plastic identity is more flexible and can more easily adapt to new change pressures without being worried about the possible effects on the identity. Therefore, high identity plasticity increases institutional receptiveness.

Two other factors are proposed to influence the strength of institutional receptiveness: identity ambiguity and congruence between identity and construed image. Identity ambiguity is a sense of multiple possible interpretations of who the organization is which in turn leads to a sense of unformulated or vague identity (Corley & Gioia, 2004). Corley and Gioia (2004) argue that identity ambiguity can be a signal of forthcoming identity change. Therefore, an organization with an ambiguous identity does not have a strong identity and is less resistant to factors that might threaten its identity. Consequently, an ambiguous identity increases the likelihood of institutional receptiveness.
Gioia and colleagues (Gioia, Schultz, & Corley, 2000) argued that organization members continually compare their sense of organizational identity with construed image. In other words, they compare how they see their organization with how they believe outsiders see their organization. Gioia and his colleagues argued that the result of this comparison is either discrepancy or alignment. They suggested that alignment between organizational identity and construed image strengthens identity. Therefore, alignment between identity and construed image will decrease institutional receptiveness. The preceding discussion lends to the following propositions:

**Proposition 1.** Organizational identity negatively influences institutional receptiveness so that the stronger the organizational identity, the lower the organization’s institutional receptiveness.

**Proposition 1(a).** The more distinctive an organization’s identity, the lower the organization’s institutional receptiveness.

**Proposition 1(b).** The more central an organization’s identity, the lower the organization’s institutional receptiveness.

**Proposition 1(c).** The more enduring an organization’s identity, the lower the organization’s institutional receptiveness.

**Proposition 1(d).** The less plastic an organization’s identity, the lower the organization’s institutional receptiveness.

**Proposition 1(e).** The less ambiguous an organization’s identity, the lower the organization’s institutional receptiveness.

**Proposition 1(f).** The more aligned an organization’s identity and construed image, the lower the organization’s institutional receptiveness.

In the next section, I explain how organizational identity can influence an organization’s response to a specific institutional pressure.

**Organizational Identity and Strategic Responses to Specific Institutional Pressures**

Facing a specific institutional force, an organization should choose among possible responses. In the next sections, I suggest that leaders’ expectation of possible influences of compliance on organizational identity and organizational intended image would moderate the effect of institutional receptiveness on strategic response and affect the choice of strategic response.

**Expected effect of compliance on identity.** Past research suggests that the success of any change program is dependent on the alignment of that change force with organizational identity (e.g. Reger, Gustafson, Demarie, & Mullane, 1994). Reger and colleagues (1994) explained how the success of a TQM program was dependent on its alignment with organizational identity. They concluded that the only way to improve alignment was by modifying current organizational identity. Institutional forces, as a type of change element, are not an exception to this observation and compliance with institutional forces is also dependent on the alignment between that force and organizational identity (Dutton & Dukerich, 1991; Elsbach & Kramer, 1996; Fox-Wolfgramm et al., 1998; Glynn & Abzug, 2002). However, research to date has tended to assume that organizations are invariably motivated to retain their current identity. This paper’s proposed model, in contrast, assumes that this may not always be true and organizational
identity is not necessarily positive or desired (Ashforth, 2001). Several factors and contextual conditions may cause an organization’s identity to be perceived as undesirable.

Although organizational leaders usually try to build a positive identity for the organization, organizational identity may erode over time. For example, in the case study of the Port Authority situation (Dutton & Dukerich, 1991), employees had to reconsider their positive perception of ‘who we are’ as their identity as a responsible citizen deteriorated over time. Thus, organizations may develop the motivation to change their identity.

Moreover, a given organizational identity may come to be perceived as undesirable if societal forces surrounding organizations redefine legitimate activity. Extreme examples of this situation could be found in the countries that have gone through revolution. In most revolutions, the government is not the only sector that is influenced. Revolutions usually are accompanied by a change in societal belief systems that significantly influence many businesses and firms. Organizations that were perceived as legitimate and desirable may have to reconsider the degree to which their identity is appropriate as societal norms and values change.

The mentioned situations suggest that organization leaders and employees may not be satisfied with organizational identity. In these situations, leaders are likely to actively engage in ‘identity work’ (Sveningsson & Alvesson, 2003). Identity work refers to activities conducted by organizational leaders to enact an organizational identity with the intention of strengthening its positive aspects and removing or reducing its negative aspects. When organization leaders face an institutional force, the expected effect of compliance on organizational identity influences strategic responses. Compliance can either strengthen and enhance an aspect of identity or weaken and reduce it. Moreover, compliance with an institutional force may help an organization to completely divest an aspect of identity or acquire a completely new identity.

Figure 2 illustrates that, facing an institutional pressure, organizational leaders evaluate the expected effect of compliance on different aspects of identity. Following this evaluation, organizational leaders decide whether they should comply or not. When compliance with institutional pressure is expected to strengthen and enhance a positive aspect of identity or weaken and reduce a negative aspect of identity, the probability of compliance increases. In contrast, when compliance with institutional force is expected to weaken a positive aspect of identity or strengthen a negative aspect of identity, the probability of compliance would decrease and leaders would try to avoid institutional pressure.

**Proposition 2.** The expected effect of compliance on organizational identity influences the choice of strategic responses.

**Proposition 2(a).** The greater the expectation that compliance will have a strengthening (weakening) effect on a positive (negative) identity, the higher the probability of compliance.

**Proposition 2(b).** The greater the expectation that compliance will have a strengthening (weakening) effect on a positive (negative) identity, the lower the probability of avoidance.
In the next section, I explore how the expected effect of compliance with institutional force on organizational intended image can influence strategic responses.

**Expected effect of compliance on intended image.** In the previous section, I argued that, facing institutional pressures, organizational leaders evaluate how compliance with the given institutional force can influence organizational identity. Besides organizational identity, organizational ‘intended image’ (Brown et al., 2006) plays an important role in the decision about the choice of strategic responses to an institutional force. When organizational leaders face external pressures to comply with a regulation or norm, they consider the expected effect of compliance on the organization’s intended image. In this situation, they evaluate whether compliance would be in alignment with the organizational intended image or not. In other words, the leaders try to predict whether the future construed image would be in alignment with the organizational intended image.

The result of this evaluation influences the choice of strategic responses. When leaders come to the conclusion that complying with institutional force would help them in building the intended image, the probability of compliance with the external force increases. In contrast, if leaders expect compliance to be misaligned with what they want outsiders think about the organization, they would try to avoid, or even manipulate, the source of institutionalization.

**Proposition 3.** The expected effect of compliance on organizational intended image influences the choice of strategic responses so that the greater/lower the expectation that compliance will be in alignment with intended image, the higher the probability of compliance/avoidance.

Figure 3a illustrates these propositions. This figure shows that the expected construed image after compliance does not necessarily coincide with organizational intended image. The overlap between the
two circles represents those situations that compliance is in alignment with organizational intended image. In these cases, organizational leaders are likely to choose to comply with institutional pressures. The rest of the lower circle in figure 3a represents situations when compliance is misaligned with the intended image and leaders expect that after complying with institutional pressure, the construed image will depart from the intended image. In other words, in these cases, the leaders expect that compliance with institutional forces will not help them to build the image they wish outsiders to hold about the organization. Even worse, it might be in opposition to the leaders’ intended image. In these situations, the probability of compliance is very low and organizational leaders will do their best to avoid the pressure.

The relationship between organizational identity and intended image: What the organization wants outsiders believe about it (Brown et al., 2006) and what the organization members believe about themselves (Brown et al., 2006) do not necessarily coincide. In other words, the intended image may be different from organizational identity. Organizational leaders may try to build an image for the organization that is different from the enduring, central and distinctive aspects of the organization. Therefore, some aspects of identity may never be communicated with outsiders and some aspects of communicated image may never be incorporated into the core activities of the organization. Those aspects of intended image that correspond with organizational identity are central to identity and other aspects are peripheral to identity.

Early works in institutional theory recognized that conforming to institutional pressures may conflict with the requirements of technical efficiency (Meyer & Rowan, 1977; Zucker, 1987a). Leaders who are tempted to reap the advantages of a specific type of legitimacy and are also afraid of incorporating it into core activities of the organization, engage in ceremonial conformity (Pfeffer, 1982) and produce ‘surface isomorphism’ (Zucker, 1987b:672). Therefore, leaders arrange organizational activities so that outsiders believe that the organization has complied with the institutional force but compliance does not influence central activities of the organization. In other words, organizational leaders try to build an image that is not central to the identity and is not in alignment with the essence of organization. Therefore, when intended image is peripheral to identity, organizations engage in symbolic compliance. In contrast, when intended image is central to identity, organizations engage in substantive compliance. Figure 3b illustrates this argument.

**Proposition 4.** When an organization’s intended image is peripheral (central) to its identity, the organization engages in symbolic (substantive) compliance.
For example, Albert and Whetten (1985) explained how a utilitarian organization can acquire a normative identity by establishing relations with normative organizations. As an example, they mentioned businesses that donate some time or money to charitable organizations. Examples of this sort are abundant in our era. The institutional pressures for social responsibility have forced many organizations to engage in diverse activities that help them to be seen as socially responsible. However, the degree to which these activities are embedded in the organizational culture and organizational members’ belief about who they are varies extensively. While some organizations strongly focus on being environmentally friendly and change many of their procedures to reduce their negative impact on the environment, many others avoid substantial changes in their procedures and limit their activities to those that are visible to outsiders. In the latter case, the compliance with institutional pressure solely affects the intended image and not the organizational identity.
Future Research

An important starting point for future research is to examine the proposed effect of organizational identity on organizations’ attitude toward institutionalization, for purposes of predicting organizations’ responses to institutional pressures. A key point in these studies would be finding appropriate proxies for organizational identity. For example, Glyn and Abzug (2002) used organizations’ name as a proxy for organizational identity. Moreover, six criteria for measuring strength of organizational identity are proposed in the current paper. These criteria could guide researchers through choosing appropriate methods for measuring organizational identity and exploring its effect on institutional receptiveness.

Another important line of future inquiry pertains to the leaders’ expectation of compliance influence on organizational identity and intended image. Interviewing key organizational figures can reveal their concerns about compliance with institutional pressures. Moreover, many of these concerns could be extracted from documents or speeches that target organizational members or important stakeholders. Studies that explore several organizations’ reactions to a given institutional force would have invaluable contribution to this field of research.

Finally, this study does not explore the relationship between institutional theory with other constructs that are related to organizational identity. As Brown and his colleagues (2006) suggested, identity, intended image, construed image and reputation are strongly related to each other. In the last section of the present paper, some aspects of this relationship are discussed. However, it seems that the relation between these four constructs and their interaction with institutional forces needs more investigation.

Conclusion

This paper has extended our understanding of the literature on identity and its relationship to institutional theory. I have proposed mechanisms through which organizational identity and organizational intended image influence strategic responses to institutional pressures. The proposed model in the paper suggests that, facing an institutional force, organizational leaders evaluate the possible effect of compliance on organizational identity and intended image. Based on this evaluation, leaders decide whether they should comply with an institutional force or try to avoid it. I have also suggested that organizations have a natural tendency to either resist to or conform with institutional pressures. It is suggested that a strong organizational identity decreases the organization’s tendency to comply with institutional pressures.

The paper suggests that the relationship between organizational identity and institutional forces is more complex than what past research has shown. Leaders’ awareness of the potential impact of institutionalization on organizational identity and intended image influences their reaction to institutional forces. The paper extends our understanding on how leaders respond to institutional forces strategically (Oliver, 1991) and suggests that organizational leaders try to optimize the effect of the institutional context on organizational identity and intended image.

Finally, the literature on institutionalization commonly denotes institutional effects as carrying a negative connotation. Using words such as ‘force’ and ‘pressure’ induces the negative feeling that institutionalization is an undesired environmental factor with which organizations have to cope. However, this paper invites us to look at this phenomenon from a positive perspective as well; particularly when compliance can help organizations to divest the negative aspects of their identity and image or acquire positive identities.
References


