

**Ambidextrous Strategy, Organizational Identity and Leadership:
Towards a Leadership Theory of Identity-Strategy Realignment**

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Abstract

In times of substantial economic, technological, and societal change, incumbent organizations are continuously confronted with ever-changing market conditions. In order to ensure long-term survival, well-established organizations increasingly execute strategic renewal activities. Changes in the strategic direction of an organization also involve important implications for an organization's identity. In fact, organizational identity acts as a guidepost for organizational action. Hence, so-called identity-challenging strategies require a simultaneous shift in an organization's identity to become effective. This dissertation sets out to explore what I term the *identity-strategy realignment process*. Following an identity-challenging strategic move, incumbent organizations and their leaders are expected to realign organizational identity with the revised strategy. To date, this specific type of identity change has not been investigated. Similarly, it has not been specified which role organizational leaders play in managing the realignment of organizational identity and strategy.

By conducting an inductive, qualitative case study at a European manufacturer of light commercial vehicles, I explored this research gap in-depth. In fact, a comprehensive model of the identity-strategy realignment process emerged from the collected data. Besides multiple other relevant insights, the results particularly highlight the importance of *identity polarization* in the context of the identity-strategy realignment process. The qualitative study further revealed the significance of *organizational leadership responses* and *direct leadership practices* in this context. A subsequently executed quantitative study confirmed the qualitative findings by revealing that direct leadership practices, in particular *participative leadership*, strongly support the identity-strategy realignment process. Ultimately, the insights of this research study extend existing theoretical knowledge on the phenomenon of identity-strategy misalignment and deepen the understanding of the role of organizational leaders in strategy-driven identity change.

Zusammenfassung

In Zeiten erheblicher wirtschaftlicher, technologischer und gesellschaftlicher Veränderungen sehen sich etablierte Organisationen vermehrt mit sich ständig ändernden Marktbedingungen konfrontiert. Um das langfristige Überleben zu sichern, führen etablierte Organisationen zunehmend strategische Erneuerungsmaßnahmen durch. Veränderungen in der strategischen Ausrichtung haben auch wichtige Implikationen für die Identität einer Organisation. Dies ist der Fall, weil die Organisationsidentität als Wegweiser für das organisationale Handeln dient. In diesem Zusammenhang erfordern strategische Erneuerungsmaßnahmen, die die bisherige Organisationsidentität in Frage stellen, eine gleichzeitige Veränderung der Identität der Organisation, um wirksam zu werden. In dieser Forschungsarbeit wird entsprechend untersucht, wie sich etablierte Organisationen nach einer strategischen Erneuerungsmaßnahme, die die Identität der Organisationen bedroht, an der neuen Strategie ausrichten, um eine erneute Harmonisierung zu erzielen. Bislang wurde diese spezifische Art des organisationalen Identitätswandels noch nicht aus einer Führungsperspektive erforscht.

Auf der Grundlage einer induktiven, qualitativen Fallstudie bei einem europäischen Hersteller von leichten Nutzfahrzeugen habe ich die beschriebene Forschungslücke untersucht. Aus den erhobenen Daten wurde ein umfassendes Modell des Identitäts-Strategie-Neuausrichtungsprozesses entwickelt. Neben einer Vielzahl weiterer relevanter Erkenntnisse konnte insbesondere die Bedeutung der *Identitätspolarisierung* im Kontext des Identitäts-Strategie-Neuausrichtungsprozesses herausgearbeitet werden. Die qualitative Studie weist außerdem auf die Bedeutung von *organisationalen Führungsmaßnahmen* und *direkten Führungspraktiken* in diesem Kontext hin. Eine quantitative Folgestudie bestätigte die qualitativen Erkenntnisse und zeigte auf, dass direkte Führungspraktiken, insbesondere die *partizipative Führung*, eine Schlüsselrolle im Identitäts-Strategie-Neuausrichtungsprozess spielen. Letztlich erweitern die Erkenntnisse dieser Forschungsarbeit das bestehende theoretische Wissen über Identitäts-Strategie-Fehlausrichtungen und vertiefen das Verständnis über die Rolle von Führungskräften im Rahmen von strategiegetriebenem Identitätswandel.

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List of Abbreviations

AVE	Average variance extracted
CEO	Chief executive officer
CFA	Confirmatory factor analysis
CFI	Comparative fit index
CI	Confidence interval
CR	Composite reliability
<i>df</i>	Degrees of freedom
HR	Human resources
<i>M</i>	Mean
OI	Organizational identity
<i>r</i>	Correlation
RMSEA	Root-mean-square error of approximation
RQ	Research question
R&D	Research and development
<i>SD</i>	Standard deviation
SRMR	Standardized root mean square residual
TLI	Tucker-Lewis index
α	Cronbach's alpha
β	Standardized regression coefficient
χ^2	Chi-square

*There is clearly a close relationship
between doing and being.*

- Ravasi et al. (2020)

1. Introduction

Today, the pace of economic, technological, and societal change is continuously accelerating and organizations are increasingly forced to adapt to changes in their dynamic environment. In particular, radical innovations and unprecedented business models threaten the existence of long-established corporations in multiple industries (Evans & Schmalensee, 2016). Corley and Gioia (2004) argued that “change now seems to be everywhere all the time, such that fluidity and discontinuity have become hallmarks of organizational life” (p. 199). In turn, organizations are expected to continuously engage in organizational change to adequately react to shifting market conditions and survive in the long-term (Eggers & Kaplan, 2009; Kim & Pennings, 2009). As organizations generally suffer from inertia towards stability, the process of corporate adaption is highly challenging and the majority of incumbent organizations fail. In this context, strategic renewal enables organizations to overcome organizational inertia and effectively respond to competitive and technological change. However, changes in the strategic direction of an organization come along with important implications for an organization’s identity (Reger et al., 1994). In fact, as scholars have argued that “identity serves as a guidepost, directing the development of some routines

and capabilities over others” (Tripsas, 2009, p. 442), organizational identity is considered to be an essential factor to consider when unraveling the sources of inertia. Hence, in the light of today’s market dynamism, the relationship between strategy and identity gains in importance and requires an advanced understanding (Ravasi, Tripsas, & Langley, 2020).

1.1. Research Gap

While organizational strategies are concerned with *what organizations do or plan to do*, organizational identities refer to *what organizations are or believe to be* (Ravasi et al., 2020). The concepts of doing (strategy) and being (identity) are deeply entangled. Ashforth and Mael (1996) argued that “self-definition and strategic choice are intertwined such that an organization may enact and express a valued identity through strategy and may infer, modify, or affirm an identity from strategy and the responses it evokes” (p. 33). Even though the *identity-strategy nexus* promises opportunities for interesting and highly relevant theoretical insights, only little research has directly addressed this relationship so far.

As strategy is generally oriented towards the future and identity tends to be grounded in the past (Sillince & Simpson, 2010), there is considerable potential for misalignment between the two concepts (Ravasi et al., 2020). Earlier studies on the interplay between organizational identity and strategy demonstrated how organizations’ identities guide organizational members in the process of strategy formation and pursuit (Ashforth & Mael, 1996). In line with this perspective, Anthony and Tripsas (2016) claimed that “who we are has implications for what we should do” (p. 418). Other empirical investigations have even demonstrated that organizational actors actively dismiss identity-inconsistent strategies as they assess them as inappropriate, thereby opposing more fundamental identity change (Fiol, 2002; Gioia & Thomas, 1996; Reger et al., 1994). Hence, the identity of an organization is expected to come along with so-called *identity imperatives*, which only allow for strategic choices that, in turn, translate into identity-consistent strategies (Tripsas & Gavetti, 2000).

By way of contrast, more recent research assumed that organizational members may pursue strategies that are inconsistent with an organization's identity, thereby creating identity-strategy misalignment (Ravasi & Phillips, 2011; Tripsas, 2009). Particularly in times of environmental change, organizational strategies may be required to be decoupled from an organization's identity, thereby initiating discontinuous transformations to allow for long-term survival (Tripsas, 2009). Accordingly, scholars have argued that organizational actors may 'betray' an organization's identity by engaging in strategic activities based on *market imperatives*. In this regard, market imperatives refer to expectations about what an organization should do "to be competitive with other organizations" (Gioia et al., 2013b, p. 162). In turn, these identity-inconsistent strategies force the organization to "act out of character" (Whetten, 2006, p. 221). In this regard, Anthony and Tripsas (2016) argued that identity-strategy misalignments are a relatively ubiquitous phenomenon that can be found in many different types of organizations. Acknowledging that identity and strategy may be subject to considerable misalignment, scholars generally assume that an alignment between identity and strategy is a desirable state that organizations should strain toward (Balmer, Stuart, & Greyser, 2009; Rughase, 2006).

In the midst of this extensive literature on strategic renewal, organizational identity, and the identity-strategy nexus, there remains a salient gap: To date, there are no comprehensive scientific insights on the process of realigning identity and strategy following a misalignment between the two concepts. Hence, this dissertation aims at exploring the process through which organizations realign their identity with their strategy after a market-based renewal of the organizational strategy. In the following, I refer to this phenomenon as the *identity-strategy realignment process*, which is expected to represent a special form of identity change (Corley & Gioia, 2004). In line with previous research on identity dynamics, I decided to particularly focus my research on the role of leadership activities within the identity-strategy realignment process. Thereby, I followed recent suggestions of Ravasi and Phillips (2011) who argued that "we still know little [...] about how organizational leaders can bring about substantial and enduring changes in organizational identity" (Ravasi & Phillips, 2011, p. 132).

1.2. Research Objectives

In line with the previous argumentation, the overarching objective of this dissertation is to shed light on the identity-strategy realignment process and the role of leadership activities within this context. In order to achieve these objectives, I executed a longitudinal, field-based case study at a leading European manufacturer of light commercial vehicles, referred to as *CVM*. Following a market-driven strategic renewal effort, CVM had to overcome comprehensive identity dynamics in order to re-establish an alignment between identity and strategy. In this context, I focused my research efforts on (1) the identity-strategy realignment process, (2) identity tensions that have to be mastered within the realignment process, and (3) the role of leadership activities within this context. In order to better guide the research endeavors of this dissertation, three research questions were defined:

Research Question 1: How does the identity-strategy realignment process unfold?

Research Question 2: Which organizational tensions have to be overcome within the identity-strategy realignment process?

Research Question 3: How can organizational leaders support the identity-strategy realignment process?

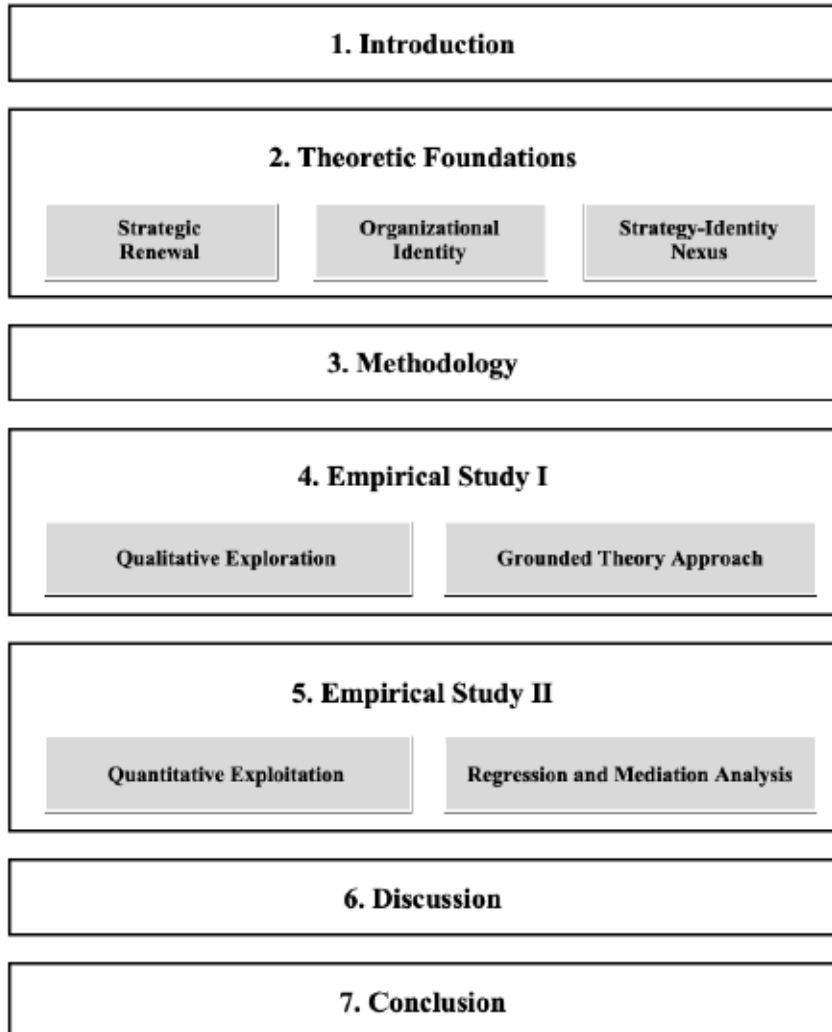
In order to adequately answer the proposed research questions, this dissertation is based on a mixed methods research approach (see *chap. 3.1.3*). First, based on a thorough literature review, I conducted an inductive, qualitative study to appropriately explore the theoretical puzzle of the identity-strategy realignment process (see *chap. 4*). The emerging, grounded model of the identity-strategy realignment process not only underlined the importance of specific concepts from previous studies on identity change but also contributed to the scientific discourse by exploring novel and promising concepts in this context. Second, I conducted a quantitative, survey-based study to further test the relationships between identified leadership practices and relevant outcome variables (see *chap. 5*). The results promote the idea that specific direct leadership practices may strongly support employees to adopt a realigned identity in the context of identity-strategy misalignment.

The findings of my in-depth investigation of CVM provide profound insights on strategy-driven identity change and extend existing theoretical knowledge on identity-strategy misalignments in general. To the best of my knowledge, this empirical study provides the first comprehensive model of an identity-strategy realignment process. Further, by analyzing direct leadership practices, my quantitative study shifts the focus of the discussion on the role of leadership in identity change processes from the organizational to the individual level. Ultimately, both studies in this dissertation strongly contribute to the growing literature on the interplay between strategy and identity (e.g., Ashforth & Mael, 1996; Corley and Gioia, 2009; Gioia and Thomas, 1996; Ravasi, Tripsas, & Langley, 2020; Tripsas, 2009).

1.3. Structure of the Dissertation

The subsequent sections of this dissertation are organized as follows: First, I outline existing research on strategic renewal, organizational identity, and the strategy-identity nexus (see *chap. 2*). These theoretical insights build the foundation of my subsequent qualitative and quantitative analysis. Second, I discuss the underlying research methodology of this dissertation (see *chap. 3*). Third, to expand the theoretical knowledge on the identity-strategy realignment process, I present and discuss the findings of my qualitative analysis (see *chap. 4*). Fourth, I reveal the findings of my quantitative analysis (see *chap. 5*). Fifth, I comprehensively discuss the results of both studies, their limitations, and avenues for future research (see *chap. 6*). This dissertation ends with a short conclusion (see *chap. 7*). *Figure 1-1* offers an illustration of the structure of this dissertation.

Figure 1-1. Structure of this Dissertation



Any major change must be accompanied by a significant alteration in the overall perception of the organization.

- Gioia & Thomas (1996)

2. Theoretic Foundations

Within the scope of this chapter, the theoretic foundations of this dissertation are presented and critically discussed. First, a concise introduction to the concept of strategic renewal is given (*chap. 2.1*). Second, essential research on the concept of organizational identity is reviewed and demonstrated (*chap. 2.2*). Third, based on the preceding inputs, the synthesis between strategy and identity research, namely the *strategy-identity nexus*, is analyzed (*chap. 2.3*). Fourth, a short summary consolidates the discussed aspects and serves as the foundation for the subsequent parts of this dissertation (*chap. 2.4*).

2.1. Strategic Renewal

The origin of research on strategic renewal traces back to the scientific studies which shaped the field of strategic management (Schendel & Hofer, 1979; Burgelman, 1991). To date, the recent plurality of contributions from an increasing range of research contexts and theoretical perspectives fragmented the field and created conceptual

ambiguity (Schmitt, Raisch, & Volberda, 2018). By reviewing literature on strategic renewal, it becomes apparent that the theoretical tensions emerge from the multitude of partly contradictory theoretical perspectives (Schmitt et al., 2018). In this regard, the theoretical ambiguity does not only refer to the conceptual definition of strategic renewal but also to its antecedents, processes, and outcomes (Augier & Teece, 2009; Crossan, Lane, & White, 1999). Emphasizing the theoretical ambiguity of the concept, Agarwal and Helfat (2009) critically commented: “Strategic renewal has a nice ring to it. But what does it really mean? Strategic renewal is often discussed but rarely defined” (p. 281).

2.1.1. Conceptual Dilemma: Defining Strategic Renewal

As a result of its high significance and wide recognition in various research domains, scholars have not yet developed a collective understanding of strategic renewal across literature streams (Agarwal & Helfat, 2009; Schmitt et al., 2018). To date, a multitude of scientific contributions has significantly increased the variety of conceptual definitions in the field. In fact, the concept of strategic renewal is mainly discussed from three theoretical lenses in strategic management research (Schmitt et al., 2018), namely strategy process (Burgelman, 1991; Chakravarthy & Doz, 1992; Floyd & Wooldridge, 2000; Floyd & Lane, 2000), competitive strategy (Agarwal & Helfat, 2009; Flier, Van Den Bosch, & Volberda, 2003; Capron & Mitchell, 2009; Lengnick-Hall & Inocencio-Gray, 2013), and corporate entrepreneurship (Guth & Ginsberg, 1990; Zahra, 1993; Zahra, 1995; Zahra, 1996). As a guideline for the subsequent discussion, *Table 2-1* outlines the most substantial definitions of the concept of strategic renewal.

First, from a *strategy process perspective*, Burgelman (1991) described strategic renewal as “major strategic change preceded by experimentation and selection” (p. 255), thereby implying that strategic renewal represents a specific type of strategic change. Similarly, Floyd and Wooldridge (2000) characterized strategic renewal as “a managerial process associated with promoting and accommodating new knowledge and innovative behavior that results in change in an organization’s product-market strategy and/or its core capabilities” (p. 49). Ultimately, strategic renewal and strategic change need to be considered as two distinct concepts. While strategic change serves as an

umbrella term for many different types of strategic transformations (Agarwal & Helfat, 2009; Rajagopalan & Spreitzer, 1997), strategic renewal “refers only to a specific type of strategic change – the transformation of the firm’s current strategic intent and capabilities” (Schmitt et al., 2018, p. 86).

Second, the literature on *competitive strategy* involves discussions on strategic renewal in the context of strategies targeted at creating competitive advantages. From this perspective, Flier et al. (2003) defined strategic renewal as “strategic actions to align organizational competencies with the environment to increase competitive advantage” (p. 2168). Further, Zahra (1995; 1996) accentuated that “renewal means revitalizing a company’s business through innovation and changing its competitive profile” (p. 227). Although competitive strategy is a significant aspect of strategic renewal, the latter concept is a much broader field of inquiry. This is the case as strategic renewal not only refers to the renewal of competitive strategies but also to associated changes in the business scope, resource base, and core capabilities (Sharma & Chrisman, 1999; Stopford & Baden-Fuller, 1994). Further, strategic renewal focalizes the shift from one (competitive) strategy to another, as opposed to the specific characteristics of distinct competitive strategies (Flier et al. 2003; Volberda, Baden-Fuller, & Van Den Bosch, 2001).

Third, the concept of strategic renewal is also frequently discussed in the research stream of *corporate entrepreneurship* (Guth & Ginsberg, 1990; Sharma & Chrisman, 1999; Zahra, 1993; Zahra, 1995). In this context, Guth and Ginsberg (1990) clearly differentiated between corporate venturing, namely the “birth of new businesses within existing organizations” (p. 5), and strategic renewal, understood as the “transformation of organizations through renewal of the key ideas on which they are built” (p. 5). Sharma and Chrisman (1999) corroborated this stance by stating that “renewal activities reside within an existing organization” (p. 19), as opposed to corporate venturing activities, which may be treated as new organizations. In this regard, Zahra (1995; 1996) understood renewal as an organization’s revitalization through a focus on innovation and the development of new capabilities, thereby clearly differentiating the concept of strategic renewal from corporate venturing activities (Guth & Ginsberg, 1990).

Table 2-1. Selected Definitions of Strategic Renewal

Author(s)	Definition
Schendel & Hofer (1979)	"Strategic management is a process that deals with the entrepreneurial work of the organization, with organizational renewal and growth, and more particularly, with developing and utilizing the strategy which is to guide the organization's operations." (p. 11)
Guth & Ginsberg (1990)	"Corporate entrepreneurship encompasses two types of phenomena and processes surrounding them: (1) the birth of new businesses within existing organizations (...) and (2) the transformation of organizations through renewal of the key ideas on which they are built." (p. 5)
Burgelman (1991)	"The organization may learn new capabilities and skills in anticipation of making major changes in its strategy, but without knowing in advance how it should be changed. Changes of this sort form the basis of <i>strategic renewal</i> – major strategic change preceded by internal experimentation and selection." (p. 254 f.)
Zahra (1993)	"Renewal is achieved through the redefinition of a firm's mission through the creative redeployment of resources leading to new combinations of products and technologies." (p. 552)
Zahra (1995); Zahra (1996)	"Renewal means revitalizing a company's business through innovation and changing its competitive profile (...). It also means building or acquiring new capabilities and then creatively leveraging them." (p. 227; p. 1715)
Sharma & Chrisman (1999)	"Renewal activities reside within an existing organization and are not treated as new businesses by the organization." (p. 19)
Floyd & Wooldridge (2000)	"Strategic renewal is a managerial process associated with promoting and accommodating new knowledge and innovative behavior that results in change in an organization's product-market strategy and/or its core capabilities." (p. 49)
Volberda et al. (2001a)	"Strategic renewal can be broadly defined as the activities a firm undertakes to alter its path dependence." (p. 160)
Flier et al. (2003)	"Strategic actions to align organizational competencies with the environment to increase competitive advantage." (p. 2168)
Agarwal & Helfat (2009)	"Strategic renewal includes the process, content, and outcome of refreshment or replacement of attributes of an organization that have the potential to substantially affect its long-term prospects." (p. 282)

As the discussed perspectives outline evident overlaps as well as definite disparities concerning the concept of strategic renewal, Agarwal and Helfat (2009) concluded:

It [strategic renewal] is a phenomenon where the context and process of strategy are heavily intertwined, involving multiple dimensions of change including those with regard to competition, firm resources and capabilities, organizational structure, and cognition, as well as routines and processes for decision making and implementation. (p. 290)

Following the preceding discussion, the concept of strategic renewal may be defined on the basis of three determinative characteristics. First, strategic renewal involves transformational activities which are essential to break organizational path-dependence and renew the key idea on which the business is built, thereby ensuring a firm's long-term survival (Agarwal & Helfat, 2009; Guth & Ginsberg, 1990; Teece et al., 1994). Second, strategic renewal involves the transformation of an organization's core capabilities associated with competitive advantage (Flier et al., 2001). Third, strategic renewal affects the entire organization, not only individual or specific groups within the organization (Stopford & Baden-Fuller, 1994). Ultimately, based on these three characteristics, strategic renewal needs to be understood as "the process that allows organizations to alter their path dependence by transforming their strategic intent and capabilities" (Schmitt et al., 2018, p. 85).

2.1.2. Theoretical Tensions on Strategic Renewal

In addition to the theoretical discussion on *what* the concept means, scholars also critically discuss *how* strategic renewal occurs, proceeds, and ceases. Basically, the discussion on the concept's theoretical tensions focuses on three dimensions, namely the antecedents, the processes, and the outcomes of strategic renewal (Schmitt et al., 2018). *Table 2-2* provides an overview on the respective theoretical tensions of the concept of strategic renewal.

First, from an *antecedent* perspective, there are two contradictory theoretical lenses on how strategic renewal is driven within existing organizations, namely the learning and

the resource perspective (Crossan & Berdrow, 2003; Volberda, 1996). The learning perspective is based on *organizational learning theory* (March, 1991), which understands the harmonization of continuity and change at the organizational level as the pivotal challenge of strategic renewal (Crossan et al., 1999). In more detail, organizational learning scholars emphasized the relevance of balancing exploration and exploitation effectively to drive strategic renewal (Jones & Macpherson, 2006; Makri, Hitt, & Lane, 2010). Volberda et al. (2001b) explicated that “exploitation actions are defined as renewal actions that elaborate on the current range of activities [...], [whereas] exploration actions are defined as renewal actions that add new activities to the current repertoire of the organization” (p. 214). Hence, from an organizational learning perspective, the key challenge for organizations is the management of the exploitation-exploration duality, particularly concerning the arising tensions between the contradictory learning types (Floyd & Lane, 2000; March, 1991). However, even though exploitative and explorative learning activities compete for scarce resources, they are also highly interdependent and mutually enabling (Crossan et al., 1999). In contrast, advocating a resource-based perspective (Barney, 1991), other scholars explained strategic renewal in terms of *dynamic capabilities* (Agarwal & Helfat, 2009; Danneels, 2002). Helfat et al. (2007) defined a dynamic capability as “the capacity of an organization to purposefully create, extend, or modify its resource base” (p. 4). On the basis of this understanding, scholars argued that dynamic capabilities, defined as reiterated reconfigurations of an organization’s resource base, are a substantial driver of strategic renewal endeavors (Guth & Ginsberg, 1990). Over time, by drawing on internal and external resources (Lindell, 1986; Uhlaner et al., 2013; Salvato, 2009), organizations may develop dynamic capabilities, which allow them to undertake specific forms of strategic renewal (Agarwal & Helfat, 2009). Hence, from a resource-based perspective, the ultimate challenge of strategic renewal is the reconfiguration of an organization’s resource base, such that it enables the firm to develop essential capabilities.

Second, from a *process* perspective, the theoretic debate focuses on how strategic renewal is initiated and implemented. While some scholars advocate an *upper echelons theory* perspective, emphasizing the relevance of top management in strategic renewal

endeavors (Kwee, Van Den Bosch, Volberda, 2011; Helfat et al., 2009), other scholars take a *strategy process* perspective, arguing that lower-level managers and employees are decisive in the process of initiating and implementing strategic renewal (Floyd & Lane, 2000; Pappas & Wooldridge, 2007). Building on upper echelons theory (Hambrick & Mason, 1984), the *induced* perspective assumes that the personalities, experiences, values, and interpretations of senior executives are fundamental to strategic choices within organizations (Hambrick, 2007). Hence, strategic renewal and organizational performance depends, at least to a substantial extent, on the top management team, including its composition and processes (Barr, Stimpert, & Huff, 1992; McGrath & MacMillan, 2009). Building on this theoretical understanding, scholars have continuously emphasized the relevance of top management teams' entrepreneurial culture as well as executives' interpretation and cognition for initiating and implementing strategic renewal endeavors (Barr et al., 1992; Eggers & Kaplan, 2009; Spender & Grinyer, 1995). Nevertheless, research on strategic renewal also revealed the shortcomings of the induced perspective: Top-down-driven renewal activities may create barriers to bottom-up initiatives, thereby oppressing creative strategic potentials of low-level managers and employees (Lindell, 1986; Verbeke, Chrisman, & Yuan, 2007). On the contrary, scholars drawing on strategy process literature claimed that strategic renewal in organizations is rather the sum of *autonomous initiatives* of managers and employees than a top-down process (Pettigrew, 1992; Wooldridge & Floyd, 1990). Based on this understanding, Burgelman (1983) characterized strategic renewal as the product of autonomous behavior initiated outside an organization's senior management. From this stance, middle and low-level management plays a fundamental role in renewal processes, initiating the pursuit of strategic ideas, selling issues to higher-level managers, and triggering revision of strategic decisions (Volberda et al., 2001b; Pappas & Wooldridge, 2007). Thus, bottom-up knowledge inflows from frontline managers and employees are expected to nurture strategy formation by providing top management with a more sophisticated understanding of changes in technology, product, and markets (Floyd & Lane, 2000). However, as it requires entrepreneurial participants at the product/market level and bears the risk of uncoordinated efforts, the autonomous perspective also comes along with distinct limitations (Burgelman, 1983; Floyd & Lane, 2000).

Table 2-2. Theoretical Tensions on Strategic Renewal

Tension	Description	Content
Learning vs. Resource	<i>Antecedent Dimension</i> What are the drivers of strategic renewal?	Exploitation and exploration learning processes (Crossan et al., 1999) vs. dynamic transformation of a firm's resources (Augier & Teece, 2009)
Induced vs. Autonomous	<i>Process Dimension</i> How to initiate and implement strategic renewal?	Induced/top management (Kwee et al., 2011) vs. autonomous/lower-level renewal initiatives (Floyd & Lane, 2000)
Co-alignment vs. Co-creation	<i>Outcome Dimension</i> What is the outcome of strategic renewal?	Reactive response to environmental change (co-alignment) vs. proactive approach to influence market evolution (co-creation)

Note: Based on Schmitt et al. (2018).

Third, from an *outcome* perspective, theoretical tensions emanate from the contradictory *co-creation* and *co-alignment* lenses on strategic renewal. In this context, scholars have controversially discussed whether the outcome of strategic renewal is a reactive response to a changing environment (co-alignment) or a proactive approach to seize market opportunities and influence the evolution of the market (co-creation). Having its theoretical roots in population ecology, the *co-alignment* perspective considers the purpose of strategic renewal to be the re-alignment of fit between the firm and its environment (Chua, Sharma, & Chrisman, 1999; Chakravarthy, 1984). In this regard, the co-alignment perspective applies an adaption-selection logic in order to explain why organizations (re)align with changing environmental conditions (Eggers & Kaplan, 2009; Flier et al., 2003; Kim & Pennings, 2009). According to this understanding, organizations are assumed to be generally inert and only perform strategic renewal activities to reduce the amount of organizational stress caused by changing environmental conditions (Huff et al., 1992). Scholars further argued that firms aiming at resolving the organization-environment misalignment through strategic renewal activities do not enforce an evolutionary process or develop firm-specific initiatives. Rather, they were found to reinforce their established activity systems and adopt initiatives similar to industry standards (Albert, Kreutzer, & Lechner, 2015; Flier et al., 2003; Kwee et al., 2011). In contrast, the *co-creation* perspective on strategic renewal is based on co-evolutionary models, which assume that adaption and selection

are not orthogonal but fundamentally interrelated (Volberda & Lewin, 2003). In this understanding, strategic renewal “emerges from recursive interactions between a firm’s strategy and its environment” (Schmitt et al., 2018, p. 91). In consequence, the co-creation perspective expects organizations to continuously and proactively engage in renewal activities, thereby seizing market opportunities, shaping industry progress, and developing competitive advantages (Agarwal & Helfat, 2009; Ravasi & Lojacono, 2005; Volberda et al., 2001a). Further, building on complexity theory (McKelvey, 2001), scholars argued that recursive interactions between organizational strategy and the environment translate into organizational disequilibrium, which, in turn, enables organizations to continuously engage in strategic renewal activities (Albert et al., 2015; Volberda & Lewin, 2003).

2.1.3. Strategic Renewal, Organizational Inertia and Ambidexterity

The preceding discussion highlighted the differentiation between two different types of strategic renewal: On the one hand, the co-creation perspective considers strategic renewal to be the proactive shaping of industry evolution (Eggers & Kaplan, 2009). On the other hand, the co-alignment perspective assumes that organizations suffer from inertia and tend to engage in large-scale strategic renewal when they experience massive organizational stress (Huff, Huff, & Thomas, 1992). This differentiation is in line with the general distinction between continuous or incremental and discontinuous or synoptic change (Watzlawick, Weakland, & Fisch, 1974). In this context, Meyer, Brooks, and Goes (1990) pointed out:

Almost everyone who spends much time thinking about change processes seems to conclude that the world changes in two fundamentally different modes. Continuous, or first order change occurs within a stable system that itself remains unchanged. Indeed system stability often requires frequent first-order change (...). Discontinuous, or second-order change transforms fundamental properties or states of the system. (p. 98).

Based on this differentiation, *continuous* strategic renewal is understood as “an ongoing effort that in practice is closely linked to other organizational activities” (Huff et al.,

1992, p. 59). Rather than responding to environmental changes reactively, continuous strategic renewal aims at proactively seizing market opportunities (Agarwal & Helfat, 2009; Volberda et al., 2001a). Hence, organizations proactively cope with changes in the external environment and, thereby, potentially shape the industry evolution for their advantage (Kim & Pennings, 2009). Further, continuous strategic renewal highly reduces the need for much more comprehensive and complex major transformations at a later date (Madsen & Leiblein, 2009). In this sense, continuous strategic renewal efforts involve incremental alterations to the organization's core business as well as experimentation outside the firm's core business (Burgelman, 1991; Karim & Mitchell, 2004).

Even though continuous strategic renewal activities seem to come along with a multitude of benefits, they are also linked to a variety of challenges. From an external perspective, given the increasing complexity and uncertainty in today's markets, changes in the external environment are difficult to anticipate. In this context, Stienstra et al. (2004) argued that high environmental dynamism may hamper organizations to engage in continuous strategic renewal activities. From an internal perspective, conflicts and tensions between current tasks and future-oriented tasks may arise, which are difficult to manage and resolve (Nelson & Winter, 1982). In this regard, Huygens et al. (2001) stressed the importance of continuous managerial attention and intentionality for the success of continuous strategic renewal endeavors. Moreover, scholars emphasized that continuous strategic renewal is further impeded as organizations generally tend to suffer from inertia over time (Schwenk & Tang, 1989).

Indeed, organizational systems tend towards homogeneity by nature, thereby creating self-destructive dynamics (Smith & Tushman, 2005). Accentuating its importance in the context of strategic renewal, Huff et al. (1992) described organizational inertia as "the tendency to remain with the status quo and the resistance to strategic renewal outside the frame of current strategy" (p. 56). In fact, the link between organizational age, complexity, and resistance to evolutionary progress is well established in the management literature (Schumpeter, 1934; Hannan & Freeman, 1984; Tushman & Romanelli, 1985). As a result of the process of institutionalization, organizations

develop detailed and routinized policies and procedures as well as a collective framework of assumptions that accompany an organizational strategy, a process which further boosts the accumulation of organizational inertia (Huff et al., 1992; Selznick, 1957). Simultaneously, frame changing efforts are generally rejected as they would “resubject the organization to the inefficiencies and uncertainties of new innovation, and require new contracts among important agents” (Huff et al., 1992, p. 57). However, as the environment is dynamic, the accumulation of organizational inertia increases organizational stress, implying imperfections in the fit between the organization and its environment. As new technologies become available, market opportunities develop, and customer demand changes, the inadequacies of the prevailing strategy paradigm are manifested (Van de Ven, 1986). Hence, an excessive focus on a current strategy may enable short-term success, but also strongly increases the organization’s vulnerability to environmental and technological changes by fostering the emergence of “competency traps” (Levinthal & March, 1993; O’Reilly & Tushman, 2013; Gupta et al., 2006).

Striving for a re-alignment between strategy and environment, organizations are expected to execute *discontinuous* strategic transformations, which require extensive organizational efforts. In fact, discontinuous strategic transformations involve the replacement of important and defining parts of an organization (Agarwal & Helfat, 2009). Underlining the complexity of discontinuous strategic renewal, Agarwal and Helfat (2009) argued that “major transformations involve not only large amounts of change, but also change along multiple dimension, such as with regard to the business model, technological base, organizational structure, resources and capabilities, and organizational mindset” (p. 283). Discontinuous strategic renewal is particularly required, when environmental changes undermine entire industries, so-called *competence-destroying change* (Tushman & Anderson, 1986). This type of change is mainly experienced by incumbent organizations and predominantly involves major technology shifts as well as extensive changes in customer demand (Adner, 2002; Agarwal et al., 2004; Tripsas, 2008). However, managing the breadth, depth, complexity, and interdependency of changes required for successful discontinuous

strategic transformations proves to be extremely demanding, only attainable by a minority of organizations (Deutsch, 2005).

In order to overcome competence-destroying change and ensure long-term survival, incumbent organizations may adopt *ambidextrous strategies* to execute discontinuous strategic renewal endeavors. In this context, the term *ambidextrous* refers to the dual, partly contradictory focus of such a strategy, involving exploitative as well as explorative elements to focus on multiple strategic horizons (Duncan, 1976; Simsek, 2009). In more detail, while incumbent organizations have to exploit their present core business where efficiency, control, and incremental innovations are needed, firms also have to explore future markets where flexibility, experimentation and discontinuous innovations are decisive (March, 1991; O'Reilly & Tushman, 2004). Due to the accelerating economic, technological, social, and environmental dynamics, incumbent organizations need to pursue both activities in parallel, thereby internally handling and aligning the contradiction between exploitation and exploration (Gibson & Birkinshaw, 2004; O'Reilly & Tushman, 2011). In this regard, in line with organizational learning theory (March, 1991), Crossan and Hurst (2006) argued that “recognizing and managing the tensions between exploration and exploitation (...) is one of the critical challenges of strategic renewal” (p. 275). Ultimately, in the context of this dissertation, *ambidextrous strategies* are understood as an effective strategic tool that enables incumbent organizations to master discontinuous strategic renewal.

2.2. Organizational Identity

Within the context of studying human behavior, there is little question about the power of the concept of identity. The earliest philosophers already used the concept of the self and its relations to the social surrounding as a foundation for theorizing about human perception and behavior (Corley et al., 2006). However, although having its initial roots in the ancient world, research on the concept of organizational identity has just flourished in the past 30 years (Hatch & Schultz, 2004). Since its introduction by Albert and Whetten (1985), the phenomenon of organizational identity has evolved into a decent research stream. To date, organizational identity is recognized as a crucial

concept to understand strategic change (Ravasi & Phillips, 2011), decision making (Riantoputra, 2010), and issue interpretation (Dutton & Dukerich, 1991). However, scholars have also developed contradictory perspectives on the nature of the concept (Besharov & Sharma, 2017). In this context, He and Brown (2013) explained that “while there are no signs that interest in OI is declining, neither are there overwhelming grounds for optimism that definitional, ontological, epistemological, or methodological disputes between scholars are likely to be resolved any time soon” (p. 11).

2.2.1. Social Identity Theory

Social identity theory is a social psychological theory of intergroup relations, group processes, and the social self (Hogg, Terry, & White, 1995). The theory was developed and formulated by Tajfel and Turner (1979), providing a perspective on the social basis of humans’ self-concept and normative behavior. Social identity theory is basically arguing that humans’ self-concept is based on memberships in multiple social groups (Abrams & Hogg, 1988; Tajfel & Turner, 1979; Turner et al., 1987). In other words, the social categories in which human beings fall and feel to belong to (e.g., nationality, region, city, political orientation, sports team) provide a definition of who human beings are in terms of the defining characteristics of the respective social category (Ashforth & Mael, 1989; Hogg et al., 1995; Stets & Burke, 2000). Hence, the perceived characteristics of the social categories influence humans’ self-definition. Further, as they tend to participate in a multitude of social groups, humans “have a repertoire of such discrete category memberships that vary in relative overall importance in the self-concept” (Hogg et al., 1995, p. 259). Each of these social memberships is stored in members’ minds as a social identity and each of these identities describes and prescribes members’ specific attributes, which translate into collective thought, emotion, and behavior (Ashforth & Mael, 1989). In consequence, if a specific context activates a social identity to become the salient basis of self-categorization, members’ self-perception and behavior become in-group stereotypical and normative. Simultaneously, members’ perception of relevant out-group members is expected to become out-group stereotypical, implying that intergroup behavior involves increased demarcation, competitiveness, and discrimination towards relevant out-groups (Hogg et al., 1995).

In addition to their descriptive and prescriptive function, social identities are also evaluative. In this sense, social identities usually establish a widely acknowledged evaluation on the own social category and on the relation between one's own category and other relevant social categories (Turner & Reynolds, 2011). Due to these self-evaluative processes, in-group members are highly motivated to develop behavioral strategies which maintain or further strengthen the in-group/out-group comparisons, thereby reinforcing the identity of the in-group and the self (Hogg & Abrams, 1993).

Social identity theory highlights the importance of two underlying socio-cognitive processes, namely *categorization* and *self-enhancement*. First, categorization refers to the process of sharpening the group boundaries by continuously creating and reinforcing "group-distinctive stereotypical and normative perceptions and actions" (Hogg et al., 1995, p. 260). Simultaneously, the process of categorization involves the assignment of people, including the self, to the respective and contextually relevant category. In this sense, categorization represents a basic cognitive process, which is subject to extensive research in the field of self-categorization theory (Turner et al., 1994; Turner, 1991). Second, social identity theory assumes that self-enhancement processes guide social categorization in a way that in-group norms, stereotypes, and behaviors are positively assessed and are continuously reinforced. In this context, individuals are expected to vest more of their self-conceptions in valued personas (Ashforth & Mael, 1989). Hence, self-enhancement may be accomplished by increasingly compare in- and out-groups, thereby favoring in-group stereotypes (Hogg & Abrams, 1993). Ultimately, social identity theory presumes that the underlying socio-cognitive processes of categorization and self-enhancement are based on *subjective belief structures* (Hogg et al., 1995). This implies that the beliefs, on which the differentiation between in- and out-group is based, are not necessarily an accurate reflection of reality, they rather seem to be of ideological nature. However, as they affect the adopted behaviors of in-group members in pursuit of self-enhancement, subjective belief structures strongly influence the legitimacy and stability of perceived intergroup relations as well as the perceived possibility of social mobility and social change (Hogg et al., 1995).

2.2.2. Defining Organizational Identity

In their original formulation of the concept, Albert and Whetten (1985) defined organizational identity (OI) as the central, enduring, and distinctive character of an organization. Since the scholars do not concretely specify the meaning of the definitional criteria, the subsequent use of the concept has been highly inconsistent, increasing the variance of definitions and perspectives on OI (Besharov & Sharma, 2017; He & Brown, 2013; Gioia, Patvardhan, Hamilton & Corley, 2013). In consequence, Whetten (2006) complained that “the concept of organizational identity is suffering an identity crisis” (p. 220). In the same vein, Pratt (2003) claimed that the concept of OI “is often overused and under-specified” (p. 162). The collective recognition of this multiplicity of definitional approaches has led to multiple attempts to redefine the construct. Hence, the research field of OI “is riven with uncertainties and often fractious disagreements” (He & Brown, 2013, p. 6).

In essence, OI is about *self-referential meaning*, implying that it is an organization’s attempt to define itself (Albert & Whetten, 1985; Ashforth & Mael, 1996). The questions “who we are” and “what we do” are at the core of the concept of OI (He & Brown, 2013). According to Corley et al. (2006), “such self-referential meanings may be tacit or explicit, taken for granted, or more consciously available” (p. 87). Further, even though disagreement is evident about whether an organization’s identity is a social reality on the level of the entity (Albert & Whetten, 1985; Whetten & Mackey, 2002) or a social construction by its organizational members (Gioia, Schultz & Corley, 2000; Ravasi & Schultz, 2006), OI is considered to be a *collective-level construct* (Corley et al., 2006).

As OI scholars generally agree on the initial definition of Albert and Whetten (1985), it is crucial to understand the notions of *centrality*, *distinctiveness*, and *endurance* in detail. First, the notion of centrality of OI refers to “the focal or core set of attributes that denote the essence of the organization” (Ashforth & Mael, 1996, p. 23). According to Whetten and Mackey (2002), the criterion of centrality implies that organizational members approve that “without these we would be a different kind of organization” (p. 16). Moreover, although this interpretation comes along with multiple challenges (Scott

& Lane, 2000; Weick & Roberts, 1993), OI is also assumed to be based on a shared understanding among organizational members. Second, in accordance with social identity theory, there is scholarly agreement that the phenomenon of OI is “relational and comparative” (Tajfel & Turner, 1985, p. 16). Thus, the notion of distinctiveness considers OI to be developed and maintained in a given context, defining its meaning in comparison to other organizations (Glynn & Abzug, 2002; Porac, Thomas & Bade-Fuller, 1989). In consequence, OI is the core set of attributes which compares and differentiates the organization from other organizations within its sphere of activities (Corley et al., 2006). Even though not every attribute in an OI is distinctive, the ultimate identity needs to be a distinctive set of characteristics, which claims the organization’s uniqueness and core attributes (Ashforth & Mael, 1996). Third, the notion of endurance refers to the continuity of OI, implying that OI only changes with major disruptions in the organization’s life (He & Brown, 2013). While Albert and Whetten (1985) assumed change in OI to occur very slowly over long time periods, more recent research supports the idea that OI may change more fluidly and leaders can even take steps to manage identity change (Corley & Gioia, 2004). In turn, as it “deals with organizational persistence at the most fundamental level” (Corley et al., 2006, p. 93), there is a comprehensive theoretical discussion on the relationship between organizational identity and organizational change (see *chap. 2.2.4*).

The preceding discussion demonstrated that the conceptualization of OI allows for some degree of variance. In order to prevent drift in meaning, it is crucial to distinguish the concept of OI from related constructs (Corley et al., 2006). First, the term *organizational identification* refers to the process through which individuals attach their self-definition to their perception of the identity of the organization (Dutton et al., 1997; He & Brown, 2013; Ravasi & van Rekom, 2003). Second, while *corporate identity* and *organizational image* describe the process of projecting identity-related notions to external target groups (Gioia, Schultz, & Corley, 2000), *reputation* can be understood as how these external target groups view the organization (Fombrun & van Riel, 1997). Third, multiple scholars have worked on the accurate distinction between the closely related constructs of *organizational identity* and *organizational culture* (Fiol, Hatch, & Golden-Biddle, 1998; Hatch & Schultz, 1997; Ravasi & Schultz, 2006). For instance,

Hatch and Schultz (2002) proposed a model in which identity interrelates organizational culture and organizational image, thereby containing cultural aspects as well as outside-based images of the organization. Above, while organizational culture is assumed to have a strong focus on organizational values, organizational identity only contains the values which are central, distinctive, and continuous about the organization (Corley et al., 2006). Fourth, the concept of *organizational climate* usually focalizes the “proximal work environment” (James & Sells, 1981). Hence, as organizational identity is defined as the self-referential meaning of an organization at the collective level, the respective dimensions of organizational climate may not provide an entire set of OI attributes.

2.2.3. Theoretical Tensions on Organizational Identity

Having understood the definitional fundamentals of OI, it is crucial to critically discuss the construct’s theoretical tensions. In essence, the discussion on the theoretical tensions of OI emanates from two contradictory perspectives on the concept, namely the social actor and social construction perspective. Table 2-3 gives an overview on the respective theoretic tensions in research on OI.

Table 2-3. Theoretic Tensions in OI Research

Tension	Description	Content
Social reality vs. Social construction	<i>Observation Dimension</i> What or who carries organizational identities?	OI as a observable property of the organization (Whetten & Mackey, 2002) vs. OI as an intersubjective phenomenon (Gioia, Schultz & Corley, 2000)
Stable vs. Dynamic	<i>Variability Dimension</i> Are organizational identities malleable over time?	OI as a rather stable construct (Albert & Whetten, 1985) vs. OI as a dynamic construct (Gioia & Chittipeddi, 1991)
Multiple vs. Single Identities	<i>Multiplicity Dimension</i> Can multiple organizational identities co-exist over time?	Multiple identities persist over time (Wilkins & Whetten, 2012) vs. multiple identities merge into a unified OI (Corley & Gioia, 2004)

Albert and Whetten (1985) initially treated the concept of OI as a social reality, implying that the organization represents a *social actor* (Whetten & Mackey, 2002; Whetten, 2006). According to this understanding, identity is a property of the

organization as an entity, which is observable in patterns of entity-level programs, claims, policies, procedures, and actions (Corley et al., 2006). In contrast, a later emerging research stream proposed that OI is a *social construction* which emanates from collective sensemaking and sensegiving processes of organizational members (Gioia, Schultz & Corley, 2000; Ravasi & Schultz, 2006; Fiol, 1991). This research stream understands OI as an intersubjective phenomenon, implying that an organization's identity cannot exist unless the organizational members agree that it exists (Ashforth & Mael, 1996). According to this view, OI is assumed to be influenced by human perception and action (Gioia et al., 2013b). In this sense, the social construction perspective regards the social actor perspective as inappropriate to grasp the nuanced differences in OI. Hence, instead of studying formal organizational artifacts, scholars "attend to meaning-making, rhetoric, and discourse" (Besharov & Sharma, 2017, p. 181). Thereby, scholars expect to better understand the continuous construction and reconstruction of OI, in particular how organizational members understand, revise, and sustain the meaning of their OI (Patvardhan, Gioia, & Hamilton, 2015). The social construction perspective is in line with studies on identity work, which emphasize the relevance of the dialogue with self and others about the essence of the collective identity, thereby achieving coherence and distinctiveness (Alvesson & Willmott, 2020; Kreiner & Murphy, 2016). Even though the social actor and social construction perspectives seem to be contradictory, scholars have recently emphasized that both perspectives are necessary to fully explain the phenomenon of OI (Ravasi & Schultz, 2006; Gioia Price, Hamilton, & Thomas, 2010; Gioia & Hamilton, 2016). In this sense, OI is both a social reality inherent in observable, organizational features and claims as well as a social construction which emanates from continuous, collective, and interpretive processes among organizational members (Gioia et al., 2010).

Closely linked to the preceding tension, there is also a theoretical debate on the variability of OI, namely whether OI is a stable or dynamic construct (Ravasi & Schultz, 2006; Gioia et al., 2013b). Scholars advocating a social reality perspective generally proposed that OI is stable over time. This view is coherent with Albert and Whetten's (1985) initial formulation, which emphasized endurance as a determining criterion of OI. Based on this understanding, scholars assume that OI is deeply anchored in an

organization's underlying philosophy and purpose, which are difficult to modify without evolving into a new organization (Margolis & Hansen, 2002). In this regard, Whetten and Mackey (2002) pointed out that OI serves as the "court of last resort" (p. 398), guiding organizational decision-making in a "constitution-like manner" (Besharov & Sharma, 2017, p. 184). Further, in line with institutional theory (Scott, 2008), scholars demonstrated that organizational members act as guardians of OI, actively engaging in cognitive and behavioral tactics which aim at preserving the status quo of OI whenever it is threatened (Glynn, 2000; Elsbach & Kramer, 1996). In turn, when OI is inherent in organizational members' values and identities, change of OI may only take place in the case of new actors entering the organization who carry different perspectives on OI, such as mergers and acquisitions (Margolis & Hansen, 2002). Ultimately, from the social reality perspective, identity change seems to be extremely challenging and infrequent, only occurring over extended periods, if at all. In contrast, scholars who understand OI as a social construction of organizational members generally accentuated its dynamic nature, thereby proposing that OI may shift over time (Dutton & Dukerich, 1991; Gioia & Chittipeddi, 1991; Gioia & Thomas, 1996). In their understanding, identity change occurs through rhetoric, sensemaking, and sensegiving processes (see *chap. 2.2.4*). In this context, by studying the merger of two healthcare-organizations, Clark et al. (2010) described how identity change occurred through the construction of an ambiguous, transitional identity. This transitional identity allowed for multiple interpretations of organizational members, thereby facilitating the identification with the new integrated identity of the merged firm. Similarly, Fiol (2002) demonstrated the relevance of linguistic markers in the process of enabling organizational members to identify with a new core ideology. Other scholars emphasized the importance of outsiders' perceptions as a source of identity change (Dutton & Dukerich, 1991; Gioia et al., 2000; Gioia & Thomas, 1996). Although most OI research captured either a perspective of identity stability or identity dynamism, a few studies acknowledged and linked both approaches (Gioia et al., 2000; Ravasi & Schultz, 2006; Kreiner et al., 2015). As an example, Gioia et al. (2000) differentiated between two categories of OI, namely identity labels and identity meanings. The scholars argued that identity labels generally persist, while the meaning organizational

members attach to these labels may shift, thereby allowing for identity dynamisms and identity endurance over time.

Up to this point, the discussion assumed that organizations have single, unified identities. By way of contrast, another central issue in the theoretical debate on OI is whether organizations have multiple or single identities. While scholars agree to a large extent that organizations may hold multiple identity conceptions, it is the primary focus of the theoretical debate whether these multiple identities persist over time or merge into an integrated identity. Scholars advocating a social reality perspective, described organizations as capable of holding multiple, mostly externally defined, social identities, which are assumed to persist over time (Whetten, Foreman, & Dyer, 2014; Wilkins & Whetten, 2012). In this regard, scholars generally characterized these multiple identities as sources of conflict and controversy (Anteby & Wrzesniewski, 2014; Ashforth & Reingen, 2014; Golden-Biddle & Rao, 1997). On the contrary, researchers treating OI as a social construction highlighted the temporary and transitional nature of an organization's multiple identity conceptions. From this perspective, studies demonstrated how multiple meanings of identity emanate in times of change, which induce the emergence of an integrated and unified organizational identity (Patvardhan, Gioia, & Hamilton, 2015). For instance, Clark et al. (2010) illustrated how multiple identities emerged during the initial period of a merger, but the multiple interpretations passed into a transitional identity, which, in turn, merged into a single, unified, and integrated identity. Similarly, in the context of a corporate spin-off, Corley and Gioia (2004) demonstrated how multiple interpretations of an organization's identity translate into ambiguity and ultimately into a new identity.

2.2.4. Organizational Identity Change

Even though Albert and Whetten (1985) assumed the defining aspects of OI to be stable and resistant to attempts of modification, multiple studies have demonstrated its malleability and dynamic nature (Gioia et al., 2000; Nag et al., 2007; Ravasi & Schultz, 2006). In particular, research has focused on organizational responses to so-called *identity threats*, defined as perceived inconsistencies between internal identity and internal perceptions of organizational image (Elsbach & Kramer, 1996; Gioia &

Thomas, 1996). In an early study, Dutton and Dukerich (1991) examined the attempt of the New York/New Jersey Port Authority to deal with the issue of homelessness. Their study revealed a strong relationship between OI and organizational image. In response to a perceived image deterioration, organizational members reframed the issue of homelessness and initiated pronounced, identity-consistent organizational action. The scholars concluded that “these actions in turn may gradually modify the organization’s future identity or make certain features of the identity more or less salient” (p. 520). By examining how members of top-level business schools reacted to identity threats, Elsbach and Kramer (1996) underlined the importance of organizational image as a trigger of OI change. The scholars found that organizational members apply cognitive tactics in order to maintain their positive perception of their organization, thereby partially reframing its identity. On this basis, Gioia, Schultz, and Corley (2000) developed a conceptual process model of the relationship between OI and organizational image. By assuming that external images of the organization trigger organizational members’ comparison between OI and the “construed external image” (Dutton, Dukerich, & Harquail, 1994), the scholars suggested that a perceived sense of discrepancy results in sensemaking about how to react to the disparity. In contrast, a perceived sense of alignment between OI and image leads to a strengthening of the prevailing OI (Gioia et al., 2000). Ultimately, the foregoing studies on the identity-image interdependency mainly explained why OI may change and described a variety of strategies to restore consistency between organizational identity and organizational image (Corley & Gioia, 2004).

By way of contrast, substantial shifts in the external environment or executed internal change may not be accomplished within the existing constraints of a prevailing OI (Tripsas, 2009). In this regard, Reger et al. (1994) observed that a fundamental change in the way an organization operates needs to be accompanied by a substantial change in OI. By analyzing the implementation of a total quality management (TQM) initiative, the scholars suggested that top managements teams can only successfully implement major organizational change if they simultaneously bring about substantial changes in the way an organization thinks about itself, i.e. by altering its OI. Gioia and Thomas (1996) analyzed a strategic change effort at an academic institution. Their analysis

revealed that OI is relatively fluid and malleable when confronted with environmental change, implying that OI may change rather rapidly. Against this background, Gioia and Thomas (1996) claimed that “the definition of identity as enduring obscures an important aspect of identity within the context of organizational change: for substantive change to occur, some basic features of identity also must change” (p. 394). The scholars further indicated that identity change can be encouraged by design, thereby stressing the essential role of organizational leadership in the context of identity change.

Leveraging the idea of identity change by design, Fiol (2002) emphasized the relevance of rhetoric and linguistic markers as critical tools during intentional, radical identity transformations. Her empirical model of identity transformation is based on the paradoxical need to lessen identification with an existing OI while simultaneously increasing identification with an emerging OI. In this regard, Fiol (2002) argued that “effective change leaders [...] are those who are able to successfully transform an organization’s identity and reestablish member identification with a new identity” (p. 654). Further, by investigating the spin-off of an organizational unit of a Fortune 100 company, Corley and Gioia (2004) found that successful identity change requires identity ambiguity. According to the scholars, identity ambiguity refers to “a collective state wherein organizational members found themselves without a good sense of who they were as an [...] organization” (p. 178). Identity ambiguity was found to initiate sensemaking processes by organizational members (Weick, 1995) and, in turn, to provide a sensegiving imperative for organizational leaders. Analogous to previous studies, Corley and Gioia (2004) stressed the importance of a “desired future image” (p. 184) within identity change processes. Executing a field-based case study at a medium-sized technology company, Tripsas (2009) substantiated the relevance of identity ambiguity in the context of identity change. The scholar analyzed organizational responses to identity-challenging technological opportunities and developed a comprehensive, three-phased macro model of identity change. In this regard, Tripsas (2009) assumed that OI is embedded in organizational routines, procedures, and beliefs over time, resulting in a self-reinforcing cycle of technology, industry, identity, and action. The scholar argued that “input from the industry and

technological environment are then filtered and noticed through the lens of the firm's identity, resulting in ongoing management action that reinforces the identity" (p. 447).

Table 2-4. Selected Studies on OI Change

Study	Context	Key Findings
Dutton & Dukerich (1991)	New York/New Jersey Port Authority dealing with a homelessness issue	Image deterioration as an important trigger for reframing OI, thereby OI may gradually change over time
Reger et al. (1994)	Organization executing a Total Quality Management (TQM) initiative	Fundamental change in the way an organization operates needs to be accompanied by a change in OI in order to be effective
Elsbach & Kramer (1996)	Eight of the Top-20 U.S. Business Schools facing identity threats driven by business school rankings	Organizational members apply cognitive tactics to reinforce positive perception of their organization
Gioia & Thomas (1996)	Large, public research university managing a strategic change effort	Under conditions of change, top managers' perceptions of identity and image are key to sensemaking processes and guide issue interpretation
Tripsas (2009)	Linco - "The Digital Photography Company" - facing identity-challenging technological change	OI is embedded in routines, procedures, and beliefs, creating a self-reinforcing dynamic - thus, serving as a filter for technological opportunities
Fiol (2002)	Tech-Co, a high technology company, undergoing a significant identity transformation	Rhetoric and linguistic markers are critical tools during intentional, radical identity transformations
Corley & Gioia (2004)	Spin-off of a global technology service provider from its Fortune 100 parent organization	Key to the process of identity change is the emergence of a state of organizational identity ambiguity
Ravasi & Schultz (2006)	Bang & Olufsen, a Danish producer of audio-video systems, facing environmental changes	Organizational culture serves as a platform supporting sensemaking and sensegiving activities of organizational leaders in the context of OI reevaluation

Ravasi and Schultz (2006) explored the role of organizational culture in the context of organizational responses to identity threats. By analyzing the organizational life of Bang & Olufsen, a Danish producer of audio-video systems, the scholars found that organizational culture serves as a platform for sensemaking and sensegiving activities of organizational leaders. In more detail, Ravasi and Schultz (2006) demonstrated how organizational actors engage in sensemaking activities by reflecting on cultural practices and artifacts. Similarly, the scholars showed how organizational leaders embed revised identity claims in the organizational culture, thereby striving for a changed identity understanding. In this regard, Ravasi and Schultz (2006) accentuated “the role of culture in preserving a sense of distinctiveness and continuity as organizational identity is subjected to explicit reevaluation” (p. 455).

2.3. Strategy-Identity Nexus

The preceding discussions have demonstrated that strategic renewal and organizational identity are important concepts in management research, which both come along with essential implications for organizations and their leaders. Obviously, there is a close relationship between what organizations do or plan to do (strategy) and what organizations are or believe to be (identity). However, even though empirical studies highlight the influence of OI on strategic decisions (Dutton & Dukerich, 1991; Gioia & Thomas, 1996), research that directly addresses the strategy-identity relationship is rather limited (Ravasi et al., 2020).

2.3.1. Strategy-Identity Relationship

Previous research in the field has demonstrated the reciprocal but loosely coupled nature of the strategy-identity relationship (Ravasi et al., 2020). In this context, reciprocity implies that strategic choices may instantiate organizational identities and facilitate their social validation, but, simultaneously, organizational identities may serve to legitimate strategic choices (Fiol, 2002; Reger et al., 1994). Elaborating on the reciprocity of the strategy-identity relationship, Ashforth and Mael (1996) argued that “self-definition and strategic choice are intertwined such that an organization may enact and express a valued identity through strategy and may infer, modify, or affirm an

identity from strategy and the responses it evokes” (p. 33). In this understanding, an existing OI is not coupled to a certain strategy, a specific strategy is rather considered to be just one means of realizing or legitimating an OI (Ashforth & Mael, 1996). Hence, an OI defines the very essence of an organization whereas an organizational strategy is a managerial tool, which is assessed regarding its utility (Ashforth & Mael, 1996).

Against this background, recent research emphasized that an organization’s strategy and identity may potentially mutually support each other (Anthony & Tripsas, 2016; Rindova et al., 2011), but may also become out of synchronization (Tripsas, 2009). As an example, in line with the argumentation of Reger et al. (1994), Altman and Tripsas (2015) suggested that a major strategic shift, i.e. from a product-based to a platform-based business model, requires a simultaneous shift in key aspects of the identity of the organization in order to be effective. In contrast, scholars also demonstrated that OI may serve as a filter which blinds organizations to competitive or technological opportunities that would imply an identity shift (Tripsas, 2009). As a result, organizations may preliminarily preserve the perceived synchronization between identity and strategy. The loosely coupled nature of the relationship between strategy and identity also implies that OIs may not necessarily have the required strength, continuity, or concreteness to provide a clear orientation for strategic choices (Altman & Tripsas, 2015). Consequently, organizational members may engage in strategic decision-making without reflecting on the organization’s identity, thus acting incrementally or opportunistically, thereby creating considerable room for misalignment between identity and strategy (Dutton & Dukerich, 1999; Tripsas & Gavetti, 2000; Whetten, 2006).

2.3.2. Strategy-Identity (Mis)Alignment

As strategy is generally oriented towards the future and identity tends to be grounded in the past (Sillince & Simpson, 2010), there is considerable potential for misalignment between the two concepts (Ravasi et al., 2020). Earlier studies on the interplay between OI and strategy demonstrated how organizations’ identities guide organizational members in the process of strategy formation and pursuit (Ashforth & Mael, 1996; Gioia et al., 2013b). In line with this theoretical perspective, Anthony and Tripsas

(2016) claim that “who we are has implications for what we should do” (p. 418). Accordingly, Dutton and Dukerich (1991) demonstrated how organizational members apply their understanding of an organization’s central, enduring, and distinctive features as a reference framework to select appropriate organizational strategies. Similarly, Hoon and Jacobs (2014) examined how beliefs about an organization’s identity influence the judgement of strategic actors when developing a strategic agenda. In line with these studies, other investigations have demonstrated that organizational actors actively dismiss identity-inconsistent strategies as they assess them as inappropriate, thereby opposing more fundamental identity change (Fiol, 2002; Gioia & Thomas, 1996; Reger et al., 1994). Hence, this stream of studies assumed that OI provides organizational actors with expectations about what appropriate and inappropriate strategies for an organization are (Wickert et al., 2017). According to this perspective on the strategy-identity nexus, the identity of an organization comes along with so-called *identity imperatives*, which only allow for strategic choices that, in turn, translate into identity-consistent strategies (Tripsas & Gavetti, 2000). Thereby, organizations continuously experience strategy-identity alignment, which is assumed to be desirable as “conflict and dysfunction arise when organizational members engage in behaviors that violate the expectations of organizational identity” (Anthony & Tripsas, 2016, p. 418).

By way of contrast, a more recent research stream assumed that organizational members may pursue strategies that are inconsistent with an organization’s identity, thereby creating identity-strategy misalignment (Nag et al., 2007; Ravasi & Phillips, 2011; Tripsas, 2009). Particularly in times of environmental change, organizational strategies may be required to be decoupled of OI, thereby initiating discontinuous transformations to allow for long-term survival (Tripsas, 2009). Accordingly, scholars argued that organizational actors may ‘betray’ an organization’s identity by engaging in strategic activities based on *market imperatives*. In this context, market imperatives refer to expectations about what an organization should do “to be competitive with other organizations” (Gioia et al., 2013b, p. 162). In turn, these identity-inconsistent strategies force the organization to “act out of character” (Whetten, 2006, p. 221) and precipitate a strategy-identity misalignment (Ravasi & Phillips, 2011; Wenzel et al.,

2020). In line with this theoretical view, Nag et al. (2007) demonstrated how managers of an R&D firm, who initially embraced a technology-focused identity, try to engage in market-oriented strategies in order to remain competitive. Likewise, by developing a model of identity change in response to technological opportunities, Tripsas (2009) showed how organizational actors of a medium-sized technology firm engage in efforts to shift identity in order to accommodate an identity-challenging technology.

Ultimately, acknowledging that identity and strategy may be subject to considerable misalignment, scholars generally assume that an alignment between identity and strategy is a desirable state that organizations should strain toward (Balmer, Stuart, & Greyser, 2009; Rughase, 2006). Hence, even though studies also indicated that identity-strategy alignment may inhibit fundamental change and, thereby, prevent organizational long-term success (Tripsas, 2009), organizations and their leaders are expected to engage in attempts to re-establish coherence between the two concepts (Ravasi et al., 2020). However, a severe mismatch between strategy and identity may result in serious problems, undermining managerial attempts to renew strategies (Hoon & Jacobs, 2014; Huy, 2011). In particular, managerial attempts to introduce identity-challenging strategic moves may be inhibited by “the embeddedness of identity in practices, routines, and culture” (Ravasi et al., 2020, p. 6). In fact, the realignment of strategy and identity is considered to be a crucial managerial task, especially in contexts of change (Huy, 2011; Nag et al., 2007). However, as they might be irreducible or closely linked to continuity in complex organizations (Ashforth & Reingen, 2014; Smith & Besharov, 2019), research also indicated that “apparent misalignments may sometimes be tolerated, reframed, accepted, or managed in other ways despite these difficulties” (Ravasi et al., 2020, p. 7).

2.3.3. Strategy-Identity Misalignment and Organizational Actors

Even though strategy and identity are rather considered to be organizational- and collective-level constructs, identity-strategy misalignments are assumed to have considerable effects on organizational members. In this context, previous research has demonstrated that identity-strategy misalignments are more likely to be experienced at the bottom of the organizational hierarchy, where identity mostly becomes

experienceable on the basis of collective cultural values, traditions as well as routines and practices (Corley, 2004). As organizational members generally have “an intrinsic desire to sense and experience coherence and continuity” (Weick, 1995, p. 20) concerning OI, expected effects of identity-challenging strategic moves on organizational members involve perceived ambiguity (Corley & Gioia, 2004), resistance to strategic change (Tripsas, 2009) as well as anxiety, conflict, discomfort and a lost sense of integrity (Brown & Starkey, 2000). In this regard, Wenzel et al. (2020) investigated how organizational actors experience and cope with continuously perceived identity-strategy misalignments. The scholars demonstrated that organizational actors engage in three cognitive tactics, namely *contextualization*, *abstraction*, and *fatalism*, to reduce perceived discomfort in the presence of identity-strategy misalignments. Thereby, organizational members were found to be able to preserve the “integrity of collective self-perception” (Ravasi et al., 2020, p. 10).

However, the commitment and support of organizational members for an identity-challenging strategic move is critical and decisive for its ultimate success (Foreman & Whetten, 2002; Golden-Biddle & Rao, 1997). Supporting this argumentation, Venus et al. (2019) explained that “there is growing consensus that the success of planned organizational change is substantially influenced by whether employees accept organizational change” (Venus et al., 2019, p. 669). In consequence, a few studies have taken on a management perspective to examine the relevance and role of organizational managers and leaders within the context of identity-strategy misalignments (Ravasi & Phillips, 2011; Stanske et al., 2020). As an example, within the scope of a field study at Bang & Olufsen, Ravasi and Phillips (2011) revealed how managers gradually enhanced organizational engagement in strategic activities which increasingly diverged from the firm’s former identity. Similarly, by undertaking a longitudinal case study at a German distributor, Stanske et al. (2020) found that managers draw on so-called *anti-identity reservoirs* to support strategic renewal in organizations. The scholars showed that ambiguity and resistance to fundamental strategic change may be overcome by continuously referring to “who we are not” (Stanske et al., 2020). Likewise, Bojovic et al. (2020) demonstrated that experimental spaces for business model experimentation may support organizational members’ coping processes in the face of identity-strategy

misalignments. In fact, the scholars argued that experimental spaces enable organizational members to cope with identity losses and facilitate the acceptance of new identities.

2.4. Preliminary Summary

The preceding discussions have unveiled the essential theoretic foundations of this dissertation. First, the discussion demonstrated that discontinuous strategic renewal represents a major challenge for incumbent organizations and that ambidextrous strategies may be an effective tool to steer organizations through this challenging situation. Second, it was shown that an organization's identity may change over time and that a shift in identity is even required for other intended changes to become successful. Third, the discussion on the strategy-identity nexus illustrated the reciprocal relationship between the two concepts, thereby also revealing the possibility of a massive misalignment between an organization's identity and strategy.

In the midst of this extensive literature on strategic renewal, organizational identity, and the identity-strategy nexus, there remains a salient gap: To date, there are no comprehensive scientific insights on the process of identity-strategy realignment. In a recent introduction to a special issue on the strategy-identity nexus, Ravasi et al. (2020) stated that "missing from most of these discussions, however, is an assessment of the importance of fit or alignment between an organization's strategy and its identity" (p. 7). Hence, even though recent studies described an alignment between strategy and identity as a desirable state associated with harmony and success (Balmer et al., 2009; Rughase, 2006), empirical research on the identity-strategy realignment process is still rare. In consequence, this dissertation is directed towards the investigation of the process through which organizations realign their identity and strategy. In this context, I particularly focused on leadership activities which support the identity-strategy realignment process. Thereby, I followed recent suggestions of Ravasi and Phillips (2011) who argued that "we still know little [...] about how organizational leaders can bring about substantial and enduring changes in organizational identity" (Ravasi & Phillips, 2011, p. 132). Ultimately, this research study is geared towards an increased

understanding of the identity-strategy realignment process and supportive leadership activities in this context.

In order to achieve my research objectives, I conducted an in-depth case study at CVM, a European manufacturer of light commercial vehicles. The organization under examination faced a top-down driven, ambidextrous, and discontinuous strategic renewal endeavor in order to react to changing market conditions (i.e., market imperatives, co-alignment). In response to the perceived identity-strategy misalignment, organizational leaders engaged in leadership activities to realign the organization's identity with the new strategic direction of the organization (see *chap. 3.1.2*).

*Limitations of each type of methodology make it imperative
to use multiple methods in research on leadership.*

- Yukl (1989)

3. Methodology

The following chapter outlines the proposed methodological approach and overarching research strategy of this dissertation. First, the underlying research concept is specified (*chap. 3.1*). Second, the applied quality criteria are presented and discussed (*chap. 3.2*). Third, this chapter ends with a short discussion on the ethical conduct of this dissertation (*chap. 3.3*).

3.1. Research Concept

A research concept demonstrates the guidelines of a particular research project, thereby describing its underlying research paradigm, its research setting as well as its proposed research strategy. In more detail, a research concept should reveal how the empirical evidence required for answering the research questions is generated and which empirical methods are applied to analyze the collected data (Eisend & Kuß, 2017).

3.1.1. Research Paradigm

As they come along with distinctive beliefs about the nature and creation of knowledge, research paradigms are generally understood as philosophical worldviews, which substantially influence the research process (Saunders, Lewis, & Thornhill, 2012). The underlying paradigm of a research study may be defined as “a system of beliefs and assumptions about the development of knowledge” (Saunders, Lewis, & Thornhill, 2009, p. 124). By unveiling assumptions on the nature of reality (ontology), the characterization of credible knowledge (epistemology), and the influence of values within the research process (axiology), research paradigms essentially influence the design of research projects and the interpretation of research findings (Crotty, 1998; Saunders et al., 2012). In fact, the research paradigm predetermines the applicable methodologies and methods (Crotty, 1998; Dyllick & Tomczak, 2007).

Traditionally, scholars differentiate between different types of research paradigms, whereby constructivism and positivism represent the respective ends of the continuum (Saunders et al., 2009). According to the constructivist stance, empirical research should increase the understanding of complex social realities and specific contexts. Thus, constructivist studies generally try to understand the unique features of single cases, thereby capturing unmeasurable constructs (Eisenhardt, 1989). By assuming that realities are socially constructed, constructivism expects the world to embrace multiple realities (Saunders et al., 2012). Further, relying on dialogical knowledge, the constructivist approach understands research subjects as partners and is closely linked to methodologies of qualitative inquiry (Lincoln & Guba, 1985; Ponterotto, 2005; Punch, 2013). In contrast, positivism is based on the premise that knowledge should be precise and everything what can be measured should be measured (Saunders et al., 2009). Hence, research following a positivistic approach is generally geared towards the creation of empirical results that try to predict and explain phenomena by general theories. Thus, positivism assumes that there is a single reality, which is representing the “way things really are” (Lincoln & Guba, 1989, p. 224). As it enables scholars to quantify observations and derive causal and/or correlational inferences, positivism is closely related to quantitative methodologies (Ponterotto, 2005). In this context, research subjects are generally understood as objects and standardized measurement

instruments are preferred, which are mainly applied for the testing of theoretically derived hypotheses (Denzin & Lincoln, 2011; Creswell, 2014).

Table 3-1. Overview on Research Philosophy

	Study 1: Qualitative Exploration	Study2: Quantitative Exploitation
Basis	Human Science Model	Natural Science Model
Paradigm	Social Constructivism	Positivism
Ontology	Multiple “constructed” realities	Single reality is apprehensible
Epistemology	Findings are created (subjectivism)	Findings are true (objectivism)
Approach & Methodology	Qualitative in-depth investigation of a single case study	Quantitative, large-sample survey to verify identified relationships

Note: Based on Healy and Perry (2000) and Saunders et al. (2012).

By following a mixed methods approach (see *chap. 3.1.3*), this dissertation encompasses both research perspectives. Hence, as presented in *table 3-1*, the respective empirical studies in this dissertation are bifurcated concerning their overarching research paradigm. The first empirical study of this dissertation represents an inductive analysis of the organization under examination (see *chap. 4*). As it examined the diverse perceptions and interpretations of involved social actors, the first empirical study followed a constructivist stance (Saunders et al., 2009). In consequence, I adopted a subjectivist and interpretivist attitude. Once the respective constructs and dynamics were identified, the second empirical study focused on the quantification of concrete leadership effects on relevant outcome variables (see *chap. 5*). In turn, by adopting a positivistic perspective, the focus of this dissertation shifted towards the measurement and analysis of concrete, quantitative effects. In this sense, I adopted an objectivistic stance. Thus, the findings of the qualitative study informed the focus areas of the subsequent quantitative study (see *chap. 3.1.3*). Accordingly, the case under examination is explored by applying a *mixed methods research strategy* (Bryman, Becker, & Sempik, 2008).

3.1.2. Case Study and Research Setting

Because the relationship between identity, strategy, and leadership is not well investigated, this dissertation is based on an inductive, longitudinal field-based case study. A case study is understood as “an empirical inquiry that investigates a contemporary phenomenon in-depth and within its real-life context” (Yin, 2003, p. 18). As case studies allow for in-depth examinations of social actors’ understandings (Langley & Abdallah, 2011), previous research in this field has demonstrated the benefits and usefulness of case study research (e.g., Corley & Gioia, 2004; Gioia & Thomas, 1996; Clark et al., 2010). Due to its revelatory potential, a case study approach was expected to provide new insights into the understudied phenomenon of identity-strategy realignment (Langley & Abdallah, 2011). In this regard, the case study under examination is understood as an *extreme case* where the theoretical issues of interest are transparently observable (Eisenhardt, 1989).

Due to an existing research cooperation with the organization under examination, I was able to closely follow and continuously enter the organization throughout the entire time span of the research study. As I studied the organization over a period of three years, the case study also involved strong longitudinal elements (see *chap. 4.1.1*), which is also considered to be a key advantage of single case studies (Yin, 2003). Even though Yin (2003) suggested that a case selection process should consider up to 30 potential candidates, this case emerged within the context of a broader research cooperation with the respective organization. After entering the organization, the phenomenon of identity-strategy misalignment was identified as an observable, organizational key issue and a specific research project was initiated. Hence, the case was chosen as a research setting because of the observed importance of identity-strategy issues for its organizational evolution.

The studied organization, referred to as *CVM*, is a stand-alone brand within the *C-Group*. Initially founded as a production plant and business unit of the *C-Group* in 1955, the organization flourished and became highly successful in the production of light commercial vehicles. In particular, the business unit was known for producing an iconic vehicle, the so-called *Carrier*, which achieved enormous success in the market. After

40 years of dependent action, the organization underwent a formal spin-off in 1995 to become an independent organization. Since then, still maintaining close ties to the parent organization, CVM was responsible for the development, production, and worldwide distribution of light commercial vehicles within the C-Group. From 1995 until 2018, CVM experienced a great success story with extraordinary organizational performance and firm growth. In 2017, CVM achieved all-time record highs, producing and distributing almost 500,000 vehicles and generating revenues of 12 billion Euros. At the time of my study, the organization produced a range of four models and employed over 21,000 employees globally, of which 70 percent were located at the headquarters in Europe.

In the late 2010s, market evidence increased that the organization's future competitive position is threatened by multiple trends and regulatory activities, which strongly affect the light commercial vehicle industry. On the one hand, due to impending financial penalties for CO₂ emissions, CVM was forced to heavily invest in the electrification of its vehicle model fleet. On the other hand, technological innovations in the fields of autonomous driving and hydrogen propulsion were further threatening CVM's strong competitive position in the light commercial vehicle market. Expecting profound difficulties in CVM's core business and anticipating major financial distress, the group leadership appointed a new chief executive officer (CEO) in late 2018. Shortly after the take-over, the new CEO initiated a strategic renewal process with the objective of developing and implementing a future-oriented strategy for the organization. The new strategy implied a radical shift for CVM and its employees, as it focused on advancing the organization from an automotive manufacturer to a mobility provider. In fact, the strategy exhibited an ambidextrous nature and was driven by three strategic pillars.

First, in order to ensure short-term profitability, CVM aimed at strengthening the core business through efficiency- and cost-cutting programs (referred to as *exploitative strategic activities*). In line with this idea, CVM decided to pursue a strategic cooperation with a major competitor in order to share development expenses for new vehicles in the core business. In this context, the organization decided to hand-off its most iconic product, the Carrier, into the cooperation and allowed its strategic partner

to manufacture the vehicle. As a substitute, a fully electrified vehicle, the so-called *e-Carrier*, was expected to become the new flagship product of the brand. Second, due to its comparatively high cost structures, CVM decided to focus its own production activities on high-margin commercial vehicles for private customers, thereby further strengthening its core business (referred to as *exploitative strategic activities*). In order to fill the fabric, organizational leadership also decided to start producing pure passenger cars on behalf of its parent company. Third, intended to meet the need for modern, emission-free and sustainable transport of people and goods, CVM was commissioned to advance crucial innovation efforts in the fields of smart mobility and autonomous driving (referred to as *explorative strategic activities*). On the one hand, referred to as *mobility-as-a-service* (MaaS), CVM decided to develop tailored mobility concepts which enable humans to flexibly and conveniently move within city areas. On the other hand, referred to as *transport-as-a-service* (TaaS), CVM intended to develop transport solutions which enhance the way goods and services are distributed in inner city areas. In order to be profitable, MaaS and TaaS solutions are highly dependent on substantial progress in the autonomous driving technology.

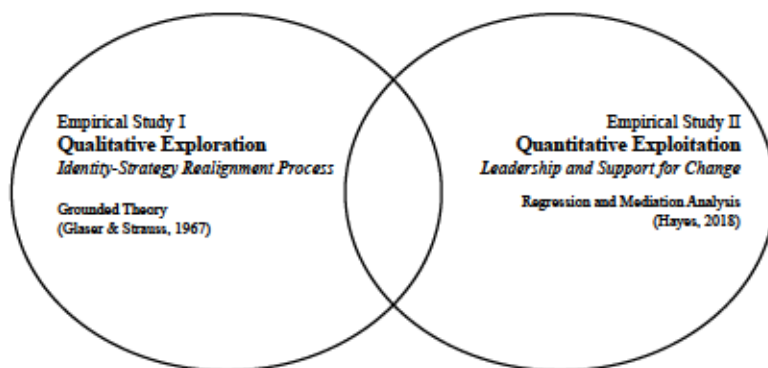
As a result of the radical shift in strategy, organizational members found themselves in a state of uncertainty about the future of the organization. In particular, the strategic renewal endeavor triggered an identity-strategy misalignment, which caused comprehensive identity dynamics throughout the entire organization. The following empirical studies examined the subsequent identity-strategy realignment process with a special focus on supporting leadership activities.

3.1.3. Research Strategy

This dissertation pursued a mixed methods research strategy, employing qualitative and observational techniques (see *chap. 4*) as well as quantitative methods (see *chap. 5*). In more detail, the research approach in this dissertation followed an *exploratory sequential design*, which enabled me to first qualitatively explore the theoretical puzzle of the phenomenon and subsequently quantitatively analyze the identified relationships (Creswell, 2014; Gibson, 2017). Hence, by adopting a mixed methods research design, I allowed for the utilization of the strengths of both methodologies (Dyllick & Tomczak,

2007). The mixed methods approach was further chosen as the phenomenon of identity-strategy realignment is generally under-researched, particularly from a leadership perspective. Thus, this dissertation followed the early call of Yukl (1989), who argued that the “limitations of each type of methodology make it imperative to use multiple methods in research on leadership” (p. 279). Moreover, the mixed methods research strategy allowed me to incorporate multiple levels of analysis as well as generate and verify theory in the same study (Creswell, 2016). In other words, the exploratory sequential design enabled me to explore the phenomenon in-depth and subsequently measure the significance of the identified relationships (Creswell & Clark, 2017). Consequently, the research strategy of this dissertation is subdivided into two distinct phases. An overview of the undertaken studies is given in *figure 3-1*.

Figure 3-1. Mixed Methods Research Strategy



First, within the scope of the inductive study, I analyzed the identity-strategy realignment process by applying a grounded theory approach (Glaser & Strauss, 2017; Strauss & Corbin, 1990; Straus & Corbin, 1997). Studying data from semi-structured interviews, observations, and archival documents, I engaged in an in-depth examination of the case, thereby addressing and understanding the context-specific problems (Deshpande, 1983; Miles & Huberman, 1994). Besides other relevant results, the qualitative analysis yielded a set of leadership practices that were found to positively support organizational members in the context of the identity-strategy realignment (see *chap. 4.2.5*). Second, drawing on these inductive results, the quantitative study was

conducted to test the identified relationships between leadership practices and relevant outcome variables (Creswell, 2014; Gibson, 2017). In more detail, by leveraging regression and mediation analysis techniques, the quantitative study validated and further explored the findings of the qualitative study (see *chap. 5.2*).

Table 3-2. Details on Research Phases

Phase	Activities	Output
Stage 1 Familiarizing with the case and its context	- Analyzing material about trends and changes in the automotive industry - Collecting and analyzing publicly available documents about CVM	- Obtaining an understanding of the context in which CVM operates - Outside perspective
Stage 2 Examination of the focal organization	- Entering the organization: Observing strategy meetings and conducting initial interviews - Analyzing and incorporating data and prior literature to capture the theoretical puzzle	- Obtaining a first inside perspective - Detecting the phenomenon - Formulation of concrete research questions
Stage 3 Development of a grounded model	- Conducting interviews with leaders and collecting additional empirical material - Analyzing all empirical material, zooming-in on leadership practices - Focused observations	Developing data structure: First-order categories, second-order themes, and aggregated dimensions
Stage 4 Substantiation of the emerging framework	- Assembling theoretical concepts and integrating existing literature to inform theoretical framework - Triangulating findings and validating them in final workshops with organizational actors	Grounded, theoretical framework of the identity-strategy realignment process
Stage 5 Quantitative analysis of selected relationships	- Deriving a sample from an internal personnel management tool - Collecting quantitative data through a large-scale survey - Analyzing quantitative data (regression and mediation analysis)	Validated understanding of supporting leadership practices in the context of an identity-strategy realignment process

The detailed stages of my research procedure are presented in *table 3-2*. First, I initially gathered and analyzed publicly available data on CVM and the automotive industry. Second, I entered the organization in order to observe strategy meetings and conduct initial interviews. Simultaneously, I started to analyze the incoming data and

incorporated prior theoretical insights to better understand the phenomenon of identity-strategy realignment. Third, I conducted semi-structured interviews with leaders from all hierarchical levels and collected additional empirical material. At this stage, the qualitative data allowed me to develop a grounded model of the identity-strategy realignment process. Fourth, by integrating existing literature and triangulating empirical data, I substantiated my emerging theoretical framework. Lastly, I examined selected relationships between leadership practices and relevant outcome variables in the context of a quantitative analysis.

3.2. Quality Criteria

Regardless of the respective research paradigm, quality concerns play an essential role throughout all steps of a research project (Morrow, 2005). Although qualitative and quantitative research share similar standards for quality evidence, their conception and execution is based on different quality criteria (Malterud, 2001). Explicit discussions on quality criteria in social research started from concepts such as validity and reliability, criteria stemming from the positivistic research tradition (Bryman et al., 2008; Malterud, 2001; Poland, 1995). In this context, methodologists have undertaken extensive efforts “trying to give some guidance to qualitative researchers in improving or judging the quality of qualitative research” (Seale, 1999, p. 465). Nonetheless, inductive research is still repeatedly criticized for not demonstrating a sufficient level of scientific rigor (Gioia, Corley, & Hamilton, 2013). Eventually, quality criteria for mixed methods research is still rare and seldomly discussed (Creswell et al., 2007).

3.2.1. Quality Criteria for Qualitative Research

By following the suggestions of Lincoln and Guba (1985), I took several steps to ensure the trustworthiness of my qualitative data. Within this dissertation, qualitative research is considered to be valid when it is “plausible, credible, trustworthy, and, therefore, defensible” (Johnson, 1997, p. 282). The respective criteria of Lincoln and Guba (1985) involve *credibility* (i.e., confidence in the “truth” of the findings), *transferability* (i.e., findings are applicable in other contexts), *dependability* (i.e., findings are consistent and could be repeated), and *confirmability* (i.e., extent to which findings are shaped by

respondents and not by researcher bias or interest). An overview of the undertaken steps to achieve the trustworthiness of my qualitative data is given in *table 3-3*.

Table 3-3. Quality Criteria for Qualitative Research

Criteria	Core Question	Applied Techniques
Credibility	To which extent are the findings representing the “truth”?	• Prolonged engagement • Peer debriefing and member checks • Data triangulation • Negative case analysis
Transferability	To which extent are the findings applicable in other contexts?	• Thick descriptive data
Dependability	To which extent are the findings consistent and can be repeated?	• Research documentation • External audit
Confirmability	To which extent are the findings shaped by respondents and not by researcher biases or interests?	• Reflexivity • External audit • Peer debriefing and triangulation

First, in order to achieve credibility of my research findings, I repeatedly entered the organization over a time period of three years, thereby engaging in prolonged and persistent observations and data collection (Tracy, 2010). Similarly, what Lincoln and Guba (1986) referred to as “peer debriefing” (p. 77), I continuously discussed and validated the respective research findings in the scope of workshops and dialogues with organizational members. Moreover, I focused on rigorous triangulation of data by using multiple sources, such as interviews, archival data, and observations (see *chap. 4.1.1*). Further, I continuously and informally tested reconstructed information (so-called member checks) and actively searched for negative instances that would have affected the emerging qualitative framework (so-called negative case analysis). Second, aiming for transferability, I created “thick descriptive data” (Lincoln & Guba, 1986, p. 77). In particular, I asked respondents to narratively describe the context of the case, thereby allowing recipients to judge about the degree of fit or similarity with their proposed field of application. Third, focusing on dependability, I documented the undertaken research procedures in detail, thereby transparently demonstrating how I obtained my

research findings. In addition, I approached a “competent external disinterested auditor” (Lincoln & Guba, 1986, p. 77) to externally examine my research procedure (Lincoln & Guba, 1985). Fourth, in order to establish confirmability, I kept a research diary over the entire time period of the study. Thereby, I allowed for reflexivity by continuously reflecting myself and my personal role throughout the entire research process (Malterud, 2001). Peer debriefings were also helpful to discuss the research process and the findings with experts and organizational actors, thereby scrutinizing the neutrality of my theoretical conclusions. Ultimately, I also instructed an external auditor to review my data and analytical reconstructions (Lincoln & Guba, 1985).

3.2.2. Quality Criteria for Quantitative Research

The quantitative study of this dissertation is based on a large-scale survey design. In this context, the quality criteria of *validity* and *reliability* were central to the research procedure (Bryman et al., 2008; Malterud, 2001). An overview on the quality criteria and the applied techniques to establish the quality of my quantitative research is presented in *table 3-4*.

First, in order to establish internal validity, I followed current suggestions from the quantitative research community to involve multiple control variables into the quantitative study (see *chap. 5.1.2*). Beyond, I tested for potentially prevailing biases, particularly the common-method bias and non-response bias, to further assure that the observed effects can be attributed to the independent variable (see *chap. 5.2.1*). Second, corroborating the external validity of my quantitative study, I applied stratified sampling techniques to allow for the generalizability of study findings on the organizational population. Third, construct validity was achieved by applying established and validated scales from peer-reviewed journals. Above, a pilot survey was conducted to re-validate the proposed scales. Further, I employed multiple methods to assess the discriminant validity of the utilized constructs (Bagozzi & Phillips, 1982; Fornell & Larcker, 1981; MacKenzie, Podsakoff, & Podsakoff, 2011). As an example, confirmatory factor analyses were conducted to test whether the collected data fit the hypothesized measurement model (see *chap. 5.2.1*). Fourth, reliability of empirical

Table 3-4. Quality Criteria for Quantitative Research

Criteria	Core Question	Applied Techniques
Internal Validity	To which extent can the observed effects be attributed to the independent variable?	• Controlled design • Bias tests
External Validity	To which extent can the results be generalized from the research sample to the population?	• Representative sampling
Construct Validity	To which extent do the constructs measure what is supposed to be measured?	• Application of validated constructs • Pilot survey • Test of discriminant validity
Reliability	To which extent are the results consistent if the study would be replicated?	• Statistical analysis

results was accomplished by analyzing the collected data on the basis of statistical, state-of-the-art methods and tools (see *chap. 5.2.2*).

3.3. Ethical Conduct

Because researchers shape the way knowledge and insights are created, ethical principles are increasingly reported and discussed within scientific studies (O’Leary, 2004). Saunders et al. (2012) define ethics in research as “the standards of behavior that guide your conduct in relation to the rights of those who become the subject of your work, or are affected by it” (p. 226). Within this dissertation, ethical issues were anticipated and accurately approached throughout the entire research process (Saunders et al., 2012).

First, from a data access and collection perspective, I did not pressure potential participants to contribute to the research endeavor. In the qualitative study, potential participants were approached via e-mail, in which the background and ambition of the research study was explained. When willingness for participation was signaled, interview appointments were scheduled. At the beginning of the interview, a sufficient

level of trust and certainty was conveyed by giving a brief introduction concerning myself, the research topic, and the possible contribution of the informant. Further, all informants were asked for approval for audio-recording the interviews. Shortly after the interviews, the audio-recordings were manually transcribed and the respective audio files were deleted. In the context of the quantitative study, a random, stratified sample of potential informants was derived from an internal personnel management tool. All organizational members included in the sample were invited via e-mail to participate in the survey. This e-mail also contained an internet-link and identification code to access the online-survey platform. In order to guarantee anonymity, I only inquired three personally identifiable data points, which were expected to be essential for control and interpretation purposes. Further, I repeatedly emphasized that the participation is voluntarily, anonymous, and that individual evaluations will not be shared with supervisors or organizational leadership (Aguinis & Henle, 2002).

Second, ethical issues were also omnipresent in the data processing and data analysis activities. In the qualitative study, informants were asked to share their personal opinions and experiences within the organizational context. Skrtic, Guba, and Knowlton (1985) argued that “respondents have a right to privacy, and, if they give up that right in the spirit of cooperation with the researcher, they at least deserve as much protection as the researcher can provide” (p. 111). In line with this proposition, the collected, highly sensible information were confidentially handled and processed. Although data was fully anonymized, I decided not to share the entire interview information, as recipients would be able to retrace particular informants. In consequence, I published only short extracts of the interview data, which were required to underline the findings of my empirical analysis (King, 2004). Beyond, even though the empirical data from the quantitative study was fully anonymized, I did not analyze single data sets and only focused on the analysis on aggregate levels.

Third, from a data storage and reporting perspective, all collected data were safely stored on an end-to-end encrypted cloud storage platform. Only myself could access the data. Ultimately, the empirical results of this dissertation were transparently reported and not falsified, distorted, or omitted (Aguinis & Henle, 2002).

Perhaps the organizational change with the most potential for disruption is a change in identity.

- Corley and Gioia (2004)

4. Empirical Study I: Identity-Strategy Realignment

The following chapter presents the qualitative study of this dissertation. First, the qualitative procedure is explained, involving descriptions of the data collection, the data analysis, and the ultimate data structure (*chap. 4.1*). Second, the empirical results of the study are demonstrated and the grounded theoretical model of the identity-strategy realignment process is introduced (*chap. 4.2*). Third, this chapter closes with a preliminary discussion of the qualitative findings of this study (*chap. 4.3*).

4.1. Qualitative Procedure

Although there is considerable research on strategic renewal and organizational identity in general, the strategy-identity nexus is rather unexplored. Hence, as I knew only little about the identity-strategy realignment process in advance of conducting this study, I decided to pursue the empirical investigation inductively. Thus, I relied on an interpretive, qualitative research approach, which focused on building an emergent theory of the phenomenon of identity-strategy realignment. In consequence, I analyzed the prevailing identity dynamics at CVM by giving a voice to the interpretations of the

organizational members who were undergoing this experience. In this context, I treated organizational members as knowledgeable agents, thereby giving “an adequate account of the informants’ experiences” (Gioia, Corley, & Hamilton, 2013, p. 17). Similarly, in line with the guidelines of the grounded theory methodology, I allowed for the tight interaction of data collection and data analysis (Glaser & Strauss, 1967).

4.1.1. Data Collection

Within this study, I followed the guidelines for *purposeful sampling* in choosing my informants (Lincoln & Guba, 1985). In consequence, I initially chose my informants based on an evaluation to what extent they may be able to share information that would be relevant for answering my main research questions (Corley & Gioia, 2004). In this regard, as top managers are considered to be critical players in perceptions about change in organizations (Kiesler & Sproull, 1982; Daft & Weick, 1984; Isabella, 1990), I initially focused my data collection efforts on the respective top managers and their direct reports. As they have unique access to knowledge on organizational strategies, structures, and actions, the top management team was expected to be able to provide important information on organizational identity dynamics, thereby becoming key informants of my qualitative study. Applying a snowballing technique, I asked the top managers to recommend additional informants from all hierarchical levels and business units throughout the organization. In parallel, I also employed theoretical sampling processes, allowing myself to pursue the collection of data which is essential for better understanding the recurring themes of my emerging theoretical framework (Glaser & Strauss, 1967). In line with the grounded theory process (see *chap. 4.1.2*), the grounded framework emerged from a continuous analysis and constant comparison of the collected data across informants and over time (Strauss & Corbin, 1990). Hence, the qualitative procedure is based on “an iterative process of simultaneously collecting data, analyzing the data, and seeking new informants on the basis of information deemed important by prior informants” (Corley & Gioia, 2004, p. 180). Accordingly, this qualitative approach led to a gradually evolving sample of informants, allowing for increasingly focused data collection. This qualitative procedure was executed until the point of *theoretical saturation* was reached, implying that further data collection and

analysis would not yield an improved refinement or explication of the qualitative themes and categories that emerged within the theoretical framework (Glaser & Strauss, 1967).

Data were gathered over a period of three years, applying multiple different sources and techniques: (1) semi-structured, one-on-one interviews, (2) participant and non-participant observations, and (3) written and electronic documentation. In this context, I relied on interviews as the main source of data on the identity-strategy realignment process. Collected data from written and electronic documentation as well as from observations served as important triangulation and supplementary sources, in particular for understanding the meaning of events as well as capturing additional perspectives on key issues (Miles & Huberman, 1994). An overview on the details of the qualitative data collection is presented in *table 4-1*.

Semi-structured interviews. I conducted multiple in-depth interviews with organizational leaders from all hierarchical levels and business units. Informants were asked to reflect on the current situation of their organization on different levels, namely the organizational level, business unit level as well as the personal level. I employed semi-structured interviews in order to provide an appropriate frame without narrowing down the scope of the interviews too extensively. Thereby, I wanted to allow for the exploration of new theoretical concepts that contribute to improve my understanding of the identity-strategy realignment process. The interview protocol of the initial interviews was largely standardized around a few core themes. In these initial interviews, informants were asked to share their interpretations of the organizational status quo, the new strategy and its implementation, the organization's perceived identity as well as daily leadership behaviors and challenges. Subsequent interviews with other informants were increasingly structured around emerging themes and categories, allowing for focused and targeted data collection. In this process, I progressively involved terms and issues raised by earlier informants into the interview protocols. In total, I conducted 53 interviews with 53 different informants throughout the entire organization. The interviews were conducted from late 2019 until the end of 2020. Each interview lasted between 45 and 90 minutes. All interviews were audio-

recorded and subsequently transcribed. I interviewed the entire top management team, summing up to eleven interviews. The other 42 interviews were conducted with endorsed organizational leaders from all hierarchical levels of the organization and several, internal experts in the fields of strategy and identity.

Table 4-1. Details on Qualitative Data Collection

Sources of Data	Details
Interviews	53 semi-structured interviews with 53 informants from all hierarchical leadership levels and departments, including top management (11), middle managers (19), operational managers (18), and experts (5)
Observations	Observation of strategy meetings (14) Observation of top management workshops (4) Observation of management conferences (5)
Documentation	Identity artifacts (38) Image artifacts (30) Leadership records (91) Strategy records (18) Contextual material (48)

Observations. In addition to the interviews, I engaged in direct observations at the research site, involving non-participant as well as participant observations. As an insider, I had complete access to organizational members and internal company records (Tripsas, 2009). In order to gather supplementary data on personal and interpersonal issues of identity-strategy realignment, I observed organizational actions, members' routines, and social interactions from a non-participant perspective. Within this scope, I also shadowed selected organizational members as they pursued their daily work and leadership activities. Beyond, I also conducted regular observations of multiple strategy and top management meetings. Further, over the entire period of three years, I frequently interacted with a broad range of CVM employees, managers, and outside advisors. Hence, I continuously engaged in numerous informal discussions with

management and staff. In order to document the respective observations, I permanently took detailed field notes, thereby gathering not only relevant theoretical insights but also acquiring supplementary, internal knowledge on cultural and structural aspects of the organization (Spradley, 1980). Key observation events included large-scale management conferences, leadership workshops as well as top management meetings on strategic issues.

Documentation. Over the entire time period of this research effort, I collected comprehensive data through electronic and written documents as related to the strategic renewal and the organization's identity (Webb & Weick, 1979). In sum, the documents fall into one of five categories: (1) identity artifacts, including documents which describe the organization's identity to insiders, (2) image artifacts, encompassing documents which describe how the organization projected itself to outsiders, (3) leadership records, including documents representing descriptions of leadership and organizational culture as well as cultural initiatives, (4) strategy records, involving documentation of strategic issues, and (5) contextual material, including electronic and written documentation on operational and financial aspects of the organization. Besides being highly relevant as a second data source for the purpose of triangulation (Jick, 1979), these documents (e.g., protocols of leadership workshops, press releases, brand identity documents) also proved to be highly useful for guiding the interviews, building trust with organizational members, and engaging the interviewees in insightful discussions on the organizational strategy and related identity dynamics.

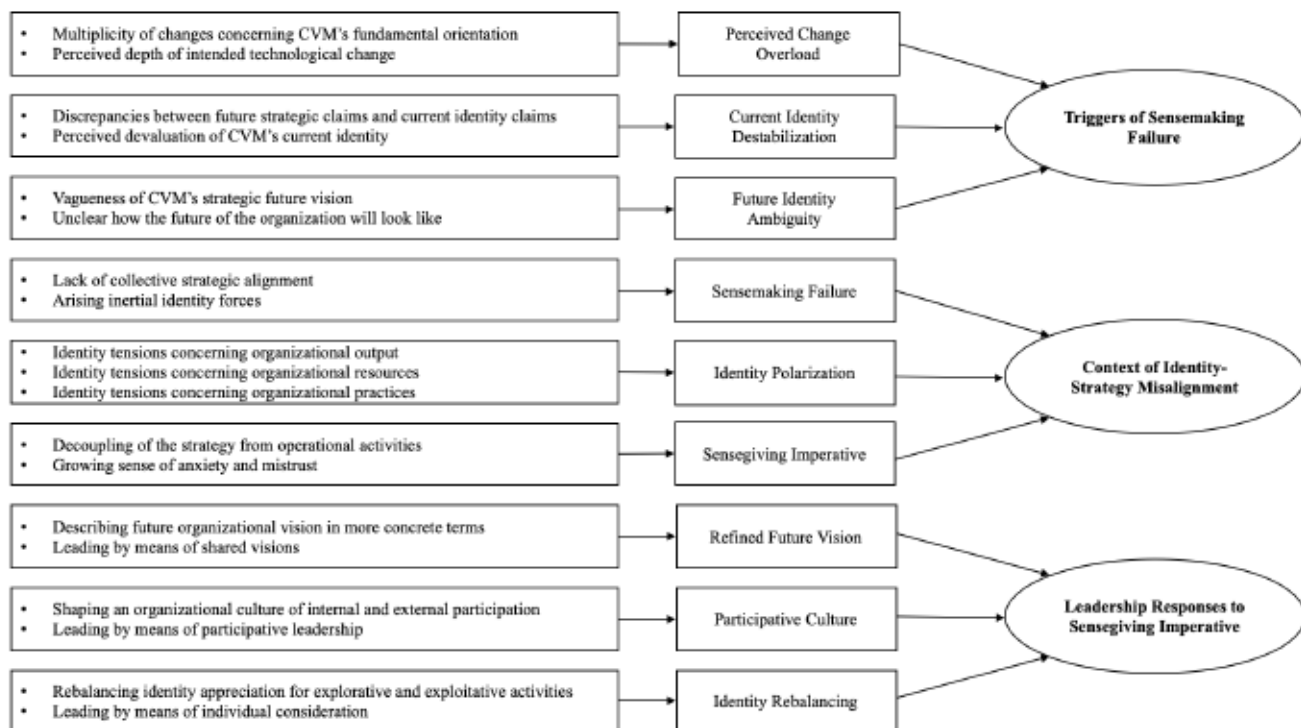
4.1.2. Data Analysis

Based on the guidelines specified for methods of naturalistic inquiry, I inductively and continuously analyzed the incoming data by applying proposed techniques of constant comparison (Glaser & Strauss, 1967; Lincoln & Guba, 1985). In line with Eisenhardt's (1989) argument that "analyzing data is the heart of building theory from case studies" (p. 539), interview data was analyzed following a grounded theory approach (Glaser & Straus, 1967). This methodological approach guided me through the rigorous data collection procedures and assisted me in gradually determining the sampling and content foci within my research endeavor. Above, the grounded theory approach

enabled me to identify recurring and relevant theoretical themes and aggregate dimensions based on the examination, analysis, and comparison of informants' interpretations and key events (Gioia et al., 1994; Isabella, 1990). Hence, in line with the assumption of social constructivism, I understood informants as *knowledgeable agents*, implying that organizational members "know what they are trying to do and can explain their thoughts, intentions, and actions" (Gioia et al., 2013b, p. 17).

Within the scope of my qualitative analysis, I followed the "systematic inductive approach to concept development" (Gioia et al., 2013b, p. 16) as explained by Gioia and colleagues. First, I started the analysis of the qualitative data by identifying initial concepts, which seemed to be relevant for answering my research question. In this so-called *open-coding* procedure, I mainly used in-vivo codes (Strauss & Corbin, 1990) or first-order codes (Van Maanen, 1979) in order to shortly describe what the concept is about. Next, I focused on grouping the identified concepts into distinct categories, thereby gradually increasing the level of abstraction. Second, engaging in *axial coding*, I searched for relationships between the respective categories, thereby facilitating their attribution to higher-order themes. Ultimately, I gathered similar themes into several overarching, aggregate dimensions which represent the basic structure of the emerging, grounded framework of identity-strategy realignment. This qualitative procedure was not linear in nature, but was mainly based on a "recursive, process-oriented, analytical procedure (Locke, 1996, p. 240). Hence, in accordance with the common assumptions on the grounded theory methodology, interviews were iteratively analyzed until the point of theoretical saturation was reached, implying that additional data collection failed to reveal new concepts or data relationships (Glaser & Strauss, 1967). The final data structure is illustrated in *figure 4-1*, which summarizes the respective first- and second-order themes on which the emerging, grounded model of identity-strategy realignment is built.

Figure 4-1. Data Structure



4.2. Results: Identity-Strategy Realignment at CVM

As illustrated in *figure 4-2*, the grounded model of identity realignment that emerged from the analysis of CVM's experience is based on three main dimensions: (1) triggers of sensemaking failure, (2) context of identity-strategy misalignment, and (3) leadership responses to sensegiving imperative. In order to make sense of the elements of the grounded model of identity-strategy realignment and better understand why the respective themes emerged from the data, it is important to grasp the essential elements of CVM's organizational identity prior to the strategy implementation and comprehend the respective strategic renewal imperatives.

4.2.1. Pre-Strategy Identity

As I was able to gain entry into CVM in advance of the introduction of the ambidextrous strategy, I had the opportunity to obtain a detailed understanding of the organization's identity prior to the strategic renewal. This understanding served as an important basis of comparison for the qualitative data gathered after the introduction of the ambidextrous strategy. In general, the identity of CVM evolved around its products and was clearly driven by its specific customer groups. Even before CVM became an independent organization, the preceding business unit already developed a strong identity that originated from its vehicle models. In this context, a plant manager commented:

Before we turned into CVM, we used to be a business unit for commercial vehicles. And we do not just define ourselves as a commercial vehicle manufacturer because we are an independent brand and have a board of management here, but we already saw ourselves as a commercial vehicle manufacturer as a business unit. We built commercial vehicles here. (Interview 18)

As selected light commercial vehicle products turned into immense successes and the business unit became an independent organization, CVM's strong product focus was further enhanced, thereby also distinctly shaping its identity. In particular, informants repeatedly stressed the relevance of its flagship product, the so-called *Carrier*, as the basis for external and internal identification with the organization. Indeed, the chief

executive officer indicated that the organization's identity "emanates from the Carrier" (interview 1). Further, informants described the organization's flagship product as a "completely different way of doing things" and a "worldwide brand name" (interview 19). However, not only the Carrier was considered to be an essential part of CVM's identity. In general, informants described the organization's products to be "absolute cult" (interview 27). In this regard, interviewees repeatedly emphasized the emotionality of its products. The chief humans resources officer explained:

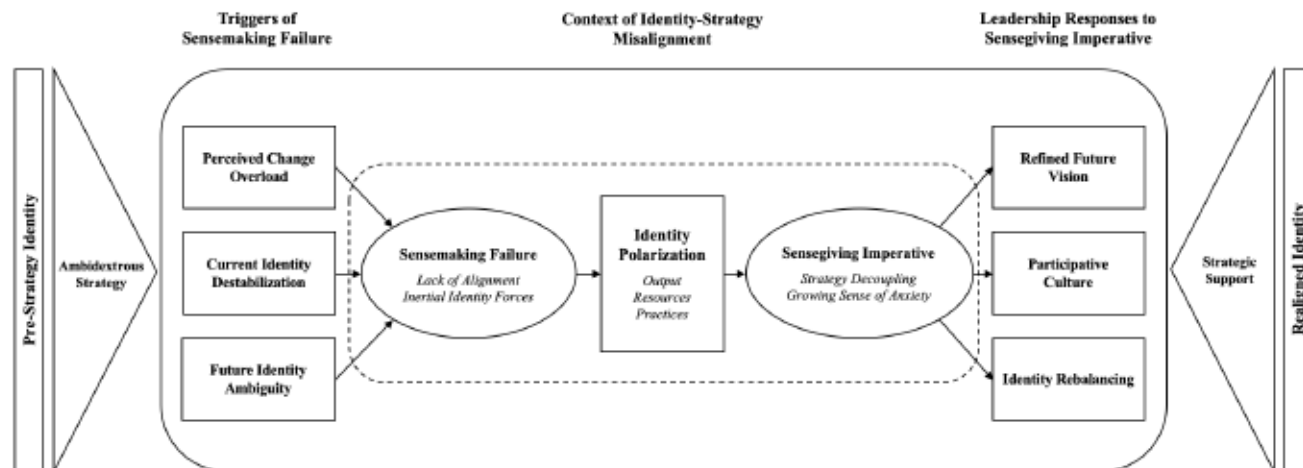
The emotionality of the Carrier is unsurpassed in the automotive world. There still are a few automotive legends, but there are not many of them that will continue to improve over generations. The Carrier is the highlight, the shining star. It has the highest social acceptance across all classes. It is and remains a dream car. Emotional products are at the heart of CVM. (Interview 2)

In line with these identity claims, CVM understood oneself as a "segment market leader" (interview 14) and an organization with a "premium claim" (interview 26). By arguing that "our products are what they are and cost what they cost" (interview 7), informants underscored their organization's self-understanding of being a premium manufacturer of light commercial vehicles, thereby strongly differentiating CVM from its direct competitors. Corroborating this identity claim, the chief financial officer annotated:

In my 35 years of professional life, I was employed by CVM for a total of 18 years. That is why I can say that the strength of CVM was always driven by its self-confidence concerning its product quality and product functionality. (Interview 6)

Further, informants repeatedly indicated that CVM's identity is also strongly characterized by its organizational processes. In this context, an informant described the organization as being "a reliable, functioning organization" (interview 12) and having "a working business model as related to the development, assembly, and sale of light commercial vehicles" (interview 28). In line with these identity claims, an interviewee explained:

Figure 4-2. Organizational Identity-Strategy Realignment Process



As an organization, I have to have certain attributes so that people can identify with the company. Then you can ask yourself: What are these attributes? At CVM, we identify ourselves through our products and through our processes. And in both, we try to live up to the values and wishes of society. (Interview 4)

Furthermore, by trying to explain what CVM as an organization was about, informants continuously stressed the social comparison to its parent company. In this respect, respondents used to differentiate CVM from its holding company by referring to its specific group of customers, thereby highlighting its uniqueness within the group. Informants described CVM as a “large provider of B2B solutions” (interview 13) and argued that CVM’s customer focus “makes us certainly a bit unique” (interview 36). In line with these differentiation efforts, informants also indicated that CVM actively engages in deliberate demarcation attempts towards the group:

You can really sense the identity here (...). Of course, at the end of the day, the CVM colleagues are also pleased to be under the umbrella of the C-Group, but we are deliberately trying to develop CVM genes here and to be a bit different from our parent company. Sometimes a bit more pragmatic, a bit more informal, and therefore perhaps also faster and more solution-oriented. And we are proud of that. That does make a difference. (Interview 20)

Further, again highlighting the comparison to the parent company, respondents also repeatedly emphasized the specific culture and community character at CVM. As an example, an informant explained that she identifies “with the people who work here and the proximity to each other” (interview 25). Likewise, respondents described CVM as “a pretty sworn community that is also based on relatively homogeneous values” (interview 45) and explained that CVM “certainly has another culture” (interview 46), namely a specific “CVM spirit” (interview 15). Similarly, an interviewee described CVM as a “closed community while the C-Group is more like a huge juggernaut” (interview 11). Underlining the demarcation efforts from the parent company, the chief executive officer indicated:

I think that we have a strong identity here that stems from the Carrier and also from the fact that we have a special position in the group. The image of the gallic village is also cultivated. (Interview 1)

Although informants generally appreciated the strong, perceptible identity at CVM, selected informants also critically assessed the organization's identity, in particular in the light of anticipated major technological disruptions in the automotive industry. In this regard, several informants argued that CVM has "comparatively little technological expertise" (interview 20) and is mainly focused on transferring technological developments and major innovations from its parent company. Hence, comparing CVM to competitors in the automotive industry, the chief development officer argues:

We have to catch up concerning the approaches that are needed today in order to have prospects for the next ten or fifteen years. We see this with other competitors who work with more technological approaches. They also only build cars that drive from A to B, but they are already perceived as technology companies. We have not done enough in that direction yet. (Interview 7)

In sum, before the introduction of the ambidextrous strategy, organizational members were found to be aligned around the most important identity labels of CVM and the corresponding meanings. In fact, CVM was understood to be a premium manufacturer of outstanding light commercial vehicles and a strong competitor in its marketplace. The products of CVM, in particular its iconic Carrier, served as defining reference points and had tremendous symbolic value for organizational members. Thus, the emotionality of its high-quality products, combined with a strong focus on sound organizational processes, was found to constitute a major part of CVM's identity. Ultimately, the organization's identity was also driven by intense demarcation efforts towards its parent company. In this context, organizational members predominantly differentiated CVM from its parent company by referring to its specific customer groups and its characteristic culture. Internally and externally collected documents confirmed the existence of the described identity claims and meanings, mainly demonstrating the financial success story of CVM over the last years and its strong, current market position.

4.2.2. Strategic Renewal Imperative

Despite CVM's strong market position and great success story in recent years, market imperatives forced the organization to rethink its strategic direction. In the late 2010s, market evidence increased that the organization's future competitive position is threatened by multiple, simultaneous developments, which strongly affect the light commercial vehicles industry. Explaining the emerging disruptive forces in the automotive industry, an innovation manager annotated:

The automotive industry is undergoing the biggest transformation processes since the invention of the automobile [...]. First of all, there is the trend towards connectivity, the digitization inside and around the vehicle. Second, shared mobility is an important trend, implying that the mobility ecosystems in cities are currently changing [...]. Third, zero emissions, in particular the electrification, is currently a major topic. And fourth, where we are still at the beginning, there is the topic of autonomous driving. If we now take all four perspectives together, we will see that these changes are extreme. Even every single one of these changes is already tremendous. (Interview 41)

In the light of these technological and market-driven changes, industry players were facing major problems. In the short term, in order to avoid extreme financial penalties for CO₂-emissions, competitors were pressured to heavily invest in the electrification of their product portfolios. In the long run, changing customer demands towards software and connected services as well as the emergence of game-changing technologies were causing comprehensive uncertainty in the entire industry. A top manager from the development department commented:

In general, I sense a great deal of uncertainty. Not only at CVM, but in the entire automotive industry. Everyone is trying to take their own path into the future, be it through cooperation models, for example, or through technological innovations, but there is no clear path. (Interview 16)

The high expenditures for the development of new technologies and the increasing costs for adjusting existing product portfolios to the new regulatory requirements resulted in a strong consolidation pressure within the B2B-driven light commercial vehicle industry. As CVM suffered from comparably higher cost structures, informants

explained that the organization's products will "not be competitive in the future" (interview 1). In this context, being incapable of circumventing financial CO₂-penalties for its vehicle fleet, the profitability of CVM's core business was threatened. Informants indicated that CVM suffers from "enormous liquidity pressure" (interview 38) and is "forced to take other paths in order to be able to continue to offer its existing product portfolio and also conquer emerging market segments in the future" (interview 25). In this context, informants continuously stressed the prevailing complexity of the current market situation, dealing with technological and regulatory uncertainty. Interviewees indicated that "it is not clear how the future of the commercial vehicles will look like" (interview 39) and that "the technologies concerning commercial vehicles are not decided yet" (interview 12). Illustrating the upcoming major challenges for CVM, a top manager from the innovation department explained:

The next few years will be incredibly difficult because we have to invest in several technologies at the same time and still react quickly when the technologies make certain leaps or the regulator intervenes. (Interview 12)

As a result of the described regulatory activities and simultaneous trends in the light commercial vehicle industry, CVM found oneself in a complex situation. The current developments and uncertainties in the market were threatening CVM's market position and future competitiveness. On the one hand, the electrification of its product portfolio and the respective financial penalties for CO₂-emissions threatened the health of CVM's core business. On the other hand, technological disruptions and changing customer demands were fueling major uncertainties about the future of the organization. Recognizing the changing environment and the disruptive potentials of the respective trends, the CEO of CVM initiated a process to revise the current organizational strategy. However, in late 2018, the group leadership announced that CVM's CEO will be substituted by the former chief strategist of the C-Group, thereby triggering a new strategic orientation for the organization.

Under the leadership of the new CEO, CVM developed an ambidextrous strategy to counteract the current developments in the industry. On the basis of this strategy, CVM was expected to undergo a major transformation in order to successfully advance from

a car manufacturer to a mobility provider. The ambidextrous strategy encompassed three strategic pillars. First, questing for external scale effects, the strategy focused on executing a strategic cooperation with a major competitor in order to survive the “endgame in the commercial vehicle market” (interview 3). In this context, organizational leadership decided to hand off CVM’s most iconic product, the Carrier, into the cooperation and authorized its cooperation partner to develop and manufacture it. Beyond, the strategic cooperation also involved other products that were considered to be part of CVM’s core business. Second, CVM’s new strategy also strongly focused on the private consumer business. In this regard, CVM decided to focus on the production of high-margin, premium products for private customers. Third, the strategy also focused on becoming a leading provider for MaaS and TaaS solutions. In this regard, the C-Group commissioned CVM to advance the autonomous driving technology on behalf of the group as well as simultaneously develop and refine future business models for future mobility and transportation. Further, in line with CVM’s shift towards an electrified product portfolio, the new strategy also implicated that CVM obtained a new, fully electrified flagship product. Expected to be the substitute for the iconic Carrier, the so-called *e-Carrier* was considered to become the new core product of the brand. Developed for both commercial and private use, the e-Carrier was expected to strongly contribute to the achievement of the strategic goals in all strategic pillars. While the first and second strategic pillar, focusing on commercial and private customers, “have always been there” (interview 7), the strategic focus on MaaS and TaaS solutions was expected to be a “major stretch” (interview 1) for the organization. However, the CEO and the strategy team perceived the new strategic pillar as a necessary strategic element and logical business expansion for CVM. In this context, by anticipating major difficulties and negative financial results in the upcoming years, the CEO also emphasized the importance of focusing on MaaS and TaaS solutions for providing organizational members with a positive perspective on the future of the organization:

I think that a strategy, where you just reduce personnel, is really depressing. You cannot get the team behind it. In other words, you have to include things where people see that it is worth fighting and changing for. (Interview 1)

After the strategy was developed and synchronized with the overarching group strategy, it was initially communicated on a management conference in the summer of 2019. All leaders were instructed to share the new strategy with their employees and activate them for CVM's new strategic orientation. The following abstracts demonstrate the identity dynamics that surfaced after the communication of CVM's strategic renewal endeavor.

4.2.3. Triggers of Sensemaking Failure

Three specific themes emerged from our informants' experiences, which triggered the phenomenon of sensemaking failure at CVM: (1) Perceived change overload, (2) current identity destabilization, and (3) future identity ambiguity. All of the respective themes emerged in the early phase after the initial communication of the new strategy, thereby originating from organizational members' attempts to make sense of the proposed strategic renewal activities of the organization. *Table 4-2* presents selected empirical evidence of the emerging themes.

Perceived change overload. The first trigger of sensemaking failure represents a natural consequence of confronting a well-established organization with a discontinuous strategic renewal endeavor, namely a perceived change overload by organizational members. In line with the narratives of my informants, perceived change overload needs to be understood as a collective feeling of excessive change concerning the fundamental orientation and self-understanding of the organization. The interpretations of my informants allowed me to differentiate between two partial aspects of perceived change overload. On the one hand, perceived change overload at CVM was found to be driven by the multiplicity of simultaneous changes emerging from the proposed strategic renewal activities. On the other hand, the depth of the respective changes, in particular concerning the technological requirements accompanying the strategic renewal, further aggravated the perceived change overload.

In the early phase of my research, informants repeatedly expressed their concerns regarding the multitude of proposed strategic changes. In particular, respondents continuously indicated that the expected multiplicity and simultaneity of changes "makes it difficult for the people to understand what is happening here" (interview 4).

Further, informants described that many organizational members feel “overwhelmed by changes from all directions” (interview 7). Even though informants particularly stressed the emergence of perceived change overload at the employee level, they also emphasized that managers and executives were unable to “deal with the complexity and ambiguity of the strategy” (interview 5). In line with these interpretations, a top manager from the sales department delineated:

Many managers have difficulties to correctly classify the topics of our new strategy. They are overwhelmed by the task of putting the individual strands of our strategy together. (Interview 7)

Against this background, informants increasingly reported that the underlying nature of the strategy, namely its ambidextrous character, reinforces the collective notion of perceived change overload. Accordingly, organizational members were found to struggle with the dual, partly contradictory nature of CVM’s revised strategy and the corresponding implications for organizational activities. In this regard, stressing the importance of an ambidextrous understanding of organizational members for CVM’s survival, the chief executive officer commented:

At CVM, people have an incredibly hard time to understand ambidextrous strategic intentions. They would understand: ‘Now we are all cutting back together’ [...]. And they would also understand: ‘Now we are all attacking together and trying to gain market share.’ But they do not understand when you say: ‘We are really going to cut back in these specific areas and simultaneously we make very specific investments in these other areas, without knowing if it is really going to work.’ These ambidextrous intentions are rationally and emotionally incomprehensible for the majority of the people. (Interview 1)

Moreover, organizational members also described the perceived change overload from a technological perspective. Informants pointed out that CVM is already struggling with multiple technological challenges in its core business and, as a result of the new strategy, is now also expected to develop high-tech solutions and innovative business models in the area of MaaS, TaaS, and autonomous driving. From this perspective, informants described the implementation of the new strategy as a “mammoth task”

(interview 14). Underlining the magnitude of the technological changes, a middle manager from the development department explained:

There are a multitude of challenges and technologies that have to be mastered with a comparatively small team that is focused on taking over technologies and, at most, run applications of these technological functions. And now we suddenly have to become the technology leader in autonomous driving and mobility-as-a-service. That is a huge change. (Interview 20)

In summary, the sheer multiplicity and broadness of changes accompanying the strategic renewal activities, combined with the depth of technological change, translated into a perceptible, collective notion of perceived change overload at CVM. Informants explained that the multiplicity of changes “come much faster than we are able to adapt our organization and also to collectively formulate our self-understanding in this context” (interview 23). In consequence, the majority of organizational members, managers and employees alike, were unable to effectively handle the excessive change. Hence, the perceived change overload trickled down throughout the entire organization and fueled collective feelings of uncertainty concerning the feasibility and implementability of the ambidextrous strategy.

Current identity destabilization. Sensemaking failure was also triggered by incongruities between what organizational members considered to be unique, enduring, and essential about their organization (i.e., their perceived organizational identity) and the strategic claims of the organization’s renewal activities (i.e., strategic future identity claims). In more detail, as organizational members tried to harmonize what they knew the organization was currently about versus what they expected the organization to become on the basis of the revised organizational strategy, emerging inconsistencies yielded to a perceived destabilization of CVM’s current identity. Thus, in line with the narratives of my informants, the concept of current identity destabilization needs to be understood as a perceived devaluation of the organization’s current identity, triggered by the identity claims of the organization’s new strategy. Hence, the concept of current identity destabilization represents a byproduct of the coping processes, in which organizational members tried to make sense of CVM’s strategic reorientation. The

destabilization of the organization's current identity emerged as a significant concept as informants increasingly discussed the significance of CVM's core capabilities for the future and the identity implications of the planned strategic cooperation.

Early examples of current identity destabilization emerged in the data as organizational members started to question the relevance of the current core capabilities and competencies for the future of the organization. As the new strategy explicitly focused on the development of future services and business models in the area of MaaS and TaaS, informants continuously reported doubts about a fundamental loss of significance of the current organizational capabilities. In particular, informants explained that the strategic renewal of the organization "requires an incredible willingness to change, because everything that was important in the past is no longer important" (interview 18). Hence, the current identity destabilization was particularly driven by organizational members' concerns about the future status and significance of vehicle products in general and the corresponding capabilities. In line with this argumentation, stressing the importance of the anticipated capability transition for organizational members, a middle manager from the innovation department described:

This strategic transition also implies that the capabilities that made us great may no longer be important tomorrow, but it is precisely these capabilities that have been called for by many decision-makers in recent decades. There is a certain loss of importance and reorientation taking place. And I believe that this is certainly frightening and paralyzing the organization in many, many areas. (Interview 39)

Above, the destabilization of the current identity was further manifested by strategic product decisions of organizational leadership. As already discussed (see *chap. 4.2.2*), the strategic renewal endeavors of CVM also involved a strategic cooperation with a major competitor. In the context of this cooperation, organizational leadership decided to hand off its most iconic product, the *Carrier*. As organizational members strongly accentuated, this strategic decision fueled immense disbelief within the organization. Informants continuously argued that "we sell our heart to others" (interview 43), thereby allowing the organization to lose its identity and self-confidence. In more detail, respondents continuously emphasized the emotional pain related to the release of its

most important vehicle project, particularly as they expected the Carrier to become a “me-too product” (interview 35) of CVM’s strategic partner. More drastically, informants argued that the soul of the organization is threatened. Underscoring these narratives, a middle manager from the development department explained:

It hurts many people that the vehicle which is the most important thing for us in the organization, which is also very well received in the market and has always been the core product of our brand, is going to be developed and produced by our strategic partner. In particular, this hurts many people emotionally, that of all things, the most beloved project is carried on somewhere else. (Interview 19)

Moreover, informants also repeatedly described a lack of coherence between the organization’s product strategy and CVM’s pre-strategy identity as a manufacturer of light commercial vehicles. As the strategy focuses on producing the majority of CVM’s commercial vehicle products at the plants of the strategic partner, organizational members continuously depicted a sensitive field of tension. While they acknowledged the opportunity to manufacture high-quality passenger cars in the future, they pre-eminently feared to lose its organizational identity as a producer of premium, light commercial vehicles. As an example, a middle manager from the sales department critically noted:

We are manufacturers of commercial vehicles, but we sell our heart to others. Simultaneously, we have plundered our entire financial reserves for new vehicle products, but these products are all passenger cars [...]. The entire organization is called into question. (Interview 43)

Summarizing, the perceived identity threats that were accompanying the strategic renewal activities at CVM resulted in strong destabilization forces towards the organization’s current identity. As organizational leadership was unable to effectively counteract these forces, the destabilization of the current identity was further strengthened, thereby fueling doubts concerning CVM’s strategic renewal activities and mistrust towards organizational leadership.

Table 4-2. Supporting Data for Triggers of Sensemaking Failure

Theme	Representative Quotations
	Triggers of Sensemaking Failure
Perceived Change Overload	"The problem is that we are changing in many areas at the same time. And that makes it difficult for many people to understand what is happening here. And many things are also mixed up [...]. There are so many misunderstandings and so much disorganized chatter, it is really difficult." (Interview 4) "For my personal orientation, what is happening right now is actually quite normal, namely continuous and constant changes [...] in the innovation environment. Without wanting to offend anyone: This has not been known in the very own mechanical engineering and production world and has not happened before. And now it is happening in a very, very extreme way. As a result, many people feel that they are being overwhelmed by waves of change from all directions." (Interview 7) "The new strategic topics actually come much faster than we are able to adapt our organization and also to collectively formulate our self-understanding in this context." (Interview 23) "Many of the colleagues came to me and asked: 'How is that supposed to work?' So very few people were able to deal with the complexity and ambiguity of this strategy." (Interview 5) "We now have to find our role [...]. And that is not so easy at the moment, because from a technology point of view, we are actually still the module takers in the group, and even with conventional technologies, we are not yet at eye level in many areas." (Interview 20) "I think we just have an incredible number of new technological issues ahead of us. We have to continue to push the old technologies at a high level in order to be competitive, and, at the same time, we just have a lot of challenges with the future technologies that we have to prepare for today, such as the electric and autonomous driving." (Interview 41)
	"That [strategic renewal] requires an incredible willingness to change, because everything that was important in the past is no longer important. The basic vehicle will still be there, but software, online services, connectivity, and everything else, that people from my generation were unconcerned about, are actually becoming more and more important." (Interview 18) "It is all about the soul of our organization, the Carrier. That we lose our flagship product and that it will become a 'me-too-product' of our strategic partner, that is very painful." (Interview 35)
	"We define ourselves as commercial vehicle manufacturers, we are something special in the C-Group. Now we will still produce great cars here, but these products are passenger cars. So we can no longer call ourselves a commercial vehicle manufacturer." (Interview 50) "Just because of the cooperation with our strategic partner, many people say that we are now losing our Carrier and, in turn, our identity. So much of our self-confidence is lost." (Interview 6) "Of course, this is also a highly emotional matter. When we stop building cars for the commercial sector here [...], this means that we lose one of our roots. These products have always been built here." (Interview 9)
Current Identity Destabilization	

Future Identity Ambiguity

“There is a rough direction [...], but it is not really operationalized how the world will look like and how CVM will look like in this world. I think there is a lack of transparency. What does that mean? What will CVM be in 2025? What are we doing? What are we not doing? What do we think the world will look like?” (Interview 12)

“The target picture is also not clear: Which experiences do we actually want to gain as CVM in order to be equipped for a post-2025 world?” (Interview 37)

“MaaS and TaaS are actually empty words for many employees. Of course, you can explain what is meant by them, but it still remains a headline. That is why it is very difficult.” (Interview 22)

“There are certain strategic pillars, particularly in the area of MaaS and TaaS, where I do not think that the target picture is really clear yet. We do say that we want to take a leading position in this area, but it is not clear how we want to do that, for example, with which vehicles, with which services, and when?” (Interview 30)

“The very big difficulty [...] is the strategic pillar of MaaS and TaaS. These are all buzzwords that are going around right now [...]. To be honest, I have not seen anything like an implementation concept yet. The question is: What are we actually doing with MaaS and TaaS right now? Apart from these great letters that are written everywhere, I have not really seen much that is visible yet.” (Interview 7)

“There are certain strategic pillars that are so far away that no one can really imagine how this is going to happen.” (Interview 33)

Future identity ambiguity. Future identity ambiguity emerged as an important theme and trigger of sensemaking failure from the interview data as organizational members tried to specify the future identity of the organization. In particular, the concept of future identity ambiguity became salient in respondents’ narratives as they tried to better understand how the future of the organization will look like and how the organization will achieve its strategic vision. In this regard, as the strategic target image of CVM was perceived to be characterized by a high degree of vagueness, organizational members failed to make sense about how the future of the organization will look like in concrete terms. Hence, in line with my informants narratives, the concept of future identity ambiguity needs to be understood as a collective feeling of vagueness and uncertainty concerning the future identity of the organization.

In the early phase of my research, examples of future identity ambiguity emerged in the interview data around CVM’s proposed strategic identity claim of becoming a mobility provider. In general, informants faced comprehensive difficulties in understanding “how the world will look like and how CVM will look like in this world” (interview

12). Against this background, interviewees continuously indicated that the organizational target image is not clear yet, resulting in uncertainty about the future constitution of the organization and its concrete activities. Further, organizational members also argued that it is unclear which specific experiences the organization is required to make in order to be prepared for the world after 2025. In this context, corroborating the interpretations of his colleagues, a middle manager from the sales department described:

I do not think it is clear yet where we will be as a mobility provider instead of a vehicle manufacturer in 10 years' time. And I think that needs to be clear. As long as that does not happen, most employees are afraid of our future. (Interview 13)

The perceived uncertainty concerning the future identity of CVM was particularly driven by the vagueness of the strategic pillar of MaaS and TaaS. By trying to comprehend what the new, explorative strategic pillar of MaaS and TaaS will mean for the organization, many informants unveiled that they do not understand what MaaS and TaaS is about and “what we are actually doing with MaaS and TaaS right now” (interview 7). Other respondents underlined this statement by arguing that “we do say that we want to take a leading position in this area, but it is not clear how we want to do that” (interview 42). In line with these narratives, informants repeatedly complained that “MaaS and TaaS are actually empty words for employees” (interview 22) and that there are many “buzzwords that are going around right now” (interview 7). Further, organizational members repeatedly discussed that employees were unable to “link MaaS and TaaS with their daily activities” (interview 47). This situation was further exacerbated as organizational leaders could not provide initial implementation concepts or detailed implementation plans. A top manager from the innovation department put it this way:

I can see that many people at CVM find it difficult to imagine things that they do not already know from somewhere [...]: ‘What is MaaS and TaaS?’ It is not on view yet. It is not generating revenue yet. And it will still remain like this for some time. And I think that is just really a challenge that you also have to deal with to some extent. (Interview 10)

Ultimately, the lack of meaning underlying the desired future identity claims of CVM's new strategy unfolded comprehensive future identity ambiguity among its organizational members. However, future identity ambiguity arose as an important concept in the data not because the organizational members believed that the future identity of the organization was undesirable, but rather because they deemed that the strategic visions were "too far away" (interview 33) and actually difficult to achieve. Further, organizational members were unable to identify any links to the new strategic fields. In consequence, as a result of the meanings void related to the future identity of CVM, future identity ambiguity triggered a collective lack of believe that CVM may actually achieve those visions and resulted in concrete doubts about the future of the organization.

4.2.4. Context of Identity-Strategy Misalignment

Within the context of identity-strategy misalignment, three specific themes emerged from our informants' experiences, which were found to be essential elements of the identity-strategy realignment process at CVM: (1) Sensemaking failure, (2) identity polarization, and (3) sensegiving imperative. All of the respective themes emerged in the early and middle phase of my research procedure. *Table 4-3* demonstrates the respective findings narratives.

Sensemaking failure. In general, following earlier research on identity (Weick, 1995), I refer to *sensemaking* as "the act of constructing interpretations of ambiguous environmental stimuli" (Ravasi & Schultz, 2006, p. 433). Hence, in the context of identity-strategy misalignment, sensemaking activities are understood as the attempt of organizational members to understand the implications of the ambidextrous strategy for the organization's identity. In this regard, *sensemaking failure* emerged as a significant concept from the qualitative data as informants began to describe manifestations and effects of the perceived uncertainty within the organization. In more detail, driven by the three triggers of perceived change overload, current identity destabilization, and future identity ambiguity, sensemaking failure was found to represent the inability of organizational members to construct collective interpretations of the organization's new strategic direction. In particular, I could identify two critical concepts which provide an

illustration of sensemaking failure, namely *lack of collective alignment* and *inertial identity forces*.

Lack of collective alignment. Sensemaking failure at CVM manifested itself in a lack of collective alignment concerning the goals and implications of the organization's strategic renewal activities. In particular, organizational members reported that the vagueness of the new strategy resulted in differing opinions and fierce discussions about the strategic endeavors throughout the entire organization. As an example, stressing the difficulties of lacking a shared strategic perspective, a middle manager from the innovation department annotated:

I think most people basically know that they do not really know what the future will look like. Of course, on this basis, there are also intense discussions and different attitudes and so on [...]. In fact, there is definitely not a uniform attitude or shared view of things. That makes it very difficult. (Interview 38)

In line with this statement, informants indicated that there is currently “no consensus on whether this is the right way to go” (interview 48) and “everyone you talk to in this organization has a different understanding of what the strategic goal actually is” (interview 33). Similarly, interviewees explained that “the collective insight about what we need to do to achieve the strategic goals is not pronounced enough throughout the entire organization” (interview 13). Further, informants began to delineate how the non-existent alignment around a common strategic goal translated into a non-aligned operationalization of the strategy. In this context, several respondents reported that “each department has its own ideas about how to proceed regarding the strategy” (interview 31). Underlining the arising problems emanating from the lack of collective alignment, a product manager explained:

For me, the strategic vision is not sufficiently operationalized. The problem is that not everyone relies on the same operationalization or at least bases his/her activity on the same understanding. In fact, everyone has his/her own opinion and spreads that within the organization, and that is of course extremely difficult at this stage. It is really about everyone having to pull in the same direction. (Interview 31)

As diverse opinions on the strategy were spreading throughout the organization, the vagueness of the strategy trickled down to all organizational levels. In particular, the lack of collective alignment was further fueled by the inability of leaders on all hierarchical levels to make sense of the strategy themselves and explain it adequately to their associated employees. As a result of the inability of organizational leaders to align organizational members around a collective understanding of the strategy, feelings of incomprehension and resistance emerged. As an example, informants critically questioned the necessity of engaging in the strategic cooperation. Leaders outlined that “employees have questions whether there might not have been any alternatives” (interview 19). Thereby, organizational members were further spreading critical discussions, which translated into first signs of inertial forces against the ambidextrous strategy.

Inertial identity forces. Sensemaking failure also came to the fore in the form of increasing inertial identity forces towards the strategic renewal and the implied future identity of the organization. As a result of the meanings void related to the future identity of the organization, organizational members started to adopt a defensive attitude towards the strategic change, resulting in a reinforcement of CVM’s prevailing identity. In fact, the growing sense of identity inertia among organizational members was driven by the positive experiences and past successes of CVM, which, in turn, hindered the identification of organizational members with the proposed future identity of the organization. In particular, informants explained that the employees “want to continue our CVM story with our commercial vehicles forever” (interview 21). As an example, the head of the communication department commented:

Our traditional business, which has worked pretty well in the past years and decades, has made good money. We have immensely built up jobs here and people are paid well – that is all the result of the old business. Now we know that it is not going on like this forever. However, the majority of people do not want to realize that and wonder what it is all about now: ‘Let us just keep building our commercial vehicles here. And then everything will be fine.’ That is a human reaction. (Interview 9)

The growing sense of identity inertia created an attitude of defensiveness concerning the strategic renewal of the organization. Informants described that organizational

members “are still too much backward-looking and focus too little on the future” (interview 25). Similarly, interviewees continuously indicated that “employees try to return to a bygone reality” (interview 4). Further, in line with the preceding delineations, informants described how employees “want to stick to the old, traditional ways” (interview 21). Highlighting the growing sense of identity inertia, a product manager annotated:

We still have to take the entire workforce with us. Many of them oppose the strategic change, which I often get to hear: ‘What is all this about MaaS and TaaS? Does that have to be done? Why do we not just sell cars as before? Why does everything have to be knocked over?’ Well, I think the need for change is not yet understood everywhere [...]. There is simply a lot of defensiveness in the organization: ‘Do we need to do this? We build good cars after all. Does that not mean that we lose our identity?’ (Interview 31)

In this context, informants reported that “the prevailing procedures, attitudes, opinions, and experiences of employees” (interview 33) impede new approaches and aggravate the process of creating “an understanding within the organization that a new approach might work differently than in the traditional sense” (interview 31). A top manager put it this way:

The majority of people is perhaps not strictly against it [the new strategy], but is not vehemently in favor of it either. Hence, there are many people in this organization who are observing what happens. Of course, this wait-and-see attitude does not really support the adoption of the new strategy. (Interview 9)

The growing sense of identity inertia was further fueled by socialized behaviors of organizational leaders. Informants repeatedly explained that leaders at CVM were generally characterized by high levels of satiety and a “mindset of rejection” (interview 10). Ultimately, the growing sense of identity inertia was found to be an organizational manifestation of the collective sensemaking failure, which strongly contributed to the emergence of identity tensions at CVM.

Table 4-3. Supporting Data for Context of Identity-Strategy Misalignment

Theme	Representative Quotations
	Context of Identity Polarization
Sensemaking Failure Lack of Collective Alignment	"I do not think that the strategic goals are too ambitious. I think we can actually achieve the goals. However, I think that the collective insight about what we need to do to achieve the strategic goals is not pronounced enough throughout the entire organization." (Interview 13)
	"I believe that the strategy represents the steps in the right direction. Nevertheless, I do not believe that it is clear yet for both upper and lower management what this in total really means." (Interview 24)
	"I think that everyone you talk to in this organization has a different understanding of what the strategic goal actually is. And I think many of them do not even know how they can contribute to the overarching goal." (Interview 33)
	"I think there is much disagreement about whether the path we have now taken is the right path. Everyone is different, so you cannot really blame one or the other. But I would say that this is actually where we are: There is no consensus on whether this is the right way to go." (Interview 23)
	"I do not think that everyone is yet aware of how we have to change as an organization in order to be successful in the future." (Interview 26)
Sensemaking Failure Inertial Identity Forces	"My team does not accept specific strategic initiatives and I could not explain it well enough to my team that they believed me. I could not achieve that. They did not believe me. I cannot really explain it well enough because I do not understand it either." (Interview 46)
	"We have experienced a very long period in which our people have lived well with this business model [...]. Now, all of a sudden, that is going to change. That is difficult for the majority of people. Even many managers are still having a hard time with this situation. They ask themselves whether we should even pursue the new initiatives, because it only costs money." (Interview 9)
	"The lower you go in the hierarchy, the more people you will find who want to go back in time [...]. You can tell them whatever you want. They just want to go back to 1995, you will not catch them. But you cannot replace them all either." (Interview 4)
	"The problem is always the following: As a result of the prevailing procedures, attitudes, opinions, and experiences of employees, new approaches and topics are generally impeded. There are a lot of skeptical people and only a few drivers of innovation. With what people know, particularly concerning vehicle innovations, it is manageable. With everything else, there is often a lot of concern." (Interview 30)
	"My employees want to stick to the old, traditional ways. I noticed this very clearly. When it came to making the first changes, the forces of inertia were very strong in some places. I think that is always one of the biggest problems that you need the people to get out of their much-vaunted comfort zone." (Interview 21)
	"As part of the [strategic] transformation, I think you certainly have to break new ground, and it is not so easy to create an understanding within the organization that a new approach might work differently than in the traditional sense. And that is also the case within my management level, for example convincing other colleagues that things can perhaps be done differently." (Interview 31)

Identity Polarization	“At the moment, I think it is 50/50. On the one hand, there are many people who just do not want to accept that the old days are over and who keep trying to go back in time. And there are just as many, who have understood that the old times are not coming back and who are looking longingly into the future.” (Interview 4) “I notice that the willingness of both sides to approach each other and to recognize that both have their advantages and both make their contribution to the big picture is simply not present in the organization.” (Interview 39) “In my opinion, as long as you do not have a shared opinion as an organization and start running together, it does not work. The problem I see is that people who start running into the direction of our future business are likely to be labeled as visionaries or nutcases. In turn, they are to some extent disconnected from the mainstream organization, even though they do not want that at all. But they are simply disconnected. The result is an extreme sense of ‘them versus us.’” (Interview 34)
Identity Polarization Output Tensions	“Our CEO uses to say: ‘To me, cars are all white goods. If you make a car, everybody makes it the same.’ So, in the future, we have to differentiate ourselves via online services and so on. Basically, I think that this thought is understandable. But if the products become more and more alike, I think that the genetics of CVM must play a big role. But we now tend to ignore our heritage.” (Interview 50) “MaaS/TaaS will only bring costs in the next four to five years [...]. I am well aware that we have to do it, but I cannot explain it to everyone that we are now doing MaaS/TaaS and simultaneously we do not do our homework.” (Interview 43) “The tensions between products and potential future services start at our management board. If you put certain topics in the foreground, then others move into the background. And right from the start, you noticed on the management board that there were certain tendencies not to support certain issues and to torpedo them. In principle, this continues down the hierarchy.” (Interview 48)
Identity Polarization Resource Tensions	“One thing is very difficult: Certain areas are going to shrink, that is where investments are going to be cut and the departments are going to be downsized. And in other areas, for example autonomous driving and MaaS/TaaS, there are billions going in without seeing any positive returns within the next five years.” (Interview 6) “I see considerable problems concerning the distribution of resources. As far as the conventional business is concerned, we have to become leaner everywhere. And the people have not yet understood in all parts that we are reducing the resources in the conventional business and simultaneously building up resources in this loss-making future business. The divisions do not understand that. I often get to hear: ‘Why did they get something again and we did not?’ That is a huge issue.” (Interview 16)
Identity Polarization Practice Tensions	“People who are now supposed to get in there in order to cooperate with us, I notice that many of them try to answer questions of the future with methods of the past. That just does not work. That definitely leads to a huge mismatch.” (Interview 10) “We have to constantly adapt to new realities. That is unimaginable for the majority of employees. You can really see that. We are still trying to draw up a project plan and then execute it. That is not going to happen.” (Interview 39) “Earlier, I spoke about life cycles: At CVM, we still think in terms of periods of twelve years, including product upgrades perhaps in periods of six years. These are the cycles that we have right now. And, obviously, that does not work at all in the area of MaaS, TaaS, and autonomous driving.” (Interview 17)

**Sensegiving
Imperative
Strategy
Decoupling**

"I have been trying to get in touch with the MaaS/TaaS people for ages, because we do a lot of research projects there, but I have the feeling that they are not interested at all. We are still a team of stars and not a star team. In my opinion, the collaboration in the respective fields is not working at all." (Interview 28)

"The colleagues from these [exploitative] departments often have little understanding and assess the importance of MaaS/TaaS to be rather low. We have to compensate for this by holding many discussions and also providing capacities to take on one or the other topic, which is actually not in our area of expertise." (Interview 15)

"I do not see any concrete programs being derived from our strategy, particularly for the individual business areas. At this point, I have not seen any concrete fields of action derived from the strategy. I do not understand it." (Interview 8)

"In many places, we are unable to make any decisions at the lower levels in the hierarchy because the strategic guidelines are not clear. For example, what is the desired role of our department in the context of autonomous driving? What exactly should our role be? We can imagine our role [...], but it has not been anchored in any way and communicated to the team." (Interview 20)

"But if you include a strategic pillar like MaaS/TaaS in your strategy and you do not deliver concrete results, then it is clear that people will ask themselves what the point is." (Interview 47)

"The implementation of the strategy is not ideal at all. So there is this high-level vision, but if you really go down to the levels of whether MaaS/TaaS and autonomous driving are really being implemented, I have the feeling that the company is working in a very decoupled way." (Interview 12)

**Sensegiving
Imperative
Growing Sense
of Anxiety**

"I think that even if you were to say now that CVM will cease to exist as a brand [...], I would want that to be communicated as soon as possible. Because this question is on many people's minds and the grapevine works faster than anything else. It would be good to simply back up this vacuum with something concrete." (Interview 53)

"There is a certain amount of uncertainty [...]. We have to ask ourselves the question: Does it still make sense? Is there still a need for us as an independent brand? What is our added value within the C-Group?" (Interview 43)

"The strategy is still connected with immense concerns, also fears and worries, whether the whole thing can work out and whether we are well enough positioned and strong enough to go this way." (Interview 22)

"I mean, we can see from numerous examples how much every little uncertainty that is somehow spread through the press, for example that a certain vehicle is no longer built by us, brings an incredible amount of uncertainty and anxiety into our organizational system." (Interview 13)

"Over the past year, we have built up a facade here at CVM which works very well towards the outside [...]. For me, it was clear from the beginning that our strategy is built on sand and that it was a bet on the future." (Interview 44)

"I am no longer sure whether we actually have these clear projects in the field of MaaS/TaaS. I only know two projects that are both pretty short-term. I think the situation is actually extremely vague at this point." (Interview 14)

"To include MaaS/TaaS as a strategic pillar with the same significance, that removed all the credibility from the strategy. This pillar is actually totally fragile. For me, it is almost an empty shell, there is nothing in it." (Interview 8)

Identity polarization. Identity polarization, a central theme in the identity-strategy realignment process, emanated from the interview data as informants began to report emerging identity tensions within the organization. In particular, these tensions were found to appear between the two technology paradigms, which were promoted by the ambidextrous strategy, namely the vehicle-driven, exploitative core business and the software-driven, explorative future business. Even though this differentiation was not intended by the top management, the identity-driven polarization emerged as the majority of organizational members assigned themselves to one or the other side. Based on earlier research, I referred to these frictions as identity tensions as they did not develop into open identity conflicts (Gioia & Corley, 2004). First signs of a looming polarization already became apparent in the early phase of my research. In the later stages of my data collection, respondents increasingly and openly discussed the perceptible identity tensions. As an example, informants reported an extreme, intra-organizational sense of “them versus us” (interview 34). In this context, pointing towards the emerging dichotomy within the organization, a middle manager from the innovation department depicted:

I think we are extremely dichotomous right now. There are those people who are still attached to the combustion engine business, in the classical sense of ‘I sell a car’, and others who already see that the business may look different in ten years’ time, that there will be a shift towards services and digital products. And I can clearly see that we have these two camps within the organization – and at the points of intersection, regular tensions occur. (Interview 39)

The identity polarization at CVM was particularly driven by organizational members from the exploitative technology paradigm, who collectively perceived that their importance for organizational success was consistently deemphasized. As this perceived downplay of the traditional core business fundamentally clashed with the self-awareness of organizational members from the exploitative business, a growing sense of frustration and disenchantment emerged within the organization. A product manager put it this way:

I observe a high level of frustration among people who are currently contributing to the ‘old world.’ The vast majority of people is still working in the old world [...] and keeps the machine running, but at the same time we talk 90 percent of the time about the ‘new world.’ (Interview 29)

Within the course of my research activities, the fault lines of the evolving friction were becoming most evident around three emerging tensions, that were driven by opposing identity interpretations: (1) Tensions concerning organizational output, (2) tensions concerning organizational resources, and (3) tensions concerning organizational practices.

Output tensions. My interviews with informants from all hierarchical levels captured strong identity tensions concerning the future role and importance of CVM’s vehicle products. Before the introduction of the ambidextrous strategy, CVM’s identity was based on the collective notion of being a premium manufacturer of light commercial vehicles. However, as a result of the new strategic initiatives, informants continuously indicated that a reorientation is taking place. In fact, the vehicle products lost their unique status of being the ultimate goal of any organizational action. In consequence, organizational attention, in particular attention from top management, shifted towards more strategic and future-oriented topics. In this context, a middle manager from the product management department explained:

In the past, we were very strongly focused on the product. The last few years have been characterized by the fact that our top management has worked very hard on the product, has been very close to the product, and has dealt very intensively with operational issues concerning the product. This has now shifted to some extent. In fact, the strategic topics are now coming more into focus, namely MaaS/TaaS and autonomous driving. (Interview 34)

The collective notion of a perceived downplay of the importance of CVM’s vehicle products was further fueled by top management communication. On the one hand, the chief executive officer repeatedly indicated that for him “cars are only white goods” and that “we have to differentiate our products in the future through online services and connectivity” (field note 13). On the other hand, top management announced that “even though autonomous driving is delayed, we will stick to it and pay it from our financial

reserves" (field note 17). Obviously, these statements further strengthened the collective feelings of product devaluation and triggered further identity polarization within the organization. Commenting the assertions of the top management, a sales manager explained:

I cannot understand why some people say: 'It is only white goods anyway, only the price counts. Nothing else matters.' If that was the case, then I ask myself: How can it be that we are the market leader with our products in several countries, even though we sell by far the most expensive vehicles? How can that be, if it is only white goods anyway? Obviously, it is not just the price that counts. We also sell a lot of reliability and a safe residual value. (Interview 50)

Ultimately, identity tensions around CVM's current and future output were mainly driven by a perceived devaluation of the importance of vehicle products for the organizational future. In fact, the perceived imbalance between current and future outputs was found to paralyze organizational members and intensify the prevailing identity polarization.

Resource tensions. The increasing sense of identity polarization at CVM also became manifest in tensions around the distribution and utilization of organizational resources. In this regard, informants continuously indicated that "resources are finite and what you put into one topic is missing in the other" (interview 8). Accordingly, interviewees repeatedly described how organizational leadership withdraws resources from the conventional core business in order to allocate them to CVM's explorative activities, namely MaaS/TaaS and autonomous driving. In this context, a product manager described:

You always have these kind of tensions in a resource-driven system [...]. But the competition for resources is strongly fueled by the strategy. A visible effect is that there is now a strong competition between, on the one hand, the projects that earn the money and need even more money to further secure its business and, on the other hand, the innovative initiatives that will not earn any money in the foreseeable future but have a long pre-financing period. And that always results in tensions. Sometimes these are very trivial things, such as employees moving from A to B. (Interview 33)

As a consequence of the adjusted resource distribution practices at CVM, organizational members in the exploitative business perceived the removal of resources as a lack of appreciation. In this context, the burdening feelings of injustice and disesteem emerged even though particular informants were well aware that being profitable in the exploitative business is a basic requirement for financing the future of the organization. However, organizational members from the exploitative business did not conceive the new distribution practices as balanced enough and not in line with CVM's strategic renewal endeavors. Stressing the relevance of resource distribution for the raising level of identity polarization within the organization, a sales manager narrated:

Our organizational system is currently working in a way such that they [explorative departments] are getting more and more people and resources [...]. In this context, I ask myself: 'But one pillar of our strategy is also to secure our core business. That is what we are supposed to be doing.' But my department has been stripped down further and further, from ten to eight to six people. And that is where I feel strong tensions. More and more resources are being given to the new projects and the old ones, which are earning all the money, are continuously downsized. (Interview 44)

Eventually, the adaptation of the internal resource distribution practices to the new strategic vision was found to be an essential driver of identity polarization at CVM. In particular, the internal competition for resources triggered feelings of inequity and disesteem among specific groups of organizational members, which further increased identity polarization at CVM.

Practice tensions. The burgeoning sense of identity polarization at CVM also came to the fore as frictions emerged concerning the significance of current versus future practices and competencies in the organization. These tensions were mainly driven by the growing awareness among organizational members from the exploitative business that the well-established, trained, and optimized practices from the traditional core business were not applicable in the explorative fields of MaaS/TaaS and autonomous driving. An innovation manager commented:

We are on the way to become more of a digital software company. In this regard, from an internal point of view, I notice that the competencies and practices that have made us the world

market leader are no longer in such demand, but that other things are now required. Hence, you can sense and underlying struggle between these practices and competencies in the organization. (Interview 39)

These frictions further intensified as organizational members from exploitative functions did not fully understand the new modes of operation, but simultaneously expected that the projects in the explorative fields were steered and managed like traditional vehicle projects. Referring to this difficult situation, the head of MaaS and TaaS reported:

Many colleagues argue that I should manage this MaaS/TaaS business like a product manager steers the vehicle projects. And then I say: 'It is not going to be like that.' And then they usually respond: 'But I always want to look at someone, who is supposed to answer my questions.' (Interview 10)

Further, informants continuously stressed the importance of another mindset in the explorative fields. In this context, leaders from the explorative departments indicated that organizational members from the exploitative business "still think in terms of periods of twelve years" (interview 17) while "we have to constantly adapt to new realities" (interview 39). Above, informants highlighted that the presence of high levels of uncertainty in the explorative fields is "unimaginable for the majority of employees" (interview 42). A middle manager argued:

I always struggle when I hear the issue: 'MaaS/TaaS is intangible, we do not know what it is.' I mean yes, obviously it is. And it is going to stay that way for a long time. There is no acceptance that in the future things cannot be planned according to a textbook approach. And that is really this switch in the brain that many people cannot manage. And I find that incredibly difficult. (Interview 10)

Ultimately, the perceived identity polarization at CVM became manifest in strong tensions between traditional and future-oriented organizational practices. In fact, these identity tensions were particularly driven by a missing understanding for future practices by organizational members from exploitative functions.

Sensegiving imperative. The existence of identity polarization at CVM had an effect on the internal perception of the organization's strategic reorientation and fueled a strong partition between the organizational departments. As time passed and the polarization even became more pronounced, a sense of urgency emerged among organizational leaders that "something has to happen" (interview 30). In other words, as organizational leaders acknowledged that the prevailing polarization impedes the sound implementation of the strategy, they also understood that definitive action was needed to resolve the intensifying identity tensions. In line with prior research on organizational identity, I refer to this situation as a sensegiving imperative (Gioia & Chittipeddi, 1991; Gioia & Corley, 2004), as it requires leaders to fill the arising void related to the strategic claims with appropriate meanings. In fact, I identified two critical concepts which provide an illustration of the sensegiving imperative, namely *strategy decoupling* and a *growing sense of anxiety and mistrust*.

Strategy decoupling. The sensegiving imperative at CVM became manifest in a growing sense of a perceived decoupling of the organizational strategy from operational activities. As a result of the prevailing identity tensions, organizational departments began to isolate themselves and did not support specific strategic initiatives, particularly the explorative strategic fields of MaaS/TaaS and autonomous driving. In this context, a middle manager from the production department reported:

The people who build the vehicles and earn the money have been taken for granted [...]. And then, there was actually a certain dissatisfaction which has ensured that the people rather isolated themselves than to accept the new parts of the strategy. As a result, people who deal with these new issues are confronted with a sense of incomprehension and a certain rejection. (Interview 23)

Similarly, informants also reported that the explorative departments were rejecting attempts from the exploitative fields to support their strategic initiatives. A middle manager from the IT department annotated:

I have been trying for weeks to somehow actively support or help them [MaaS/TaaS department], because we also have operational requests from the field. But they are not really

interested at all. They work so forward-looking and are focused on the issues of tomorrow. And that is a huge problem: In this way, the transformation cannot work at all. (Interview 28)

The growing sense of strategy decoupling became even more pronounced as specific organizational departments, which were supposed to be downsized, independently engaged in the development of partly strategy-inconsistent vehicle project ideas. Hence, instead of collectively focusing on CVM's strategic objectives, departments began to increasingly engage in behaviors which were focused on strengthening their respective position within the organization. The prevailing separative forces, in combination with the described self-preservation activities, came along with detrimental effects for strategy implementation. In fact, informants continuously indicated that the strategy is not translated into the organization's daily business. Above, leaders explained that they "do not see any concrete programs being derived from our strategy" (interview 8). In line with these interpretations, a middle manager from the development departments argued:

I do not really see the implementation of the strategy yet. In particular, I also do not see any daily decisions that are made along this strategy. For me, strategy becomes alive when you can say: 'On the basis of the strategy, I do not do certain things.' Unfortunately, that is not happening at all in our company at the moment. We are still doing everything, in a chaotic manner. (Interview 20)

The inability of organizational leaders to deprioritize specific initiatives further hampered the sound implementation of the strategy. In this regard, informants repeatedly reported that they "cannot make decisions if there is no strategic clarity" (interview 20) and that "the people at the lower levels still do not know what the strategic initiatives mean for them" (interview 28). The perceived strategy decoupling was further fueled by a lack of advancement concerning the operationalization of the new explorative field of Maas/TaaS and autonomous driving. Even though Maas/TaaS was announced to be the future of the organization, organizational leadership was unable to clarify which concrete projects the organization is planning to pursue in this area. A middle manager from the innovation department explained:

The announcement was too big in relation to what had been achieved afterwards. When you do a 'big bang' like that [MaaS/TaaS], you also have to deliver. It simply took too long [...]. MaaS/TaaS is the biggest transformation project in the automotive industry, it changes the entire business model, the entire value chain. We announced this, and for a long time, we did not manage to somehow integrate it organizationally and make it work. That is highly frustrating. (Interview 37)

Ultimately, all of the described organizational tendencies contributed to the emergence of strategy decoupling at CVM, understood as the perceived decoupling of the organizational strategy from its operational activities. In other words, informants repeatedly described that "the strategy is only written down on a piece of paper and has no meaning for the organization" (interview 53). Hence, in line with the narratives of my informants, I identified the concept of strategy decoupling as a manifestation of the growing sensegiving imperative at CVM.

Growing sense of anxiety and mistrust. The sensegiving imperative at CVM also became evident in a growing sense of anxiety and mistrust of organizational members towards the strategic renewal endeavor. Anxiety and mistrust emerged as important concept in the later phases of my data collection as informants tried to deal with the continuous lack of strategic operationalization, which triggered strong feelings of uncertainty concerning the future of the organization. In fact, multiple informants speculated about a potential reintegration of the brand into the C-Group, thereby losing its independent status. In this context, a leader from the sales department hypothesized:

Now, I believe that CVM is redundant as an independent organization. It makes more sense to integrate it into the C-Group. If we now start to cooperate with our strategic partner, we will only be a number of manufacturing plants. Therefore, I see the existence of CVM very critical. (Interview 35)

Multiple other interviewees underscored this interpretation by arguing that these critical questions concerning the future of the brand are "on many people's minds" (interview 53). Organizational leaders further indicated that the "grapevine works faster than anything else" (interview 53), accelerating the emergence of rumors and perceived uncertainty among organizational members. Similarly, informants raised questions

about “whether there is still a need for us as an independent brand” (interview 43) and about CVM’s “added-value in the group” (interview 43). In line with these concerns, informants also repeatedly stressed the high levels of anxiety on the employee level, reporting immense concern, anxieties, and worries on “whether the whole thing can work out and whether we are well enough positioned and strong enough to go this way” (interview 22). Underlining the presence of anxiety and uncertainty in the organization, a middle manager from the sales department explained:

The employees know that the future is highly uncertain and actually very risky. Of course, we talk a lot about it, but it is more about how to manage the fears instead of imagining a rosy future. There is a lot of anxiety here because of the organization's intentions. I cannot describe it in any other way. (Interview 35)

These widespread feelings of anxiety and confusion translated into a lack of support and commitment for the revised strategic orientation of the organization. In particular, the lack of strategic operationalization resulted in an emerging sense of mistrust and incredibility regarding the corporate strategy. In this context, organizational members not only questioned the genuineness of the proposed strategic renewal activities but also scrutinized whether the strategic target image were anyway attainable. In this regard, a middle manager from the marketing department argued:

In my opinion, CVM will always be seen as a producer of hardware [...]. And I think that is actually the right thing to do. I think it is incredibly difficult to try to turn CVM into a MaaS provider by force. I do not think anyone would buy that from us either. CVM will always be a manufacturer of vehicle products [...]. However, that does not mean that there is no room for service providers under the roof of the C-Group. (Interview 50)

Other informants corroborated this stance by arguing that “it was clear from the beginning that our strategy was built on sand and that it was a bet on the future” (interview 44). The feeling of collective mistrust was further fueled as organizational leadership was unable to present concrete implementation concepts on the new strategic field of MaaS/TaaS and autonomous driving. As organizational members were unable to make sense of how the future of the organization will look like, collective mistrust emerged “whether we actually have these clear projects in the field of MaaS/TaaS”

(interview 14). Other informants indicated that the integration of MaaS/TaaS as an equally entitled strategic pillar “removed all credibility of the strategy” (interview 8). Summarizing the discussion concerning the strategic pillar of MaaS/TaaS and underlining the rationale for the sensegiving imperative at CVM, an innovation manager explained:

From my perspective, it [MaaS/TaaS] was an opportunity to spread hope for the future. It was an opportunity to derive stronger hope and common will for the future of the organization. However, instead of hope for the future, it created a lot of anxieties, uncertainties, and questions among our people. That is something we have to address. (Interview 38)

Eventually, the sensegiving imperative at CVM became particularly manifest in an arising feeling of strategy decoupling as well as a growing sense of anxiety and mistrust among organizational members. While the concept of strategy decoupling refers to the perceived lack of collective pursuit of CVM’s strategic objectives, the growing sense of anxiety and mistrust was found to be driven by high levels of uncertainty about the future constitution of the organization. Against this background, it was clear that if both arising tendencies were not appropriately approached and managed by organizational leaders, they would evolve into open conflicts concerning the strategy and identity of the organization. As this would have detrimental effects for the survival of the organization, leaders were required to engage in particular leadership responses to the sensegiving imperative.

4.2.5. Leadership Responses to Sensegiving Imperative

In order to adequately address the emerging sensegiving imperative at CVM, organizational leaders responded through specific leadership activities. Based on the narratives of my informants, I was able to identify three types of leadership responses to the sensegiving imperative: (1) Refined future vision, (2) participative culture, and (3) identity rebalancing. The respective narratives, underscoring the emerging themes, are reported in *table 4-4*

In all of the emerging themes, I was able to differentiate between an *organizational leadership response* and a *direct leadership response*. While organizational leadership

responses describe the intended and undertaken leadership activities on an organizational level, direct leadership responses refer to the respective leadership activities at the team level. In sum, all of these leadership responses were intended to counteract the potentially destructive byproducts of the identity-strategy misalignment, namely uncertainty, anxiety, and polarization. Ultimately, the results are based on narratives from interviews with organizational leaders across all hierarchical leadership levels at CVM.

Refined future vision: Vision clarification. From an organizational leadership perspective, leaders continuously emphasized the importance of making the overarching strategic vision more tangible for organizational members. Informants consensually reported that the organization's strategic vision "is not detailed enough" and that "we have to describe it in more concrete terms" (interview 12). In this context, leaders repeatedly stressed the importance of a refined strategic vision for the subsequent operationalization of the strategy. A middle manager explained:

Now it is really all about making the strategic vision more tangible, setting the right course, and then really pursuing it with priority and consistency throughout the entire organization. This is important now. We need to stop getting distracted and pursuing personal issues. We really need to harmonize the strategic vision, develop a common understanding, and then consistently run towards our strategic goals. (Interview 39)

Further, informants argued that it is decisive to show every individual organizational member how he/she can contribute to the strategy. Similarly, leaders described that it is essential to "create points of contact from the respective roles in day-to-day business to the new strategic initiatives" (interview 24). Thereby, interviewees expected to align all departments of the organization around a common, strategic vision. Stressing the importance of aligning departments, teams, and individuals around a strategic vision, a product manager explicated:

We now have to break down more concretely what exactly the strategy means for each individual area. Then, each department and each employee is able to focus on the strategy and all small pieces of the puzzle add up to the big picture. I mean, in the end, the identity of an organization starts with each individual. And everyone has to contribute a little bit to what the

organization wants to be. And in order to achieve that you have to answer for each individual: What is my small contribution to the big picture? (Interview 31)

In this context, informants continuously emphasized the negative impact of the intangible explorative strategic field of MaaS/TaaS on the organization's vague strategic vision. Particularly, interviewees repeatedly indicated that "we have to clarify what our concrete business model is" and "how we will earn money with this" (interview 20). Several leaders also suggested that it would be very helpful to "make transparent who is contributing to MaaS/TaaS and what is being done in which department" (interview 27). Underlining the importance of clarifying the strategic pillar of MaaS/TaaS, a top manager commented:

Now, we simply have to answer the core questions: 'What will new transport concepts for people and goods look like in the future? How can we make this happen? What do customers get out of it?' We need to make that more concrete. We have to make that even more tangible. And then, we have to transport that in a way that is understandable. (Interview 9)

Even though informants also mentioned that the other two strategic pillars need to be further clarified, the refinement of the explorative strategic vision emerged as the dominant theme from the data. Eventually, a refined strategic vision was found to be an essential organizational leadership response to fill the strategic void with appropriate meaning. Although organizational leadership faced huge difficulties to further refine the strategic vision at the organizational level, leaders throughout the entire organization were found to engage in leadership practices to break down CVM's vague strategic vision on their respective teams, business units, and departments.

Refined future vision: Shared vision. Leaders repeatedly stressed the relevance of collective visions in order to deal with the current organizational situation. In particular, multiple leaders reported that they understand their role as being visionaries for their teams by "providing an overarching goal" (interview 31) and demonstrating "the opportunities that we have to use our skills and knowledge in order to contribute to the big picture" (interview 25). Emphasizing the critical role of shared visions within the

scope of daily work activities, a middle manager from the innovation department commented:

The big picture is very important. Obviously, we are not isolated in our project work and, thus, my employees should always know where and what we contribute to the overarching vision. (Interview 39)

By referring to collective visions as an important anchor point for organizational members, informants described how shared visions serve as a tool to translate the big picture of the revised organizational strategy into employees' daily work activities. In more detail, leaders continuously emphasized that shared visions align employees' daily activities with the overarching organizational vision, thereby providing organizational members with feelings of certainty, direction, and continuity. A team manager from the finance department annotated:

I have done very regular briefings on the strategy and I have also done visioning meetings for our business unit, where I have always tried to convey: 'These are the bigger issues and these are the small ones that we are currently working on.' (Interview 36)

Even though informants dominantly focused on describing the translation effect of shared visions, they also emphasized its relevance for the internal alignment of employees within their business units. In this context, leaders explained how collective visions serve as an overarching frame for employees' activities, providing purpose and orientation for organizational members. Further, in the light of the comprehensive strategic renewal activities at CVM, several informants also accentuated the significance of a shared vision within the process of deriving a revised self-understanding for their respective business units. Against the backdrop of the prevailing identity-strategy misalignment at CVM, a middle manager accurately summarized the benefits and importance of shared visions:

If we now have to live with the situation that we have no clear orientation in the organization for the next few years, I hope that we will at least set a clear path for this business unit by illustrating: 'This is what we want to be and this is the added value that we provide.' That is what I am hoping for. (Interview 12)

Table 4-4. Supporting Data for Leadership Responses to Sensegiving Imperative

Theme	Representative Quotations
Leadership Responses to Sensegiving Imperative	
Refined Future Vision Vision Clarification <i>Organizational Level</i>	“On a very abstract level, I think it is clear to everyone what the vision and the three strategic pillars are. But I do not think that this is detailed enough. It is more about understanding: What exactly does it mean for me and my area? I think that is where we need to go deeper with the vision. We have to describe it in more concrete terms: What does it actually mean? From my perspective, the vision is still not operationalized.” (Interview 12) “We need to describe the strategic path even better: What happens in the respective years? We kind of have a vision for 2025 and we know what we plan to do this year and next year. But to describe what we are actually doing on a year-by-year basis, to be honest, we have not done that until now. And that is what I think many people have not quite understood yet.” (Interview 49) “You have to make it tangible somehow. It would help a lot if we could at least make transparent who is contributing to MaaS/TaaS and what is being done in which department. At the same time, we need to specify what we want to achieve in this strategic field. This transparency is totally lacking.” (Interview 27) “I think this strategic pillar of MaaS/TaaS is the right one. But now we have to clarify what exactly our business model is, how we will position ourselves as CVM, and how we will earn money in the future with this. In my view, we need to break it down much more clearly and sharply, as soon as possible.” (Interview 20) “I strongly believe that the closer you are to the strategic issues, the more likely you are to understand and trust them. We now have to create points of contact from the roles in day-to-day business to the new strategic initiatives.” (Interview 24)
	“Communicating this overarching vision is easy. But I think you lose the people if you do not show them concrete, individual perspectives and help them to understand: What does that mean for us now? Where can I contribute with my knowledge and competencies? That is the most important point.” (Interview 36) “As a leader, I have to give my team a vision of where our strategic contribution is and where we want to go. And that is what we have tried to do.” (Interview 19) “I regularly try to emphasize: ‘Where do we actually want to go?’ I have also seen that as my primary task to anchor a common goal and to communicate: ‘Where do we want to go strategically and how are we going to achieve it?’” (Interview 40) “In our business unit, we have also defined our vision, our goals and our self-understanding in this context. We know where we want to go.” (Interview 14) “I am currently working with my team on a strategy document, [...] where we once again put together everything that we already know about what we should be doing today to contribute to the organizational strategy, [...] thereby enabling a stronger purpose and providing orientation for the team.” (Interview 12) “As a leader, I am a visionary for my team and for the opportunities that we have to use our skills and knowledge to contribute to the big picture.” (Interview 25) “First of all, I interpret my role in the sense that I am trying to provide an overarching goal and to coordinate this goal with our associated departments. I am trying to develop a shared north star for my team.” (Interview 31)
Refined Future Vision Shared Vision <i>Team Level</i>	

	"The culture that we need in order to successfully execute the new strategy requires trust [...]. We need to establish a culture of feedback, learning, and courage. And we also need values that allow us to openly discuss and that give us the feeling that we can have confidence to openly object and to honestly argue in order to develop the best solutions for the organization." (Interview 25) "I believe that we need to make it clear that every employee has the opportunity to influence things, that they can and should give feedback, and that we can only create this change through such honesty and authenticity." (Interview 40)
Participative Culture Cultural Enhancement <i>Organizational Level</i>	"The strategic goals are derived from market developments that we have to meet in order to survive in the market. Thus, we have to find new ways to implement these changes in the company and cannot do it the traditional way. And that is where the cultural change is essential [...]. It is about defining new ways, finding new forms of collaboration, finding synergies, and cooperating in networks, which provide everyone with opportunities to contribute where they can. And then we might achieve our strategic goals." (Interview 27) "In the current situation, I think it is crucial to network extremely well with other parties in the C-Group. This is something that is still being overlooked, because we have always done a good job with our commercial vehicles. But especially concerning the topics of autonomous driving and software, it will be extremely important to exchange ideas with others in the C-Group. Thus, we need to get more into this open-book topic [...]. I think that is the key. You have to stop saying: 'That is mine, you cannot participate.' Rather, we need to start to say: 'Let us work together on something, then I will share my stuff with you.'" (Interview 20)
	"It is often the case that you have to say: 'I do not know yet what that looks like in concrete terms either, but let us work it out together.' You can then always just try to prescribe the milestones and then accompany the employees along the way. That is how I do it." (Interview 22) "As a leader, I try to create an environment where people can say without fear: 'I do not think that your idea is so great. I have a better one. What do you think of this?' I want my people to enter into a dialog like that." (Interview 1)
Participative Culture Participative Leadership <i>Team Level</i>	"I try to discuss it [strategic issues] with my employees. Then, I leave the path open and invite them to participate: 'Let us take a look together now. What does that actually mean for us? What do we have to do? What are the right measures for us? How can we help shape this path? What possibilities do you see?' This is what actually leads us to the strategic orientation of our business unit." (Interview 29) "For me, it is important that everyone brings their knowledge to the table and that we then develop a joint solution based on a common perspective." (Interview 24) "I try to really take the time to form a common understanding through an open discourse in my team. And then, I am able to distribute the tasks that result from this collective approach. As a result of the harmonized understanding, I can be sure that all pieces of the puzzle actually fit together in the end." (Interview 39) "We regularly discuss the current orientation of the business unit: 'Where are we? What works? What is not working? Do we have to compensate for anything?' Then, we decide together where to go and what to change." (Interview 26) "I interpret my role as trying to set the overarching goal to some extent [...]. But it is very important for me to integrate the team in this process. That is why I interpret my leadership task as trying to maximize the opportunities to exchange opinions and let my employees co-determine the direction of the team." (Interview 31)

Identity Rebalancing Ambidextrous Rebalancing <i>Organizational Level</i>	"Now it is important to let people know that what they have done so far was not wrong, but important and successful. In this context, we need to emphasize that we certainly still need that to a certain extent, but we also need many other things. If we can strike a balance between explaining and communicating this to people in a sensible way, then we can succeed." (Interview 9) "We need to get the message along that all people are necessary in the context of the transformation. The core business is also very, very important and necessary. And if there are new ideas for optimizing the core business, then it is also very important to look into this and help them. I just think that if all people have the feeling that they are not alone with what they are doing and that they are well informed, that will strongly support the transformation." (Interview 24) "I believe that it is absolutely necessary to hold on to the old business. We also have to appreciate and further develop the old business accordingly. In my opinion, we have to find the right balance between the old and the new business. And the old business is still the business with which we earn our money. And that will be still the case for some time." (Interview 34) "I think the challenge is to shape the transformation in a natural way and to show our future vision, but simultaneously we need to sufficiently appreciate the existent business, so that people also have the desire to continue to improve our business there. This balancing act is extremely difficult." (Interview 36) "We have to somehow convey that it is helpful for the entire organization if we now invest in the innovation side, so to speak. We cannot see it as one side and the other, we have to see it as a whole. And in this context, we have to show that the conventional business is a highly important part of this." (Interview 40)
Identity Rebalancing Individual Consideration <i>Team Level</i>	"I talk to all my employees individually, whether it is in the office, in the hallway, or in phone calls [...], we talk about these strategic issues. But honestly, I cannot always reassure my employees either. I am anxious, too [...]. But I try my best to take into account the individual demands of my employees, in particular through lots of individual conversations, for hours." (Interview 35) "I continuously engage in many personal discussions. I really try to focus on the medium term and say: 'Look, these are the issues that are coming up now. You do not have to be afraid that we will not need you anymore. There will be further changes and thus also opportunities to contribute your knowledge.' In other words, I simply try to show individually and in concrete terms how important these topics still are today." (Interview 36) "Listening is the most important thing. That sounds so simple, but you have to learn to listen first [...]. And then, based on the respective understanding, I always try to work on a positive perspective for the individual employee." (Interview 37) "It is all about simply reacting to my employees individually [...]. That is really my aspiration. And everyone has different demands, requirements, and anxieties. I find it quite challenging to offer everyone the right thing." (Interview 40) "Essentially, it is always about picking the people up where they actually are. I have talked to almost everyone individually." (Interview 24) "I can present and explain the strategy to them only in individual face-to-face meetings. Then, I have the opportunity to answer questions directly and address individual fears and concerns [...]. This opportunity for personal exchange is very important." (Interview 27)

Eventually, the concept of shared vision was found to play a crucial role in the identity-strategy realignment process. On the one hand, by demonstrating the contribution of a business unit to the organizational strategy, a shared vision was found to link the overarching organizational vision with concrete, daily work activities of employees. On the other hand, by strengthening the respective business units' self-understanding in the context of increasing strategic uncertainty, shared visions served as an important uncertainty-reduction function.

Participative culture: Cultural enhancement. Informants continuously indicated that CVM needs to shift the prevailing culture to successfully realign the identity and strategy. In this context, organizational members repeatedly accentuated that CVM needs to develop a participative culture in order to achieve the strategic goals. In more detail, informants argued that the organization has to open up for internally and externally existing competencies, ideas, and potentials. A top manager from the human resources department argued:

The key is the ability to cooperate, internally and externally. And that means that we need a different kind of culture of collaboration: We should not isolate ourselves, we need to be open for the competencies that already exist within the C-Group. At the end of the day, we need to be open to accept and share ideas. We need openness to be able to grow. (Interview 25)

From an internal perspective, informants claimed that “we need to make it clear that every employee has the opportunity to influence things” (interview 40) and that CVM needs to “provide everyone with opportunities to contribute where they can” (interview 25). Interviewees also stressed the relevance of breaking old patterns of collaboration by establishing cross-divisional networks. Similarly, respondents repeatedly argued that the organization requires an authentic and honest discussion culture. From an external perspective, organizational leaders emphasized the relevance of a participative culture towards other parties, within and outside the C-Group. By arguing that “we have to think of ourselves in broader terms” (interview 38), informants repeatedly referred to the idea that future solutions, in particular in the area of MaaS/TaaS, will not be developed by single organizations but rather within larger networks of multiple partners. An innovation manager from the MaaS/TaaS department delineated:

It is important that we learn to work together in an even more agile manner. In other words, we need to establish a cross-divisional network in our collaboration. I do not just mean within CVM, but also with our partners. I believe that in the future our solutions will have to be developed not just by us alone and not just in a silo, but much more like a network. In this sense we need to answer the question: 'How can we think and work together in a way that is open to innovation and allows us to try out new structures and processes?' (Interview 41)

Even though I found that there was a high level of consensus among informants concerning the enhancement of the prevailing culture, interviewees also highlighted the discrepancies between the prevailing and the required culture at CVM. In this regard, informants emphasized that the required cultural change at CVM currently fails due to the appreciation of contradictory behaviors. A top manager from the human resources department explained:

The key question is: What are people valued for? Are they valued for having their budget, having a lot of staff, implementing a lot of projects? Or are they valued for opening up, for creating synergies, for giving away staff, for sharing budgets? And when it comes to breaking new ground, that is where our transformation gets stuck. Because this appreciation for actually breaking new ground, for breaking down silos, and for positive creative drive is still missing. (Interview 25)

Ultimately, cultural enhancement towards a culture of internal and external participation was found to be an extremely important driver of the identity-strategy realignment process. Informants agreed that CVM needs to find new ways of collaboration and cooperation in order to successfully implement the new strategy. However, while CVM faced major difficulties in spreading a participative culture on a large scale, leaders were found to increasingly engage in *participative leadership* practices in their spheres of influence.

Participative culture: Participative leadership. As leaders throughout the entire organization looked for appropriate approaches to deal with the current organizational situation, they strongly engaged in participative leadership practices. In particular, informants reported how they involve their employees in the process of aligning the business unit direction with the revised strategic orientation of CVM. Multiple leaders

described how they organized team workshops in order to critically discuss and collectively re-define the strategic direction of their respective business units. A team leader from the innovation department described:

We have held very open, all-day workshops, where everyone could say what they think is important and what they like or do not like. And where we also took the time to say: 'What do we actually stand for? What is the goal of our team in this [strategic] context?' (Interview 42)

Furthermore, leaders repeatedly described how they integrate their employees in the procedure of reassessing and validating their business units' strategic orientation on a regular basis. In this regard, informants continuously stressed that they try to shape an atmosphere of transparency, open exchange, and collective decision-making in their teams. In more detail, informants reported how they discussed strategic issues with their teams and try to "develop joint solutions based on a common perspective" (interview 24). Beyond, leaders described how they used ideas and impulses of their employees to make strategic decision, thereby allowing their employees to "co-determine the direction of the team" (interview 31). Validating the importance of shared decision making and a continuous dialogue, a middle manager commented:

I think we have to have an open exchange and then try to make the best decision together. I always ask my team: 'Are we still doing the right things? Or do we have to let things go? Or do we perhaps need to do something else?' That is how I try to deal with the current situation. (Interview 31)

Of particular interest, leaders throughout the entire organization repeatedly stressed the perceived strategic uncertainty in the organization and how participative leadership practices helped them to provide orientation for their employees. In this connection, informants described participative leadership as an effective approach to counteract the ambiguity and vagueness of the new strategy, thereby increasing strategic support. Stressing the responsibility of leaders in the face of identity-strategy misalignment, a middle manager annotated:

Every manager has to communicate that [the strategy] to his or her employees and be willing to go into the discussion by saying: 'Let us not talk so much about whether this is the right way to go now, but how we can help shape this way. So what is our contribution?' (Interview 22)

Ultimately, due to two main reasons, participative leadership was found to be a critical element in the identity-strategy realignment process. First, due to its involving nature, participative leadership was found to be an effective approach to align employees around a shared perspective. Second, as it presupposes that employees are integrated in decision-making processes, participative leadership also allowed to generate employee commitment for the strategic orientation of the business unit and the organization, respectively.

Identity rebalancing: Ambidextrous rebalancing. As time advanced, organizational leadership acknowledged that they have to take action to counteract the perceived imbalance concerning the appreciation of the exploitative and explorative business. Informants acknowledged that it is essential to "let people know that what they have done so far was not wrong, but important and successful" (interview 9). In line with these interpretations, top managers indicated that "we need to get the message along that all people are necessary in the context of the transformation" (interview 24). Describing the challenge of appropriately rebalancing the exploitative and explorative business, a top manager explained:

On the one hand, we have to understand how people have been socialized and continue to take this into account to a certain extent. The employees expect that the top management will take a closer look at one or the other issue [...]. And on the other hand, of course, we need to say: 'We have to start today to create our future.' That is what I think is important. You have to try to create this balance in the right place. (Interview 8)

Against this background, organizational leaders acknowledged that this balancing act is a crucial leadership task within CVM's transformation and were strongly aligned along the idea of "sufficiently appreciating the existent business" (interview 35). In order to further support the process of identity rebalancing, CVM's top management decided to split up the organization's financial reporting activities into an exploitative

and an explorative business division, respectively. Thereby, the organizational leaders wanted to demonstrate to the public that CVM's core business is still profitable, even though the overall financial result of the organization will be negative for several years. In this context, the chief executive officer argued:

We need another message for the strategic pillar of MaaS/TaaS. Of course, we cannot ignore the fact that we invested billions in autonomous driving. That is why I believe it is important to be able to assign these investments to a strategic pillar, but definitely with a different message. (Interview 1)

In sum, all of these described measures were found to contribute to a process that I termed identity rebalancing, namely the process of refocusing leadership attention, communication, and reporting practices on the organization's exploitative business. Thereby, organizational leaders tried to compensate for the perceived devaluation of the core business in the context of the strategic renewal activities and allowed for an increasing level of strategic support.

Identity rebalancing: Individual consideration. From a direct leadership perspective, multiple informants explained how they individually approach their employees to appreciate their current activities and promote a positive perspective for the individuals. In this sense, leaders reported that they continuously highlight the contribution of the individual employees, independently of the strategic orientation of the business. A team manager explained:

I always try to show appreciation for what they do today, regardless of how it may look like in five years' time, and to continuously highlight their individual contribution. (Interview 36)

In this context, leaders described how they engage in personal conversations and discussions with their employees to release fears and anxieties about their personal and the organization's future. Beyond, informants particularly emphasized how they tried to take into account the individual demands of their employees, even though they suffered themselves from the difficult situation within the organization. In line with earlier research, I referred to this leadership practice as individual consideration (Bass & Avolio, 1994).

4.3. Preliminary Summary

The grounded model of identity-strategy realignment at CVM revealed the underlying process of this phenomenon. In particular, identity polarization was found to be key concept in the identity-strategy realignment process, which enables the transition towards a realigned identity. Further, in line with previous studies, sensemaking and sensegiving activities were shown to be important elements of the identity change process. Beyond, in line with previous expectations, the study also revealed that leadership activities at the organizational and direct level play a decisive role in this context.

Besides many other interesting findings, the qualitative study particularly emphasized the importance of direct leadership practices in the context of identity-strategy realignment. In more detail, the study found that shared vision, participate leadership, and individual consideration support employees in the context of the identity-strategy realignment process. As direct leadership practices have so far been mainly overlooked in research on identity change, I decided to focus the subsequent quantitative study on the role of direct leadership practices in this context. In more detail, I determined to zoom-in on the leadership practices of participative leadership and shared vision. First, both concepts were continuously reported by informants throughout the entire research process. Second, previous research in the field has already demonstrated the importance of future images and visions (Corley & Gioia, 2004; Gioia & Thomas, 1996), which are both expected to be related to the leadership practices of participative leadership and shared vision.

Eventually, a quantitative study was initiated to test the relationships between participative leadership, shared vision, and *employee support for strategic change*. In this context, I treated shared vision as a potential mediator of the effect of participative leadership on support for strategic change (Hayes, 2018; Venus et al., 2019). This is the case as multiple informants stressed the point that participative leadership is a prerequisite for a shared vision to evolve. In other words, through its focus on integrating employees in decision-making processes and incorporating their ideas in the realignment process, participative leadership was found to be an essential input factor

for the emergence of shared visions at the team level. Further, in line with the grounded model of identity-strategy realignment, I decided to utilize employee support for strategic change as the dependent variable of the study. Thereby, I assumed that support for strategic change is an indication for a progressing identity-strategy realignment process.

Leaders must find social and symbolic ways to help people solidify the new self-understanding into changed behaviors.

- Fiol (2002)

5. Empirical Study II: Leadership and Support for Change

The following chapter presents the quantitative study of this dissertation. First, the quantitative procedure is illustrated, involving the presentation of the sample and the operationalization of the dependent and independent variables (*chap. 5.1*). Second, the results of the quantitative study are outlined, encompassing the findings of the regression analysis and the ultimate mediation analysis (*chap. 5.2*). Third, this chapter concludes with a short discussion of the findings of this quantitative study (*chap. 5.3*).

5.1. Quantitative Procedure

Based upon the results of the qualitative study, a quantitative study was initiated to better understand how leaders can create substantive support for discontinuous strategic change and, thereby, promote the internalization of an identity shift among its employees. In other words, within this quantitative study, I investigated how leaders can act on a perceived identity-strategy misalignment in order to increase support for strategic renewal. In particular, the quantitative study focused on the effect of participative leadership and shared vision on employee support for strategic change.

5.1.1. Sample

To further investigate the effects of participative leadership on support for strategic change, I deduced a sample of 1,200 employees from a corporate database. In order to achieve a representative sample for the entire organization, I applied a stratified sampling approach. The sample was chosen in a way that it was proportional to the size of the respective business units within the organization. Within the respective organizational departments, respondents were selected by applying a random sampling technique. In order to measure the effect at the employee level (see *chap. 4.2.5*), the sample only included employees who do not have leadership responsibilities themselves. Utilizing an internal survey platform, the questionnaire was created and directly distributed to the respective employees per e-mail. Following one mailed reminder, I received a total of 565 completed surveys, representing a response rate of 47.1 percent.

Of these 565 respondents, 471 were male respondents (83 percent) and 94 were female respondents (17 percent). The majority of survey respondents have been employed at CVM for more than 15 years (54 percent), followed by respondents with a tenure between 5 and 10 years (18 percent), 10 and 15 years (12 percent), less than two years (9 percent), and between 2 and 5 years (7 percent). Considering the respondents work area, most belonged to the development department (34 percent) and the production department (25 percent). All other survey respondents reported that they are related to the quality management department (14 percent), the sales department (8 percent), the procurement department (7 percent), the finance and information technology department (5 percent), the strategy department (4 percent), and the HR department (2 percent). The remainder of survey respondents was related to the communication department, sustainability department, and R&D department (1 percent). The respondents rated the degree of perceived work uncertainty, their perception of their leaders' participative leadership behavior, their perception of a shared vision within their team, the degree of their support for the strategic change, the perceived job impact of the strategic change as well as their exploitative and explorative activities.

5.1.2. Dependent and Independent Variables

In total, the survey questionnaire encompassed 33 items. The survey respondents indicated their degree of (dis)agreement with the respective items on a 5-point scale (1 = strongly disagree, 5 = strongly agree). To enhance the accuracy of the respondents' indications and ensure high quality of these, the questionnaire was translated from its original English version into the native language of survey respondents. The task was conducted by a professional translation agency, which applied the translation-back-translation procedure (Brislin, 1970). The items of the distributed questionnaire as well as all the corresponding translations are presented in the appendix (see *appendix A*).

Employee work uncertainty. In order to assess the work uncertainty perceived by organizational members, I applied the four-item measure that was developed by Colquitt et al. (2012). This scale represents key elements of work and environmental uncertainty experienced by organizational members. Examples of items are "Many things seem unsettled at work currently" and "I cannot predict how things will go at work" ($\alpha = 0.869$).

Participative leadership. I assessed participative leadership using a six-item scale that was developed by Arnold et al. (2000). The scale was slightly adjusted to fit the context of this study. Sample items are "My direct leader encourages me to express ideas and suggestions" and "My direct leader uses my suggestions to make decisions that affect us" ($\alpha = 0.904$).

Shared vision. I assessed shared vision using a four-item scale developed and applied by Sinkula, Baker, and Noordewier (1997). In order to account for the focus of this study, I adjusted the items to the context of employee work teams. Examples of items involve "All employees view themselves as partners in charting the direction of this team" and "Everyone who works in my team is well aware of the long-term plans and direction of this team" ($\alpha = 0.894$).

Support for strategic change. In order to assess support for strategic change, I utilized the four-item scale for behavioral support for change from Fedor, Caldwell, and Herold (2006). In line with the previous procedure, I adjusted the scale for the strategy context

of this study. Sample items involve “I am doing whatever I can to help this strategic change be successful” and “I have tried (or intend to try) to convince others to support this strategic change” ($\alpha = 0.826$).

Control variables. I follow recent suggestions by multiple scholars to include control variables into this quantitative study (Aguinis & Vandenberg, 2014; Atinc, Simmering, & Kroll; 2012; Carlson & Wu, 2012; Spector & Brannick, 2011). Constructs were considered as control variables when there was theoretical reasoning that these variables could account for any of the proposed relationships (Atinc et al., 2012). In this regard, by reviewing the zero-order correlations, I also checked for so-called impotent control variables, which are characterized by sharing variance with the predictor but not with the dependent variable itself (Becker 2005; Carlson & Wu, 2011; Spector & Brannick, 2011).

In total, I considered six control variables, namely gender, tenure, organizational department, and perceived job impact as well as explorative and exploitative work activities. First, I considered perceived job impact as a potential control variable by utilizing a four-item scale developed by Caldwell, Herold, and Fedor (2004). This scale captured the perceived impact of the strategic change on employees’ daily work activities. Sample items are “Due to this strategic change, I am expected to do more work than I used to” and “Due to this strategic change, the nature of my work has changed”. Controlling for perceived job impact was expected to be required as it is likely to share variance with both participative leadership and support for strategic change. However, these expectations were not found to be in line with the calculated zero-order correlations (strategic support: $r = 0.017$, $p = 0.686$; shared vision: $r = -0.072$, $p = 0.088$; participative leadership: $r = -0.055$, $p = 0.193$). In consequence, perceived job impact was not further included as a control variable in the following calculation procedures.

Second, I considered explorative activities as well as exploitative activities as control variables (Mom, van den Bosch, & Volberda, 2007). The respective scales, which were constructed by Mom et al. (2007), were slightly adjusted to the context of this study. In both scales, employees had to indicate to what extent they engaged in work related

activities in the last year, that are characterized by explorative and exploitative elements, respectively. Sample items of explorative activities include “Searching for new possibilities with respect to products/services, processes or markets” and “Activities requiring me to learn new skills or knowledge” ($\alpha = 0.830$). Likewise, sample items of exploitative activities include “Activities of which a lot of experience has been accumulated by myself” and “Activities which serve existing (internal) customers with existing services/products” ($\alpha = 0.702$). Similar to perceived job impact, there is comprehensive theoretical reasoning that exploitative and explorative activities may account for the relationship between participative leadership and support for strategic change, particularly because employees daily work activities may strongly affect their perception of leadership practices and strategic renewal activities in general. On this occasion, the expectations were found to be in line with the calculated zero-order correlations of explorative activities (strategic support: $r = 0.380$, $p = 0.000$; shared vision: $r = 0.273$, $p = 0.000$; participative leadership: $r = 0.279$, $p = 0.000$) and exploitative activities (strategic support: $r = 0.166$, $p = 0.000$; shared vision: $r = 0.155$, $p = 0.000$; participative leadership: $r = 0.180$, $p = 0.000$). Consequently, both constructs were further considered as control variables and included in the subsequent statistical analysis procedures.

Third, as they have been reasoned to have a strong impact on change acceptance in general (e.g., Rodell & Colquitt, 2009; Oreg et al., 2011), I also controlled for employees’ tenure with the employer, employees’ gender, and employees’ affiliation to organizational departments.

5.2. Results: Leadership and Support for Strategic Change

The collected data were analyzed using a statistical software program (SPSS). After having tested for the discriminant validity of the respective measures, I performed a hierarchical regression analysis to test the proposed relationships between participative leadership, shared vision, and support for strategic change. The regression was followed-up with a mediation analysis (Hayes, 2018).

5.2.1. Descriptive Statistics and Validation of Measures

Summary statistics for all variables of this study can be found in *table 5-2*. Before I started to test the hypothesized relationships between participative leadership and support for strategic change, I engaged in multiple analyses to check the quality of my collected data and the validity of my measures. First, in order to preclude that variations in informants' responses are caused by the instrument itself, I tested for common method bias by applying Harman's single-factor test (Bagozzi Youjae, & Philips, 1991; Podsakoff, MacKenzie, Podsakoff, & Lee, 2003). As the majority of variance in the constructs could not be explained by one particular factor, the respective results indicated that common method bias does not confound the statistical results of this quantitative analysis (Podsakoff et al., 2003). In more detail, the Harman's single factor test revealed that, at most, 24.7 percent of the total variance in the data could be explained by a single factor. In addition, as non-response may also result in a bias of the subsequent statistical analyses (Fowler Jr, 2013), I also addressed this issue by conducting several one-way analyses of variance in order to compare the distributional properties of the first 25 percent of respondents to the last 25 percent of respondents. However, the results of these comparisons for all constructs did not demonstrate any statistically significant differences between those two quartiles of respondents (all p-values > 0.1). In consequence, the results of the two tests indicated that rather a common method bias nor a non-response bias occurred within the scope of my data collection and, thus, is not biasing the statistical findings of this study.

Second, I executed further tests to verify the internal consistency and convergent validity of my constructs. On the one hand, I checked for internal consistency of my measures by comparing the Cronbach's alpha and composite reliability of my constructs with the respective threshold values. For all constructs of this study, the values of Cronbach's alpha and composite reliability were greater than the threshold value of 0.70, thereby indicating internal consistency of the utilized constructs (Venus et al., 2019). On the other hand, I further assessed whether the average variance extracted (AVE) of all constructs were above the threshold of 0.50 for convergent validity. The AVE values of all constructs were found to strongly exceed the threshold value, thus pointing towards convergent validity of the constructs (see *appendix B*).

Third, I employed several methods to assess the discriminant validity of the measures of participative leadership, shared vision, perceived uncertainty, and support for strategic change (MacKenzie, Podsakoff & Podsakoff, 2011). I conducted a series of confirmatory factor analyses (CFA) on all items using SPSS Amos, in which I compared a four-factor model with three alternative models. Initially, a CFA was performed to assess the fit of the theorized four-factor model (participative leadership, shared vision, employee work uncertainty, and support for strategic change). The CFA results demonstrated that the theorized model provided a good fit to the collected data ($\chi^2 = 503.64$, $df = 129.00$, $\chi^2/df = 3.90$, CFI = 0.94, TLI = 0.93, RMSEA = 0.07, SRMR = 0.05). All of the proposed cut-off values and benchmarks currently discussed in the scientific discourse were met, namely (1) χ^2/df ratio is below 4 (Garson, 2009; Kline, 2005), (2) CFI and TLI are above 0.90 (Kline, 2005; Schreiber et al., 2006), and (3) SRMR and RMSEA lower than 0.08 (Kline, 2005; Garson, 2009). Further, all items demonstrate significant loadings on intended factors.

Table 5-1. Comparison of Measurement Models for Study Variables (CFA)

Model	Description	χ^2	df	$\Delta\chi^2$	CFI	TLI	RMSEA
Null model	All indicators are independent.	6521.75	153.00				
4-factor model	Work uncertainty, participative leadership, support for change, shared vision	503.64	129.00		0.94	0.93	0.07
Model 1	Three factors. Combining participative leadership and shared vision into one factor.	1497.84	132.00	994.20	0.79	0.75	0.14
Model 2	Two factors. Combining participative leadership, work uncertainty, and strategic support into one factor.	2375.56	134.00	1871.92	0.65	0.60	0.17
Model 3	One factor. Combining all variables into one factor.	3029.13	135.00	2525.49	0.55	0.49	0.20

Next, I compared the four-factor baseline model with three alternative models, namely a three-factor model (participative leadership and shared vision combined into one factor; all other factors remain distinct), a two-factor model (participative leadership, employee work uncertainty, and support for strategic change combined into one factor; shared vision remains distinct), and a one-factor model (participative leadership, employee work uncertainty, shared vision, and support for strategic change combined into one factor). Table 5-1 gives an overview on the CFA results of the respective measurement models. The baseline four-factor model exhibited a significantly better fit than the three-factor model (χ^2 difference = 994.20, df difference = 3), the two-factor model (χ^2 difference = 1871.92, df difference = 5), and the one-factor model (χ^2 difference = 2525.49, df difference = 6). In consequence, the hypothesized four-factor model represents the best fit to the observed data and is further used within the scope of the quantitative analysis.

Table 5-2. Summary Statistics

Variable	M	SD	1	2	3	4	5	6	7
Job impact	3.046	1.061	-						
Explorative activities	3.293	0.979	0.150	-					
Exploitative activities	3.893	0.772	-0.040	0.184	-				
Employee work uncertainty	3.204	1.119	0.297	-0.164	-0.157	-			
Participative leadership	4.085	0.885	-0.055	0.279	0.180	-0.396	-		
Shared vision	3.478	0.817	-0.072	0.273	0.155	-0.465	0.534	-	
Support for strategic change	3.728	0.613	0.017	0.380	0.166	-0.222	0.317	0.373	-

Note: Table exhibits pairwise Pearson correlation coefficients between all variables used in model estimation.

Moreover, in order to further assess the discriminant validity of the respective measures, I examined whether each of the used constructs accounts for more variance in its own indicators as opposed to its shared variance with another construct (Fornell & Larcker, 1981). Thereby, I compared each constructs' square root of the average variance extracted (AVE) with the respective correlations with all other variables. The results of these comparisons demonstrated that the square root of each constructs' AVE distinctly exceeds each correlation among all pairs of constructs, implying strong evidence for the discriminant validity of the utilized constructs.

To test for multicollinearity, I inspected the respective correlation coefficients between all independent variables (see *table 5-2*). All correlation coefficients were below the critical value of 0.7 (Moore et al., 2013), suggesting that multicollinearity is not affecting the subsequent statistical analysis. In addition, I also engaged in an analysis of the constructs' variance inflation factors (VIFs), which also allow to assess the degree of multicollinearity within a statistical model. The respective results of the calculations revealed that the average VIF across all constructs equals 1.27, which is far below the discussed threshold value of 3.3 (Kock, 2015). Hence, as a result of these tests, I assume that multicollinearity is not biasing the statistical findings of this study.

5.2.2. Regression Analysis

In order to test whether participative leadership results in more follower support for strategic change, I performed a hierarchical regression analysis that followed a two-step approach. The regression results are presented in *table 5-3*.

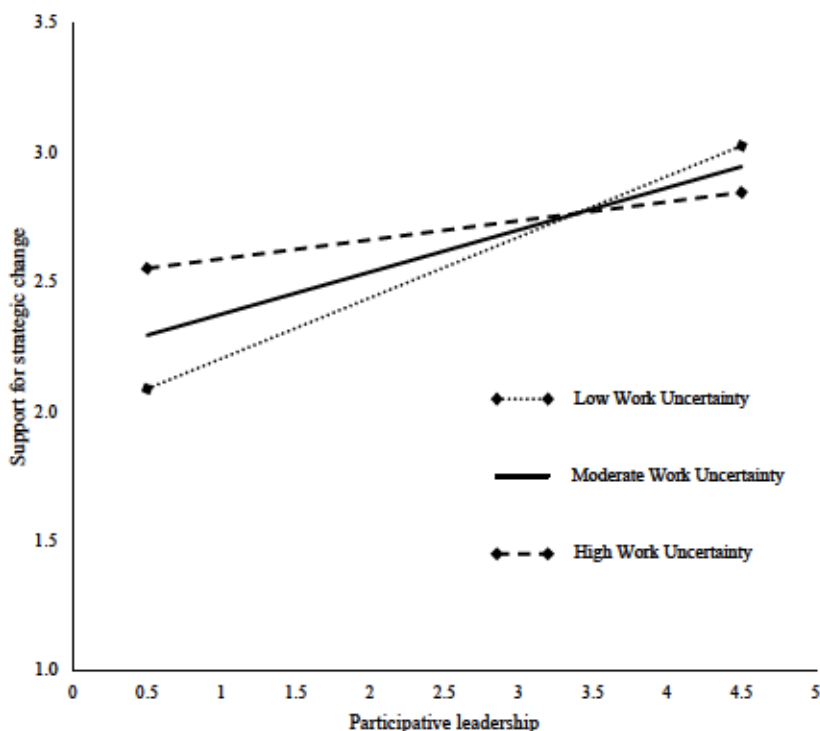
Table 5-3. Regression Results

	Step 1: Control variables and main effects			Step 2: Full model including interaction term		
	B	SE	p-value	B	SE	p-value
Intercept	2.534	0.310	<0.001 ***	1.532	0.540	0.005 **
<i>Exploratory variable</i>						
Participative leadership	0.135	0.037	<0.001 ***	0.377	0.113	<0.001 ***
<i>Interaction term</i>						
Participative leadership x Employee work uncertainty				-0.071	0.031	0.024 *
<i>Control variables</i>						
Employee work uncertainty	-0.047	0.030	0.113	0.247	0.134	0.064
Explorative activities	0.254	0.037	<0.001 ***	0.253	0.037	<0.001 ***
Exploitative activities	0.119	0.049	0.016 *	0.114	0.049	0.020 *
Tenure	-0.104	0.023	<0.001 ***	-0.106	0.023	<0.001 ***
Gender	-0.025	0.078	0.746	-0.020	0.078	0.801
Area	0.017	0.014	0.218	0.016	0.014	0.254
Observations	565			565		
Adjusted R ²	0.228			0.234		

*** p < .001; ** p < .01; * p < .05.
Note: Dependent variable is support for strategic change.

In the first step, I ran the regression analysis with participative leadership, employee work uncertainty, explorative work activities, exploitative work activities, tenure, gender, and area as predictors of support for strategic change. In the second step, I also included the interaction term of participative leadership and employee work uncertainty into the regression analysis. In this context, the interaction term was based on the product of the constructs of participative leadership and employee work uncertainty (Aiken & West, 1991).

Figure 5-1. Interaction Between Participative Leadership and Employee Work Uncertainty on Support for Strategic Change



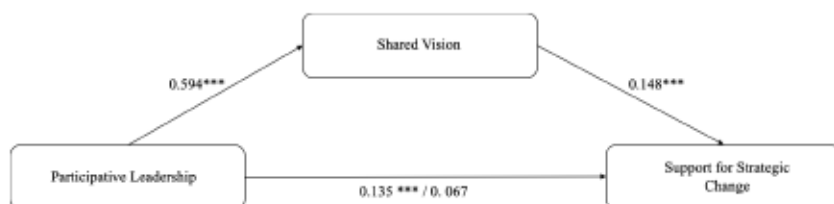
In the first step of the regression analysis, support for strategic change was positively impacted by participative leadership ($\lambda = 0.135$, $t = 3.666$, $p < 0.001$). In contrary, employee work uncertainty was negatively related to support for strategic change and the effect was found to be statistically insignificant ($\lambda = 0.135$, $t = -1.586$, $p = 0.113$). Of primary interest, within the scope of the second step of the analysis, the predicted interaction effect between participative leadership and employee work uncertainty emerged to have a statistically significant, negative effect on support for strategic change ($\lambda = -0.071$, $t = -2.266$, $p = 0.024$, Δ adjusted $R^2 = 0.006$). To better understand the underlying nature of this interaction effect, I conducted a simple slope analysis. The results of the simple slope analysis are graphically demonstrated in *figure 5-1*.

In essence, the simple slope analysis revealed that when employee work uncertainty was low (one standard deviation below the mean), the effect of participative leadership on follower support for strategic change was stronger ($\lambda = 0.235$, $t = 4.094$, $p < 0.001$) than when employee work uncertainty was high (one standard deviation above the mean; $\lambda = 0.073$, $t = 1.617$, $p = 0.11$). Further, the effect of participative leadership on follower support for change was also positive and significant, when employee work uncertainty was perceived to be at a moderate level (employee work uncertainty at the mean; $\lambda = 0.163$, $t = 4.193$, $p < 0.001$). Hence, the findings of the simple slope analysis indicated that the effect of participative leadership on follower support for strategic change is stronger in the context of low work uncertainty.

5.2.3. Mediation Analysis

I also conducted a mediation analysis to examine the proposed mediation effect of participative leadership on support for strategic change through a shared vision. In order to test the proposed mediation, I used PROCESS (Hayes, 2018, model 4) to conduct bootstrapping technique with 5,000 samples and 95 percent confidence intervals. Currently, this analysis procedure is understood as a viable approach for assessing hypothesized mediation models (Biesanz, Falk, & Savalei, 2010; Hayes, 2009; Preacher & Selig, 2012). The results of the mediation analysis are graphically illustrated in *figure 5-2* (for more details, see *appendix C*).

Figure 5-2. Graphical Representation of Mediation Results



Note: The first coefficient on the direct path represents the effect without the mediator in the model; the second coefficient represents the direct effect when the mediator is included in the model. $N = 565$, coefficients were computed using 5,000 bootstrap samples for percentile bootstrap confidence intervals (Hayes, 2018). All control variables are included in the model.

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.001$

The results of the mediation analysis demonstrated that the indirect effect of participative leadership through shared vision on support for strategic change was positive and statistically significant ($\lambda = 0.088$, 95 percent confidence interval (CI) = [0.047, 0.132]). In more detail, the indirect effect was comprised of a positive, statistically significant effect of participative leadership on shared vision ($\lambda = 0.594$, $t = 12.410$, $p < 0.001$) and a positive, statistically significant effect of shared vision on support for strategic change ($\lambda = 0.148$, $t = 4.907$, $p < 0.001$), equaling an overall indirect effect of participative leadership on support for strategic change of 0.088 ($= 0.594 \times 0.148$). Moreover, with the mediator of shared vision in place, the direct effect of participative leadership on support for strategic change became statistically insignificant ($\lambda = 0.067$, $t = 1.743$, $p = 0.082$). The total effect of participative leadership on support for strategic change was also found to be positive and statistically significant ($\lambda = 0.155$, $t = 4.458$, $p < 0.001$).

5.3. Preliminary Summary

This quantitative study revealed three main findings. First, the regression analysis demonstrated that participative leadership is a statistically significant, positive predictor of support for strategic change. Second, the simple slope analysis of the interaction effect between participative leadership and employee work uncertainty unveiled that

the effect of participative leadership on support for strategic change is strongest when perceived work uncertainty is low. In contrast, the effect of participative leadership on support for strategic change was found to be considerably weaker and statistically insignificant for high levels of perceived employee work uncertainty. Third, the mediation analysis revealed that the effect of participative leadership on support for strategic change is mediated by the construct of shared vision. In fact, as the direct effect between participative leadership and support for strategic change became distinctly weaker and insignificant when the proposed mediator was included in the model, I found comprehensive evidence for a strong mediation of the respective effect through shared vision.

*There is room for more research on the reciprocal tensions
and interrelations between identity and strategy.*

- Ravasi et al. (2020)

6. Discussion

The following chapter presents the discussion of the findings of this dissertation. First, the main findings of this dissertation are summarized and presented by reference to the respective research questions (*chap. 6.1*). Second, the theoretical contributions of this dissertation are critically discussed (*chap. 6.2*). Third, the contributions of my findings to managerial practice are demonstrated (*chap. 6.3*). Ultimately, this chapter ends with a discussion of the limitations of this dissertation and the presentation of avenues for future research (*chap. 6.4*).

6.1. Summary of Results

The main purpose of this dissertation was to better understand how the identity-strategy realignment process unfolds within an incumbent organization and how organizational leaders can support this process. As research on identity-strategy realignment is rather scarce (Ravasi et al., 2020), the advancement of our comprehension of this type of identity change required substantial theoretical development. By presenting a grounded model of a polarization-based identity-strategy realignment process, the findings of this dissertation provide a sound starting point for further theoretical development. Beyond,

the quantitative study further validated the significance of the identified constructs within the context of the identity-strategy realignment process.

Research Question I: How does the identity-strategy realignment process unfold?

Within the qualitative study of this dissertation, a grounded model of the identity-strategy realignment process emerged from my data. This conceptual model outlines the dominant qualitative themes that constitute the identity-strategy realignment process. In fact, the identified process elements were found to fall into one of three overarching categories, namely triggers of sensemaking failure, context of identity-strategy misalignment, and leadership responses to the sensegiving imperative.

Following an external impetus for strategic renewal, an ambidextrous strategy was introduced at CVM. Being confronted with the ambidextrous strategy, organizational members tried to make sense of the organization's strategic renewal endeavors. However, as a result of three identified concepts, organizational members were unable to fully understand the implications of the strategic renewal activities. First, perceived change overload was found to represent a collective feeling of excessive change concerning the fundamental orientation and self-understanding of the organization. Second, current identity destabilization was characterized by a perceived devaluation of the organization's current identity on the basis of the future identity claims of the revised strategy. Third, future identity ambiguity was found to entail a collective feeling of vagueness and uncertainty concerning the future identity of the organization. In sum, the emergence of all three concepts, referred to as triggers of sensemaking failure, prevented a sound, collective sensemaking process at CVM, thereby fueling the emergence of a perceived identity-strategy misalignment.

The collective sensemaking failure, which emerged throughout the entire organization, was found to be driven by the inability of organizational members to construct collective interpretations of the ambidextrous strategy. In fact, the sensemaking failure manifested itself in a lack of collective alignment concerning the objectives of the organization's strategic renewal activities and an increasing level of inertial identity forces. Subsequently, due to the inability of organizational leadership to fill the strategic void with appropriate meaning, the sensemaking failure translated into a collective state

of identity polarization. Organizational identity polarization was found to come to the fore in the form of three key tensions, namely output tensions, resource tensions, and practice tensions. Due to the inability of organizational leadership to resolve the prevailing tensions, a sensegiving imperative emerged, representing the acknowledgement by organizational leaders that definitive action was needed. The sensegiving imperative became manifest in a progressive decoupling of the ambidextrous strategy from the organization's operational activities and a growing sense of anxiety and mistrust throughout the entire organization. To adequately address this sensegiving imperative, organizational leaders were found to engage in specific leadership responses.

In total, three leadership responses to the sensegiving imperative were identified, which were geared toward the realignment of the organization's identity and strategy. In fact, I was able to determine one organizational leadership response and one direct leadership response for each of the emerging, qualitative themes. First, leaders were found to engage in leadership responses that refine the future vision of the organization. Second, cultural enhancement towards a more participative culture was identified as a key leadership response to the sensegiving imperative. Third, leaders were found to focus on leadership responses that rebalanced the perceived identity disequilibrium within the organization. In sum, all of these leadership responses were found to positively influence the level of support for the ambidextrous strategy, which, in turn, was expected to result in a realignment of CVM's identity and strategy. Eventually, the qualitative study provided comprehensive evidence around the core constructs of the emerging, grounded model of the identity-strategy realignment process.

Research Question II: Which organizational tensions have to be overcome within the identity-strategy realignment process?

In the context of this dissertation, I identified several key tensions that were inherent to the identity-strategy misalignment and, therefore, also had to be overcome within the process of identity-strategy realignment. In general, identity polarization was found to be a critical concept in this context. In fact, the growing sense of polarization triggered identity tensions throughout the entire organization. Particularly, identity tensions were

found to emerge around organizational output, organizational resources, and organizational practices. First, output tensions were found to emanate from a perceived loss of significance of the organization's traditional core products for the future identity of the organization. Second, resource tensions appeared as different identity groups within the organization competed for organizational resources. Third, practice tensions emerged on the basis of a perceived shift in relative importance from traditional to future-oriented organizational practices. All of these three subdimensions of identity polarization were found to play a key role as they enabled the emergence of a sensegiving context, in which organizational members were able to develop a strategy-adjusted organizational self-understanding. Ultimately, the qualitative study provided powerful empirical evidence that the identified tensions are essential aspects of the identity-strategy realignment process.

Research Question III: How can organizational leaders support the identity-strategy realignment process?

On the basis of my qualitative investigation, I was able to identify three overarching leadership responses which strongly contributed to the identity-strategy realignment process. First, leaders were found to engage in specific actions to refine the future strategic vision of the organization. From an organizational perspective, the organizational vision was clarified to fill the strategic void with appropriate meaning. From a direct leadership perspective, leaders developed shared visions for their teams, business units, and departments, thereby allowing employees to engage in concrete sensemaking processes. Second, leaders were also found to focus on activities which foster the development of a participative culture at CVM. On the one hand, top managers reported to shape the organizational frame for a participative culture to emerge. On the other hand, leaders at lower hierarchy levels embraced participative leadership practices. In this regard, participative leadership was found to be mainly manifested by an involvement of employees in decision-making processes, thereby allowing them to co-create the direction of the team, department, or business unit. Third, I discovered that leaders support the identity-strategy realignment process by means of identity rebalancing practices. These practices were found to be characterized by organizational action to counteract the perceived imbalance regarding the appreciation

of different identity groups within the organization. In this context, leaders on lower hierarchy levels were found to individually consider the anxieties of their employees and promote positive perspectives for the individual. In sum, the three leadership responses were found to strongly contribute to a raising level of strategic support at CVM, which allowed for the transition towards a realigned identity.

Within the quantitative study, I further examined the relevance of the identified leadership practices of participative leadership and shared vision within the identity-strategy realignment process. The results demonstrated that participative leadership has a strong effect on employee support for strategic change. The overall effect of participative leadership on support for strategic change became even stronger when uncertainty was involved in the model. Further, the statistical analysis revealed that the effect of participative leadership on employee support for strategic change is mediated by the concept of shared vision, thereby providing strong evidence for the results of the qualitative study. Ultimately, the results of the quantitative and qualitative study provided strong empirical evidence that the leadership responses of refined future vision, participative culture, and identity rebalancing represent effective approaches for organizational leaders to support identity-strategy realignment processes.

6.2. Theoretical Contributions

The findings of this dissertation extend existing theoretical knowledge in the scientific fields of strategic management, organizational identity, and leadership. In particular, the insights of my research strongly contribute to an advanced theoretical understanding of intended, strategy-driven identity change. Hence, the research findings need to be specifically discussed in the context of other studies on identity change, which revealed similar concepts.

6.2.1. Identity Polarization, Conflict and Ambiguity

The key to the identity-strategy realignment process at CVM was found to be a collective state of identity polarization. The term polarization refers to the ubiquity of identity tensions throughout the entire organization, especially with regard to the

organizational output, resources, and practices. All of these respective tensions share the same origin: They were found to form on the basis of a perceived shift in the relative significance of intra-organizational identity groups. In this context, it is important to understand how the concept of identity polarization differs from existing concepts in organizational identity research.

First, the concepts of identity polarization and identity conflict (Golden-Biddle & Rao, 1997; Foreman & Whetten, 2002) are closely related, but also exhibit distinct differences. Multiple scholars have argued that identity conflict involves multiple organizational identities, which are rivaling for the preeminence of their respective identity claims within an organization (Albert & Whetten, 1985; Fiol, 2002; Foreman & Whetten, 2002). Even though the respective identity claims are expected to contradict each other, this also implies that any intra-organizational identity group would be able to answer the question of “who we are as an organization” at any time (Glynn, 2000; Pratt & Foreman, 2000). Identity polarization was found to differ from identity conflict because it is based on the idea of an organizational continuum. Even though the concept involves the existence of opposing and partially competing identity claims, the collective state of identity polarization at CVM was also found to be characterized by a high level of identity ambiguity. Therefore, identity polarization needs to be understood as a time-referenced process, which is driven by a progressing trend towards the identity poles within an organization. In other words, the emerging ambiguity concerning the changing identity claims of the organization induced a drift towards the respective identity poles, a process that gradually intensified. This conceptualization of identity polarization is further supported as the ongoing polarization never reached the status of open identity conflicts within the organization.

Second, the idea of identity polarization also reveals distinct overlaps with the concept of identity ambiguity (Clark et al., 2010; Corley & Gioia, 2004). Corley and Gioia (2004) argued that identity ambiguity “refers to a situation in which the organization’s identity is vague [...] because the meanings underlying those claims are in doubt or subject to multiple plausible interpretations” (p. 201). Even though identity polarization was also found to involve a meanings void created by future-oriented strategic identity claims, the concept is not limited to the emerging ambiguity. In fact, as illustrated in

the grounded model, ambiguity concerning the future identity of the organization was found to represent a trigger of sensemaking failure, which, in turn, fostered the emerging identity polarization at CVM. In consequence, identity ambiguity constituted only a partial aspect of the concept of identity polarization. This distinction is further supported as scholars explicitly argued that the identity ambiguity does not involve identity conflicts (Corley & Gioia, 2004). Underscoring this conceptual characteristic, Corley and Gioia (2004) further argued that identity ambiguity “can occur as multiple identities inhabit the same shared cognitive context but do not conflict with each other” (p. 201). Ultimately, identity polarization was found to be a hybrid of the existing concepts of identity ambiguity and identity conflict. On the one hand, identity polarization was found to involve identity tensions which do not reach the level of open identity conflicts. On the other hand, identity polarization was found to involve a considerable level of identity ambiguity, which, however, resulted into perceptible intra-organizational identity tensions. In consequence, by refining existing theoretical concepts, this study strongly contributes to an improved, theoretical understanding of strategy-driven identity change processes.

6.2.2. The Role of Sensemaking and Sensegiving Processes

In line with previous research on identity change, sensemaking and sensegiving processes were found to play key roles within the identity-strategy realignment process (Clark et al., 2010; Ravasi & Schultz, 2006; Corley and Gioia, 2004). Hence, this study generally confirmed the theoretical importance of sensemaking and sensegiving activities in the context of identity change.

Sensemaking processes among organizational members were found to be a key driver of identity polarization at CVM. As organizational members were unable to comprehend the new, strategic identity claims, a state of collective sensemaking failure emerged. Even though the concept of sensemaking failure was, to date, not identified in research on identity change, several studies highlighted the importance of sensemaking activities for the emergence of revised identity understandings. In this context, the findings of my research generally confirm and deepen empirical results of earlier studies (Ravasi & Schultz, 2006; Gioia & Thomas, 1996). However, also evident

inconsistencies between my findings and earlier studies emerged. As an example, Ravasi and Schultz (2006) found that organizational culture functions “as a source of cues supporting sensemaking action carried out by leaders as they reevaluate their conceptualization of their organization” (p. 433). In contrast, even though I identified organizational culture as an important element throughout the entire identity-strategy realignment process, my qualitative data pointed towards a more obstructive role of organizational culture within the context of identity change. In fact, the triggers of sensemaking failure, particularly perceived change overload and future identity ambiguity, were found to be driven by a rigid and inflexible organizational culture at CVM. Hence, my research findings emphasize an impedimental effect of organizational culture on the identity-strategy realignment process rather than a supportive function (Ravasi & Schultz, 2006). This disagreement regarding the role of organizational culture is further reinforced as my findings demonstrate that inertial identity forces represent a manifestation of the prevailing sensemaking failure (Clark et al., 2010). Hence, my research findings imply that a strong, prevailing organizational culture exacerbates intended identity change processes. This may be the case as organizational members want to stick to their familiar, cultural sphere, which is driven by a collective identity. Ultimately, my findings revealed that organizational members tend to oppose changes in their self-definition on the basis of the prevailing organizational culture. From an issue interpretation perspective, this dissertation unveils that organizational identity and culture serve as important filters for the sensemaking activities of organizational members. In fact, all of the three identified triggers of sensemaking failure were found to emerge on the basis of a comparison between future identity claims and current identity claims. When organizational members’ initial sensemaking activities came to the result that the future identity claims were incompatible with the existing claims, sensegiving failure was found to emanate from this perceived discrepancy. Hence, these insights validate earlier findings of identity scholars, who found that the perception of organizational strategy and identity may strongly influence the sensemaking activities of organizational members (Gioia & Thomas, 1996).

Sensegiving processes of organizational leaders, understood as “the deliberate attempt to shape the interpretations of others” (Ravasi & Schultz, 2006, p. 433), were also

identified as a core concept within the identity-strategy realignment process. In line with previous research, I found strong evidence for the concept of a sensegiving imperative, describing a situation in which a sense of urgency emerged that definitive action was needed to effectively handle the prevailing meanings void of the identity claims (Corley & Gioia, 2004). However, the respective conceptualizations of the sensegiving imperative exhibit important differences. First, while Corley and Gioia's (2004) sensegiving imperative is preceded by identity ambiguity, I identified the key concept of identity polarization to be the direct antecedent of the sensegiving imperative. Second, even more important, the respective manifestations of the sensegiving imperative differentiated across studies. While Corley and Gioia (2004) found that the sensegiving imperative became manifest in arising identity tensions and a growing change overload, my study revealed that the sensegiving imperative is characterized by a perceived decoupling of the strategy from the organization's operational activities and a growing sense of anxiety and mistrust. However, acknowledging that these distinctions may be subject to the differences in the respective research settings, I want to emphasize this study's affirmative effect on the importance of a sensegiving imperative in identity change processes.

6.2.3. The Need for Identity Destabilization

In the context of this dissertation, current identity destabilization is perhaps the most interesting concept for understanding the triggers of organizational identity change processes. In particular, earlier research has mainly focused on other types of identity discrepancies, such as current-ideal identity gaps (Reger et al., 1994), identity-reputation discrepancies (Chreim, 2002), or construed external image discrepancies (Gioia et al., 2000). In contrast, the identified concept of current identity destabilization was found to be different to these existing identity discrepancy conceptualizations. This is the case as the concept of current identity destabilization is grounded on a time-based distinction, which is more in line with temporal comparison theory (Albert, 1977). In more detail, the current identity destabilization at CVM was found to emerge on the basis of a comparison between the strategic, future-driven identity claims and the current, past-driven identity claims of the organization. In fact, my concept of current

identity destabilization exhibits a significant overlap with Corley and Gioia's (2004) concept of temporal identity discrepancies. The scholars argued that "temporal identity discrepancies represent instances in which organization members recognize an inconsistency in identity claims when they compare a hoped-for future image with present or past identities that are still salient for them" (Corley & Gioia, 2004, p. 204). Even though this description also partially pertains to my concept of current identity destabilization, the concepts were treated discretely due to two main reasons. First, as already stressed in the concept's denotation, the perceived identity discrepancy at CVM was found to immediately cause a destabilization of the organization's current identity. In contrast, Corley and Gioia's (2004) temporal identity discrepancies only mediately resulted in a collective state of identity ambiguity. Second, while Corley and Gioia (2004) referred to a hoped-for future image, the concept of current identity destabilization is based on an imposed strategic, future image of the organization. In sum, my research findings generally confirm the relevance of time-based identity inconsistencies within identity change processes. Similarly, my findings also point towards the possibility of sparking organizational identity change internally by confronting organizational members with desired future images of the organization that contradict current identity claims. Thus, my empirical results strongly support the idea of intentional identity change as suggested by prior studies (Fiol, 2002; Gioia & Thomas, 1996; Tripsas, 2009).

Beyond, my research findings also generally underline the importance of identity destabilization within identity change processes (Clark et al., 2010; Corley & Gioia, 2004; Fiol, 2002). Hence, in contrast to current studies that promote the concept of identity continuity (Venus et al., 2019), this study provides strong empirical evidence for the need of identity destabilization to allow the identification with emerging identities (Fiol, 2002). Even though different studies found that identity destabilization eventuates in distinct concepts, its superordinate relevance in the context of identity change processes seems to be undeniable. In terms of identity destabilization, my research findings come along with additional theoretical insights. Due to the ambidextrous nature of CVM's revised strategy, the organization suffered from *bilateral identity destabilization*. On the one hand, the current identity was destabilized on the basis of the previously discussed temporal discrepancies between future and

current identity claims. On the other hand, driven by the ambiguity and vagueness of the proposed future identity, no concrete future identity vision was provided as a substitute. Hence, as a result of the simultaneous emergence of the two concepts, the organization's entire identity foundation was suddenly removed, triggering immense feelings of uncertainty among organizational members. Ultimately, by revealing the effects of ambidextrous strategies within the identity-strategy realignment process, this study strongly contributes to an improved theoretical understanding of identity destabilization within identity change processes.

6.2.4. Organizational Leadership Responses

Organizational leadership activities were found to be strong drivers of the identity-strategy realignment process. The results of my qualitative analysis emphasized the importance of a refined, strategic future vision in the identity-strategy realignment process. This finding is in line with earlier research in the field (Corley & Gioia, 2004; Gioia & Thomas, 1996). Corley and Gioia (2004) found that organizational leaders "looked for a more meaningful future image to inspire employees" (p. 197). Similarly, Gioia and Thomas (1996) emphasized the importance of articulating a desired future identity in order to trigger and steer substantial change in an organization's identity. In consequence, my research findings confirm the prevailing notion that a refined future vision represents an essential leverage point for identity change. However, my research findings further extend the current theoretical knowledge in the field in two ways. First, my findings revealed that a refined, desired future identity is much more important in the context of an expected, fundamental change in identity. At CVM, organizational members were much more concerned about the vagueness of the future-oriented, explorative strategy as compared to the exploitative strategy. Second, my qualitative findings also stressed the operational effect of refined future visions. In fact, informants at CVM continuously indicated that the vision needs to show every department, team, and individual what the strategy means for them and what they can contribute to the overarching goal of the organization. Hence, extending the insights of Corley and Gioia (2004), my findings not only point towards the inspiring function of a refined, desired

future vision but also highlight its operational function for organizational members on a day-to-day basis.

Beyond, my research findings also outline the important role of organizational culture within the identity-strategy realignment process. In more detail, informants consensually reported that a cultural enhancement of the organization towards a more participative culture was inevitable for the intended identity transition at CVM. By executing a case study at Bang and Olufsen, Ravasi and Schultz (2006) demonstrated that organizational culture serves as a force of organizational identity stability, while outsiders' perceptions function as a means to create organizational identity dynamisms. Instead of differentiating between insiders and outsiders, my research findings rather indicated that organizational culture tends to reinforce existing identities at lower organizational levels, while organizational members at higher hierarchical levels tend to perceive organizational culture as an effective tool to influence the identity change process. However, as an organization's culture is expected to be the active enactment of its identity (Kantrow, 1987), it seems questionable whether a change in identity may be achieved through an intended change in organizational culture. Hence, future research in the field is required to better understand the theoretical puzzle between the two constructs.

The findings of my research also demonstrate the importance of identity rebalancing activities, which can be understood as a form of identity management strategies (Ravasi & Phillips, 2011). While Ravasi and Phillips (2011) focused on the misalignment between strategic investments and strategic projections, identity management strategies were also found to be highly useful in the context of identity-strategy misalignments. In fact, my qualitative study revealed that radical and strategy-driven changes in an organization's identity may overwhelm organizational members. In line with the idea of "organization stress" (Huff et al., 1992, p. 58), such proposed, highly demanding identity changes may lead on to excessive levels of perceived identity stress by organizational members. In order to resolve the perceived stress between current and future identity, organizational leaders at CVM decided to rebalance the current and future identity of the organization, thereby shifting back to a moderate level of

perceived identity stress. Thus, my research findings contribute to the theoretical refinement of identity management strategies and also demonstrate their importance in other contexts.

6.2.5. The Significance of Direct Leadership Practices

This dissertation also contributes to an improved understanding of the identity-strategy misalignment by involving direct leadership practices into the theoretical discussion. In contrast to previous research, which mainly focused on organizational-level leadership responses (Corley & Gioia, 2004; Tripsas, 2009), my research demonstrates the significance of direct leadership practices for shaping employee-specific environments for identity transitions. In this context, my findings point towards the need to further align future visions with organizational members at lower level hierarchies. Particularly, it was shown how shared visions at the team and business unit level serve as effective tools to translate the organization's big picture into employees' daily work activities. While research in the field generally acknowledged the importance of shared visions for identity change (Venus et al., 2019), its role in the context of identity-strategy misalignments has been largely overlooked so far.

In addition, closely connected to the concept of shared visions, my findings also emphasize the essential role of participative leadership practices in the context of identity-strategy realignments. In fact, leaders were found to involve employees in decision-making, allowing them to co-create the direction of the respective team or business unit. Thereby, leaders were found to increase their employees' support for the strategic change, particularly because the participative leadership practices were antagonizing the prevailing uncertainty at the individual level. In turn, participative leadership was shown to positively contribute to the identity-strategy realignment process. Even though these findings seem to be highly intuitive, previous research in the field has largely ignored participative leadership practices. In sum, my research studies have revealed how direct leadership practices can counteract the negative forces of the identity-strategy misalignment, thereby paving the way for individual acceptance of an intended identity transition.

6.3. Managerial Implications

The empirical findings of this dissertation come along with several implications for managerial practice. From an organizational leadership perspective, top managers need to be aware that identity-inconsistent strategic moves can result in serious identity dynamics, which may undermine managerial attempts to renew strategies (Ravasi et al., 2020; Hoon & Jacobs, 2014; Tripsas, 2009). Similarly, organizational leadership needs to understand that strategic renewal activities may be inhibited by the “embeddedness of identity in practices, routines, and culture” (Ravasi et al., 2020, p. 6). In fact, the interplay between strategy and identity can even cause the emergence of vicious cycles of identity dynamics, which threaten an organization’s existence. Hence, when attempting to introduce major strategic change in well-established organizations, top management needs to take the emergence of identity dynamics into account. In more detail, the results of this study even indicate that top managers can anticipate vicious identity dynamics and take early, crucial measures to prevent the potentially destructive effects of identity polarization. As an example, by adequately preparing an identity-challenging strategic move, top managers of incumbent organizations may be able to mitigate the collective perception of an identity-strategy misalignment. In order to do so, the results of this dissertation provide multiple leverage points, i.e. refining the future strategic vision, shaping a participative culture, and rebalancing the internal identity equilibrium.

Beyond, the results of this dissertation also demonstrate how leaders can directly guide and positively support organizational members in the context of identity-strategy realignment processes. In particular, participative leadership was found to strongly contribute to the emergence of support for strategic change on the employee level. Thus, leaders across all hierarchical levels should engage in participative leadership practices to support an organization’s intended identity transition (Arnold et al., 2000). Further, as the effect of participative leadership on support for strategic change was shown to be mediated through a shared vision, leaders are advised to simultaneously develop collective visions within their respective teams and business units. By explicating their contribution to the overall strategic objective of the organization, shared visions were found to promote the acceptance of identity-challenging strategies among individuals,

teams, and business units. Ultimately, the results of this dissertation also underline the significance of an individual consideration of employees in the context of identity-strategy misalignments. In more detail, leaders were shown to individually consider the feelings of their employees, thereby absorbing prevailing anxieties and providing positive perspectives for the individual.

6.4. Limitations and Future Research

All potential research designs may be discussed in terms of their relative strengths and limitations. In terms of relative strength, I chose a case study design because it allowed me to examine social actors' understandings of the phenomenon in-depth, thereby advancing my understanding of the identity-strategy realignment process (Langley & Abdallah, 2011). In terms of relative weaknesses, this dissertation suffered from the usual limitations associated with case study research (Langley, 1999; Yin 1984). As this case study only focused on a single organization, the generalizability and external validity of my research findings is limited to some extent. However, in line with the argument of Flyvbjerg (2006) that "the force of a single example is underestimated" (p. 219), I am confident that much can be learned from this specific case. Particularly, I believe that my findings are not fully unique to my context of examination. In fact, I explored the focal phenomenon in a special setting, namely the implementation of an ambidextrous strategy in an incumbent organization. Anthony and Tripsas (2016) argued that identity-strategy misalignments are a relatively ubiquitous phenomenon that can be found in many different types of organizations. This argumentation makes me highly confident that my research can provide interesting leverage points for future examinations of this phenomenon in other settings. Thus, I am convinced that my findings are transferable beyond the immediate context of my study. Further, as I generated thick, descriptive data around the case and my conceptualizations, I enable recipients to better understand the overall conditions of the case and allow them to judge about the generalizability of my findings themselves. Above, case studies are also generally expected to come along with limitations concerning the sensitivity, integrity, and subjectivity of the researcher. In this regard, I always focused on the adherence of

a strong ethical conduct (see *chap. 3.3*) and continuously considered all methodological imperatives throughout the entire research process (see *chap. 3.2*).

In the context of the quantitative study, one may raise the issues of common method bias and non-response bias, which both are typically associated with self-reported survey data. In order to assure the validity and reliability of my quantitative study, I conducted comprehensive testing procedures (see *chap. 5.2.1*). However, my confidence in the validity of my results notwithstanding, I want to encourage other researchers to assess to what extent my results can be generalized to other research settings. Further, I am highly interested to better understand how the identified direct leadership practices relate to other relevant outcomes in the context of identity change, such as trust in management or turnover intentions.

Beyond, due to the prevailing global pandemic, the organization under examination was temporarily forced to send the majority of organizational members into the home office. In consequence, it is probable that the interpretations of my informants, in particular concerning leadership behaviors, were influenced by this unfamiliar situation. In fact, Covid-19 may have served as a catalysator for specific constructs in my study, as it fueled feelings of anxiety and uncertainty throughout the entire society. In turn, as both concepts were found to play decisive roles within the identity-strategy realignment process, I presume that the pandemic influenced the shared perceptions and interpretations of my informants to some extent, thereby also affecting my subsequent qualitative and quantitative analysis.

Eventually, although I found strong evidence for all identified concepts across all my qualitative data sources, I was not able to unambiguously identify all specific actors involved in the identity-strategy realignment process, particularly in internal documents, newspaper articles, or even in larger strategy meetings. Consequently, it was not always possible to substantiate the nuanced variations that I identified and theorized from my interview data. Above, although rich in character, my data did not allow me to always utterly map the evolution of the concepts of the identity-strategy realignment process over time. Hence, I believe that a more fully articulated process perspective on the identity-strategy realignment process may render valuable insights,

particularly concerning leadership practices that may support the identity-strategy realignment process. Further, such a longitudinal process perspective might also help future research to empirically uncover additional context factors and variations of the identity-strategy realignment process over time (Gioia et al., 2013b).

Against this background, future research may also uncover the specific conditions under which organizational leaders might choose to continue to live with an identity-strategy misalignment rather than to engage in particular measures to realign the two concepts. Above, I believe that it would be worthwhile to further investigate the role of direct leadership practices in the context of identity change. Hence, I suggest that future research should further examine the relationships between organizational-level processes, such as identity-strategy realignments, and individual-level concepts, such as direct leadership practices. Ultimately, I am convinced that future research will extend my findings by further exploring the overarching process model and the respective leadership practices in diverse settings.

*As the core essence of the organization,
identity directs and constrains action.*

- Tripsas (2009)

7. Conclusion

In this dissertation, I set out to explore the phenomenon of identity-strategy realignment. In the course of my research, I developed a grounded model of the identity-strategy realignment process, which emerged around the concept of identity polarization. Further, my research findings also strongly point towards the importance of leadership activities in the context of identity-strategy misalignments. In closing, I want to stress two last important points.

First, the findings of this research study provide strong evidence that an identity-strategy realignment process represents a key challenge for incumbent organizations. In fact, as an incumbent's identity is expected to be deeply anchored in its routines, procedures, and processes (Ravasi et al., 2020), radical identity change is probably resisted by organizational members. Thus, in line with the argumentation by Tripsas (2009), this study demonstrated why established firms may find technological change so challenging. Even though discontinuous strategic renewal may be required for the incumbent organization to survive, inertial forces may strongly undermine managerial attempts to change strategy and identity, respectively.

Second, in the light of these huge challenges, leaders need to act as entrepreneurs of their own organizational identity (Haslam et al., 2011). My research revealed that several leadership activities can strongly support organizations and their members in the context of an identity-strategy realignment endeavor. However, as leaders may tend to oppose major change themselves, the majority of leaders may be unsuitable to motivate followers towards a change in strategy and/or identity (Yukl, 2010). Hence, in closing, I want to prompt leaders in incumbent organizations to be aware of their decisive role within identity change processes.

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Appendix

Appendix A. Details on the Quantitative Scales

Construct	Items
Support for strategic change (Fedor, Caldwell, & Herold 2006) ($\alpha = 0.826$; $CR = 0.870$)	Original Scale (1) I am doing whatever I can to help this change be successful. (2) I am fully supportive of this change. (3) I have tried (or intend to try) to convince others to support this change. (4) I intend to fully support my supervisor during this change.
	German Translation (1) Ich tue, was immer ich kann, um diese strategische Veränderung erfolgreich zu machen. (2) Ich unterstütze diese strategische Veränderung voll und ganz. (3) Ich habe versucht (oder beabsichtige zu versuchen), andere zu überzeugen, diese strategische Veränderung zu unterstützen. (4) Ich beabsichtige meine Vorgesetzten bei dieser strategischen Veränderung voll zu unterstützen.
Employee work uncertainty (Colquitt et al., 2012) ($\alpha = 0.869$; $CR = 0.885$)	Original Scale (1) There is a lot of uncertainty at work right now. (2) Many things seem unsettled at work currently. (3) If I think about work, I feel a lot of uncertainty. (4) I cannot predict how things will go at work.
	German Translation (1) Am Arbeitsplatz herrscht derzeit eine große Unsicherheit. (2) Viele Dinge scheinen derzeit bei der Arbeit ungeklärt zu sein. (3) Wenn ich über die Arbeit nachdenke, fühle ich eine große Unsicherheit. (4) Ich kann nicht vorhersagen, wie sich die Dinge bei der Arbeit zukünftig entwickeln werden.

Participative leadership (Arnold et al., 2000) ($\alpha = 0.904$; CR= 0.906)	Original Scale (1) My direct leader encourages me to express ideas and suggestions. (2) My direct leader listens to my ideas and suggestions. (3) My direct leader uses my suggestions to make decisions that affect us. (4) My direct leader gives all team members a chance to voice their opinion. (5) My direct leader considers my ideas when he/she disagrees with them. (6) My direct leader makes decision that are based only on his/her own ideas. (R) German Translation (1) Meine direkte Führungskraft ermutigt mich, Ideen und Vorschläge zu äußern. (2) Meine direkte Führungskraft hört sich meine Ideen und Vorschläge an. (3) Meine direkte Führungskraft nutzt meine Vorschläge, um Entscheidungen zu treffen, die mein Team betreffen. (4) Meine direkte Führungskraft gibt allen Mitgliedern des Teams die Möglichkeit, ihre Meinung zu äußern. (5) Meine direkte Führungskraft berücksichtigt meine Ideen auch wenn er/sie anderer Meinung ist. (6) Meine direkte Führungskraft trifft Entscheidungen, die nur auf seinen/ihren eigenen Ideen beruhen. (R)
Shared vision (Sinkula, Baker, & Noordewier 1997) ($\alpha = 0.894$; CR= 0.877)	Original Scale (1) All employees view themselves as partners in charting the direction of my team. (2) The future direction of my team is clearly communicated to everyone. (3) Everyone who works in my team is well aware of the long-term plans and direction of our team. (4) There is a strong sense of where this team is going. German Translation (1) Alle Team-Mitglieder sehen sich als Partner bei der Gestaltung der Ausrichtung unseres Teams. (2) Die zukünftige Ausrichtung unseres Teams wird jedem klar kommuniziert. (3) Jeder, der hier arbeitet, ist sich der langfristigen Pläne und Ausrichtung unseres Teams bewusst. (4) Es gibt ein starkes gemeinsames Gefühl dafür, wohin sich unser Team entwickelt.

Appendix B. Average Variance Extracted

	AVE	Square root AVE
Employee work uncertainty	0.659	0.812
Participative leadership	0.618	0.786
Shared vision	0.644	0.802
Support for strategic change	0.625	0.791

Appendix C. Mediation Results

	B	SE	p-value	Lower CI	Upper CI
Total effect	0.155	0.035	<0.001	0.087	0.224
Direct effect	0.067	0.039	0.082	-0.009	0.143
Indirect effect	0.088	0.021		0.047	0.132

Note: N = 565, based on 5,000 bootstrap samples for percentile bootstrap confidence intervals.

Curriculum Vitae

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Selected Work Experience

03/2018 – 03/2021	Research Associate, Institute for Customer Insight University of St. Gallen, Switzerland
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