Øivind Hagen

Do Socially Responsible Brands Lead to Socially Responsible Companies?

Understanding Change in Expressive
Organizations

Thesis for the degree of Philosophiae Doctor

Trondheim, March 2009

Norwegian University of Science and Technology
Faculty of Social Sciences and Technology Management
Department of Psychology

NTNU
Norwegian University of
Science and Technology

Preface

This dissertation origin from the research programme Productivity 2005 (P2005) – research area Industrial ecology and my work in the project Responsible Companies. The PhD-work has been an instructive and adventurous process, though not as straight forward as I foresaw when getting started in the summer of 2004.

Several more than the ones I mention here deserve thanks for contributions and positive response to requests. The following are mentioned in particular: IFIM and the unique organizational expertise the institute represented. Thomas Dahl and Stig Larssæther have been good co-partners in Responsible Companies. HÅG has been part of Responsible Companies since the beginning of the project, and representatives of the company have always been positive on enquiries and open to analysis and descriptions.

Per Øystein Saksvik, as supervisor, was receptive and co-operative when I came to him with a project that may have been slightly outside his core area. Thanks for good guidance, particularly on peer-review journal publishing, and at the same for letting me do the project my way. Annik Fet and the people in her group have contributed in making good arenas for CSR-discussions at NTNU. Trond Petersen at University of California, Berkeley, where I stayed in 2006, should be mentioned for his fine work with "The Norwegian Centre" at Berkeley. The inspiring environment and Trond's good organizing give unique opportunities for work and advancement for visiting scholars.

Thanks to The Department of Psychology at NTNU for quick processing of my application for the PhD-programme and office space for a short while in the early phase of the project. In the final phase of the project I had office accommodation at NTNU's Industrial Ecology Programme, in a truly international and inspiring environment. Special thanks to Glen Peters for fruitful comments on Paper IV. Finally, thanks to Inger Nordhagen and Amanda Dominguez for translation of two Norwegian articles, and Dolly Jørgensen and an anonymous co-worker at Academic Proofreading Service for language wetting.

When starting the project, I was guaranteed funding only till the end of 2005, half the standard work-time of the project. Paradoxically, this made the PhD-process similar to the contract research I came from, in which much time is spent on applying for funding of the next project. Not an ideal situation for a work on a PhD, but I, if not

knew, so at least dimly perceived the premises for what I went to when I started, and I sincerely appreciate the opportunity I was given.

Occasionally, life has been more than the PhD (and funding) for the last few years. Thanks to my family for their encouragement and understanding that my project has demanded both time and absent-mindedness. And thanks to Ingunn for her energy and her continuous inventive suggestions. And again; last but not least, many thanks to my dear Randi who has taken part in all of the process and contributed in making it fun!

Trondheim, oktober 2008

Forord

Denne avhandlingen har sitt utspring i forskningsprogrammet Produktivitet 2005 (P2005) - satsingsområde Industriell økologi og mitt arbeid i prosjektet Ansvarlige Virksomheter. Arbeidet med avhandlingen har vært en lærerik og opplevelsesrik prosess, om enn ikke fullt så rettlinjet som jeg så for meg da jeg satte i gang sommeren 2004.

Langt flere enn de som er trekt frem her fortjener takk for faglige bidrag og positiv respons på henvendelser. Følgende miljø og personer nevnes likevel spesielt: IFIM og den unike organisasjonsteoretiske kompetansen som fagmiljøet representerte. Thomas Dahl og Stig Larssæther har vært gode diskusjons- og samarbeidspartnere i Ansvarlige Virksomheter. HÅG har vært med siden oppstarten av Ansvarlige Virksomheter og alltid vært positive til henvendelser og stilt seg åpen for analyse og beskrivelser.

Veileder Per Øystein Saksvik tok imot meg med åpne armer da jeg kom i gang med et prosjekt som kanskje var noe på siden av hans kjerneområde. Takk for god veiledning, spesielt på arbeidet med å komme gjennom i internasjonale tidsskrift, og for å ha latt meg kjøre prosjektet som jeg ville. Annik Fet og gruppen rundt henne har bidratt til å skape gode arenaer for CSR-diskusjoner på NTNU. Trond Pettersen ved University of California, Berkeley, der jeg var i 2006, må nevnes for arbeidet han gjør med 'Det norske senteret' ved Berkeley. Inspirerende omgivelser og Tronds tilrettelegging gir unike arbeids- og utviklingsmuligheter for norske gjesteforskere.

Psykologisk institutt skal ha takk for rask saksbehandling da jeg søkte om opptak på PhD-programmet med korte tidsfrister og for kontorplass en kort fase i den tidlige delen av prosjektet. I den siste fasen har jeg hatt arbeidsplass ved NTNUs Program for industriell økologi i et svært så internasjonalt og inspirerende fagmiljø. En spesiell takk til Glen Peters her for nyttige kommentarer på Paper IV. Til slutt en takk til Inger Nordhagen og Amanda Dominguez for oversettelse av norske bokartikler, og Dolly Jørgensen og en anonym medarbeider ved Academic Proofreading Service for språkvask.

Ved oppstart av prosjektet hadde jeg sikker finansiering bare ut 2005, halvgått løp etter normert tid. Paradoksalt nok ble derfor avhandlingsløpet ikke helt ulikt tilværelsen som oppdragsforsker der mye tid og energi går med til å skrive søknader for å finansiere neste prosjekt. Ikke en ideell situasjon for et avhandlingsløp, men om jeg

ikke visste, så ante jeg i alle fall konturene av hva jeg gikk til da jeg satte igang, og jeg setter stor pris på muligheten som ble skapt.

Flere personer og velvillige sponsorer fortjener takk og vel så det for at prosjektet ble (mer eller mindre) økonomisk bærekraftig: Annik Fet, leder av P2005 Idustriell økologi, som så muligheten innledningsvis og som fortsatte ufortrødent med å finne løsninger underveis. Berit Berg som forhenværende leder av IFIM, med sin pågående og smittende "dette-får-vi-til" holdning. SINTEF Teknologi og samfunn både for økonomiske bidrag og raus tilrettelegging. Forskningsrådets Leiv Eriksson Mobilitetsprogram for støtte til Berkeley-oppholdet i 2006, og SVT-fakultet på NTNU for kontorplass på Berkeley-senteret. Torstein Erbos Gavefond for stipend underveis, og P.M. Røwdes stiftelse for stipend til et prosjekt på 'grønn innovasjon' benyttet til et forskningsopphold ved University of South Carolina, Columbia våren 2004, som viste seg å bli nyttig for avhandlingen. Psykologisk institutt for sluttføringsstipend. Og sist, men ikke minst Program for industriell økologi som har stått for mye av finansieringen og bidratt praktisk, og, som ikke minst, tryllet frem midler da jeg kom 'lykkelig, men blakk' tilbake fra Berkeley.

De siste årene har innimellom rommet mer enn fag (og finansiering). En takk til familie som har vært oppmuntrende og vist stor fortåelse for at prosjektet mitt har krevd både tid og åndsfravær. Takk til Ingunn som alltid har overskudd og gode innspill. Og aller sist, men absolutt ikke minst; en stor takk til min kjære Randi som har vært med i alle ulike faser av løpet og bidratt til at det ble gøy!

Trondheim, oktober 2008

Summary

With the rising corporate expressiveness and increasing globalization of the economy, the social responsibility of business has been commercialized and become part of the brand. A socially responsible brand gives the company legitimacy and maintains customer's attention. A third aspect of the use of social values in brandbuilding gaining less attention, is the retroactive effect the message has on the company sending it. Internal stakeholders' interpretation and sensemaking of an external message could be a driver for organizational change.

Based on a longitudinal case study of the Norwegian manufacturing company HÅG, I discuss how communicating social responsibility externally may be a driver for organizational change. I use concepts like auto-communication, corporate saga and enactment to shed light on the relationship between external communication and organizational change.

I argue that HÅG's use of social values in the brandbuilding is part of the company's drive to appear as a proactive business actor. Through the profiling HÅG has actively taken part in constructing the very environment they have to face and deal with. Paradoxically, the extensive use of environmental values in brand building and corporate storytelling has both enhanced and hindered the environmental work in the company. On the one hand, the proactive image has led the company into self-fulfilling processes and stimulated incremental environmental innovations. On the other hand, it has led to processes of self-seduction and hindered the radical environmental innovations implied by the bold language used in the imagebuilding.

This dissertation represents a criticism of the dominating entitative perspective in organizational theory. I argue that the environment is not a fixed body existing outside an organization, but a result of how organizational actors define it and act on this definition. External communication from a company plays a key role in this construction of the environment by constituting a part of the information the company uses to make sense of the environment and by creating stakeholder expectations.

More research should be done on the effects of increasingly more companies profiling themselves as proactive and what triggers a shift from self-fulfilling processes to self-seduction when change is stimulated by auto-communication. Fruitful perspectives could be found in combing insights from organizational studies and marketing disciplines.

Sammendrag

I en økonomi kjennetegnet av stadig mer ekspressive bedrifter og tiltagende globalisering er næringslivets samfunnsansvar blitt kommersialisert og en del av merkevaren. En samfunnsansvarlig merkevare gir bedriften legitimitet og bidrar til å opprettholde interessen fra kunder. Et tredje aspekt ved bruken av sosiale verdier i merkevarebygging som har fått mindre oppmerksomhet, er den tilbakevirkende kraften budskapet har på bedriften som sender det. Interne interessenters fortolkning og meningsskaping av et eksternt budskap kan være en drivkraft for organisasjonsendring.

Med bakgrunn i en longitudinell case studie av den norske vareprodusenten HÅG diskuterer jeg hvordan ekstern kommunikasjon av samfunnsansvar kan virke som en drivkraft for organisasjonsendring. For å analysere forholdet mellom ekstern kommunikasjon og organisasjonsendring bruker jeg begrep som auto kommunikasjon, corporate saga og enactment.

Jeg argumenterer for at HÅGs bruk av ikke-kommersielle verdier i merkevarebyggingen handler om bedriftens ambisjon om å fremstå som en proaktiv industriell aktør. Gjennom profileringen har HÅG selv bidratt aktivt til å skape de omgivelsene bedriften må forholde seg til. Paradoksalt nok har den omfattende bruken av miljøverdier i merkevarebyggingen og den eksponerte identitetsfortellingen både fremmet og hindret miljøarbeidet i bedriften. På den ene siden har imaget som proaktiv stimulert til selvoppfyllende prosesser og inkrementell miljøinnovasjon. På den andre siden har det ført til selvforføring og hemmet den radikale miljøinnovasjonen som den modige språkbruken impliserer.

Avhandlingen representerer en kritikk av det dominerende entitetsperspektivet i organisasjonsteorien. Omgivelser er ikke en gitt størrelse som eksisterer på utsiden av en organisasjon, men er et resultat av hvordan aktører i organisasjonen definerer omgivelsene og handler på bakgrunn av denne definisjonen. Ekstern kommunikasjon fra en bedrift spiller en nøkkelrolle i konstruksjonen av omgivelser ved at den utgjør en del av informasjonen fortolkningen av omgivelsene er basert på og ved at den skaper forventninger hos eksterne interessenter.

Implikasjoner av avhandlingen er at det er behov for mer forskning på effekten av at stadig flere bedrifter fremstiller seg som proaktive og på hvilke faktorer som skaper skiftet fra selvoppfyllende prosesser til selvforføring når auto kommunikasjon stimulerer til organisasjonsendring. Nyttige perspektiv på slike problemstillinger kan finnes ved å kombinere innsikter fra organisasjonsteori og markedsføringsteori.

x

Contents

List of included publications

Paper I

Hagen, Ø. (2002). Towards an ethical market? In Forseth, U. & Rasmussen, B. (eds.), *Arbeid for livet* [Work for life] (pp. 19-30). Oslo: Gyldendal. (The paper is translated from Norwegian to English. Original title: "Mot et etisk marked?").

Paper II

Hagen, Ø. (2003/2006). Individuality and collectivity in modern companies: Toward a cultureless organization? In Saksvik, P.Ø. & Nytrø, K. (eds.): *Ny personalpsykologi for et arbeidsliv i endring. Nye perspektiver på samspillet organisasjon og menneske* [New personnel psychology for a changing work life. New perspectives on the relationship between organization and the individual] (pp. 94-119/109-134). Oslo: Cappelen Akademisk Forlag (2nd edition in 2006). (The paper is translated from Norwegian to English. Original title: "Individualitet og kollektivitet i moderne verksemder: Mot den kulturlause organisasjon?").

Paper III

Hagen, Ø. (2008b). Driving environmental innovation with corporate storytelling: Is radical innovation possible without incoherence? *International Journal of Innovation and Sustainable Development,* 3(3/4), 217-233.

Paper IV

Hagen, Ø. (2008a). Seduced by their proactive image? On using auto-communication to enhance CSR. *Corporate Reputation Review,* 11(2), 130-144.

Tables and figures

1 Introduction

Companies are symbols and brands subject to continuous interpretations by a range of actors. The various stakeholders' opinions represent both opportunities and constraints for a company. Analyzing how companies deal with their role as symbols is therefore essential to understand management and development of contemporary organizations. The significance of the perspective on organizations as symbols is visible in the growing popularity of concepts like reputation, legitimacy, imagebuilding, branding, organizational identity, corporate storytelling and CSR.

The aim of this dissertation is to shed light on the relationship between contemporary organizations' efforts at influencing their role as symbols through external communication and organizational change processes. *Could the increasing use of resources on external communication be a driver for organizational change?*

1.1 Communicative organizations

The transition from post-war Western economies characterized by surplus in demand to economies in which consumption is increasingly connected to culture- and identity-construction processes has made companies more expressive. The subsequent stronger attention to business social and environmental responsibility following the growing globalization of the economy has made exposure of social values part of the expressiveness.

The corporate expressiveness on social issues is visible in the integration of concepts that until recently were antagonistic to common business language. Examples of the new words of wisdom are 'corporate citizen', 'industrial ecology', 'value chain management', 'extended producer responsibility', 'eco-efficiency', 'eco-design', 'end-of-life product treatment', 'loop-closing' and 'radical environmental innovation'. Starting in the 1990s, these and similar concepts were being communicated from business with the collective term 'corporate social responsibility' and its acronym 'CSR'.

An obvious example of this expressiveness is the oil company BP and its campaign 'beyond petroleum' starting in 2000. The 'beyond petroleum'-campaign is an

effort to portray BP as an 'energy company' on its way towards renewable energy solutions. The campaign was started with the launching of a new yellow, white and green sunburst logo along with the new slogan 'beyond petroleum'. Prior to the campaign, BP had set itself off by being the first oil major to argue for the need for precautionary action to prevent global warming, among other things by leaving the Global Climate Coalition – a group of corporations and trade associations arguing that global warming was unproven and actions to prevent it unwarranted – in 1996 (Vogel, 2005).

BP's pioneering stance on global warming and the rebranding came in an atmosphere of critical self-reflection in business following much high profiled criticism against multinational corporations in the 1990s. Two of the most debated cases were Nike and Shell. Nike was campaigned against all through the 1990s for its lack of will to take responsibility for the poor working conditions at its low cost subcontractors.

The oil company Shell experienced its annus horribilis in 1995. First, Shell, one of the largest companies in the world, was the target for a comprehensive consumer boycott with Greenpeace leading on, due to Shell's decision to sink the obsolete oil storage facility Brent Spar. Greenpeace succeeded in convincing the public that sinking the facility was chosen for cost reasons, and that this was not the best option environmentally (Cheney & Christensen, 2001). Later the same year, Shell was accused of not doing enough to prevent the regime in Nigeria from executing Ken Saro-Wiwa. Ken Saro-Wiwa was the spokesperson for the Ogoni-people who had protested against Shell's operations in the Niger Delta and environmental destruction in the area (Livesey & Graham, 2007). Among the most outspoken critics of Shell was the high profiled founder and chief executive officer (CEO) of Body Shop, Anita Roddick (Fombrun & Rindova, 2000; Zadek, 2001).

Nike and Shell became symbols of the negative sides of the ongoing globalization of the economy and the prime targets for globalization-critics in the 1990s. Campaigns against the two companies easily got attention since the public knew them from earlier media coverage. As such, the campaigns contributed in placing social- (Nike) and environmental issues (Shell) on the global CSR-agenda. Prior to the 'beyond petroleum'-campaign, BP too had had its fair share of criticism on both social and environmental issues related to the company's global operations (Vogel, 2005).

Not surprisingly, BP's rebranding and alleged turnaround garnered much publicity. The initial response to the withdrawal from the Global Climate Coalition was that it was a bold move. However, the 'beyond petroleum'-campaign has been an easy target of criticism. *The New York Times* asked: "*How can an oil company be "Beyond Petroleum" without actively distancing itself from its core product? […]*"(Frey, 2002: 99). The business magazine *Fortune* rhetorically trumpeted that: "*If the world's second largest oil company is beyond petroleum, Fortune is beyond words*" (Murphy, 2002: 44), arguing that BP's investment in solar energy still was marginal compared to the investments in new oil fields. Others have argued that BP seemed to invest more in image than environment by showing that BP spent more money on the 'beyond petroleum' rebranding-campaign alone than on alternative energy in 2000 (Beder, 2002).

While BP seems affected by all the negative focus on Shell, ExxonMobil – the world's largest corporation measured in turnover, has kept a relatively low profile on social and environmental issues. The company seems happy to let BP and Shell have all the CSR-spotlight, both positive and negative. An ExxonMobil executive stated that "*There is a Norwegian saying that 'the spouting whale gets harpooned'*" (Levy, 2005: 85) when discussing the issue, clearly illustrating the differences between ExxonMobil and BP's communication-strategy on CSR-issues.

The expressiveness on social and environmental issues is not only visible in high-profiled global corporations. In a Scandinavian and specifically a Norwegian context, where the state historically has played an influential role in regulating business, TOMRA and HÅG are examples of the same expressiveness. TOMRA is a manufacturer of reverse vending machines for empty bottles and beverage containers for grocery stores. The company started as a conventional manufacturer of an automated solution to a task that took too much of retailers' time in the early 1970s. With the green wave in the 1990s, TOMRA realized that it was manufacturing a 'green product'. In the mid 1990s the company launched its new slogan 'Helping the world recycle' and profiled itself as a green company (Eik, 2005; Jørgensen, 2007).

Like BP, the Norwegian office chair manufacturer HÅG has expressed an ambition to lead in the CSR-field. The company had market signals in the early 1990s, particularly from continental Europe and the important German market, that

environmental performance would be a coming competitive advantage. Shortly after, HÅG made a strategic decision not only to passively adjust to the increasing environmental demands, but to lead it. In line with this, the company started to build social and particularly environmental issues into the HÅG-brand. An example of external communication from the company on the issue is the critical reflection in the annual report of 1996 on the problematic relationship between HÅG's sales drive and the aim of reducing the resource-use:

> *In a 'sustainable development', value creation will be made up of elements like service and social values.* […] *Is our success based merely on manufacturing increasingly more chairs?* […] *With increased focus on environment we believe that we can defend still increased production volume, even though this means increasing use of resources in total* (HÅG annual report, 1996: 20, my translation)

HÅG has dealt with the increase-sales/reduce-resource-use dilemma among other things by using recycled plastics in the components of the chairs. They have found the second-hand raw material in soda bottle corks, bumpers from scrapped Volvo-cars and old ketchup bottles. Along with among other things new slogans like 'Design for reincarnation' and 'From cradle to cradle', use of recycled plastics is one of many initiatives the company has begun to fulfil and, not the least, express its stand on environmental issues.

1.2 Communicating with themselves?

There are several motives for and outcomes of corporate expressiveness. On the one hand, it is about differentiating a company from competitors in the jungle of supply to get existing and potential customers' attention. Positive associations to a company's name and its product lay the ground for future sales. On the other hand, the expressiveness is about creating goodwill and acceptance from society for a company's business. A clarified relationship between a company and its surroundings provides room to focus on core activities and future challenges. A third aspect of the increasing expressiveness, gaining less attention, is the effect of the exposure on the company itself. External communication not only affects customers and other external

stakeholders, it has a retroactive effect too, by stimulating sensemaking and action within the company.

When BP claims to be beyond petroleum, not only external stakeholders start wondering what it means and what to expect; organizational members too, will interpret the ambitious statement with reference to notions of who they are, have been and will become as an organization. As such, if the external message is rooted in organizational identity, it may generate a drive to go 'beyond petroleum'. On the other hand, if experienced as too unfamiliar and not rooted in established notions, it may create distance and a lack of identifying among internal stakeholders, something that contributes in keeping the company 'within petroleum'.

1.3 Research issues

The aim of this dissertation is to shed light on the retroactive effect external communication has on companies. The general question being discussed is: *How may external communication from a company be a driving force for organizational change?* External communication is related to CSR-communication and particularly environmental information. The main research question is enveloped by a discussion of two other overall issues: the emergence of the corporate expressiveness and the increased focus on business social responsibility.

The research questions of the dissertation can be summed up in the following way:

1. What are the driving forces behind the increasing corporate expressiveness?
2. What can explain the renewed interest in business social responsibility?
3. How may external communication from a company be a driving force for organizational change?

The analysis consists of a theoretical and empirical discussion. The empirical data is generated from a longitudinal casestudy of the Norwegian office-chair manufacturer HÅG. The company was followed from 2000 to early 2006. The methods used include participative observations, company contacts/action research,

text/document analysis and qualitative in-depth interviews with 29 stakeholders. HÅG is an illustrative example of corporate expressiveness and the use of social values in brand building. With its 'expanded product concept'-thinking HÅG for a long time has incorporated social values into their products and in that way expressed social responsibility. As I will discuss thoroughly, brand-building and external CSR-communication have even worked as a driver for CSR-related organizational changes in HÅG.

1.4 Underlying questions

There are several underlying questions arising from the three research issues that I will touch on throughout the different parts of the dissertation and take up again in the concluding part. Such questions are:

What characterizes corporate expressiveness? Is it a new phenomenon? How do we understand it in a historic light? What are useful concepts to describe it? How is corporate expressiveness visible in the HÅG-case?

What characterizes the renewed interest in business social responsibility? What are the driving forces? What is the link between the corporate expressiveness and the renewed interest in the social responsibility of business? How is CSR part of the expressiveness of HÅG?

What characterizes organizational change? What are useful concepts to shed light on how external communication could be a driver for organizational change? Why is CSR particularly interesting for a discussion on external communication as a driver for organizational change? Has the expressiveness on CSR worked as a driver for organizational change in HÅG?

1.5 Structure of the dissertation

This dissertation is divided into two parts: a synthesis consisting of six chapters and a collection of four separate papers. The synthesis works as an overall framework for the dissertation and a deepening of issues discussed in the four papers. One the one hand, as the papers have been written prior to the synthesis and the synthesis represents an

elaboration of the papers it may be an idea to read the papers before the synthesis. On the other hand, as the research issues and the overall framework are described in the synthesis, it may be natural to start with the synthesis. I do not have a strong recommendation on what to read first, and I leave it to the individual reader to decide.

In this chapter, I have introduced the topic of the dissertation and the key research-questions. In chapter 2 I argue for the relevance of the research issue by describing overall historic traits and discussing the key concepts of the dissertation. This discussion on overall historic traits is followed up in Paper I where I discuss how the social responsibility of business has been redefined and now is becoming part of the commercial brand. In chapter 3 I look at historical and principal approaches to the relationship between organization and its environment. The discussion on the organization-environment issue and organizational change is followed up in Paper II in which I look at the conceptualization and development of organizational culture. In chapter 4 I introduce the HÅG-case and discuss principal methodological issues. Detailed and more practical aspects of the methodology are discussed in the method-sections of Paper III and Paper IV. In chapter 5 I sum up the key findings of Papers I-IV. Chapter 5 should be seen in relation with and read together with the four papers in their entirety, following the synthesis. Chapter 6 is the conclusion of the dissertation.

Paper I discusses how social responsibility has become part of the commercial brand. It is published in a Norwegian anthology in which different writers discuss how the ongoing globalization and the rise of a more knowledge-based economy influence and change organizations and working life. The use of HÅG is based on the early empirical analysis of the company.

Paper II shows how the development in the conceptualization of organizational culture reflects the rise of the knowledge-based economy and the increasing expressiveness. The paper is published in a Norwegian anthology in work- and organizational psychology. The ambition of the book is to challenge and develop well-established understandings of central concepts within the field, and at the same time present it in a way that makes it comprehensible for newcomers to the field. Both Paper I and Paper II are originally published in Norwegian and translated into English for the dissertation.

Paper III and Paper IV are built on analyses of the HÅG-case. Paper III is based on data mainly from the first round of interviews in HÅG, but represents a more theory-infused analysis of HÅG than Paper I. The topic of the paper is the relationship between the use of bold environmental language in corporate storytelling and environmental innovations. Paper III is published in *International Journal of Innovation and Sustainable Development*.

Paper IV is based mainly on the second round of interviews in HÅG. Here I discuss the use of environmental values in branding-processes as a driver for organizational change. Paper IV is published in *Corporate Reputation Review.*

2 Social responsibility in expressive organizations

In this chapter I argue for the relevance of the research issue by describing overall historic traits and discussing the key concepts of the dissertation. In the closing I sum up the compressed meanings of the key concepts and describe the reasoning of the research issue by using the key concepts.

2.1 The rise of expressive organizations

In 1962, the industrial sociologist Tom Burns described Western industrial development as consisting of three distinguishable phases (Burns, 1962). The first phase was characterized by the rise of the factory as production unit. Factories, first appearing in the textile industry, consisted of machines located in one building and workers organized under a foreman and a general manager or the factory owner. This succeeded the subcontracted production based in the craft-model where a group of individuals were working under a master craftsman.

In the second phase, from around 1850 and onward, the factory system diffused into more complex branches, like clothing- and food manufacturing, machine production, chemical industry, and iron- and steel production. These changes were followed by the emergence of bureaucracy highlighting control, routines and specialization, the rise of a middle class consisting of managers and administrative staff, and improvements in transportation and communication leading to increased trade and laying the ground for modern consumer economies.

In the third phase that Burns saw the outline of when doing his analysis, he argued that production was exceeding demand in the economy. Hatch with Cunliffe (2006) sum up Burn's predictions of the third phase in the following way:

> *In these circumstances, the capitalist organization's dependence on growth leads to enhanced sensitivity to the consumer, to new techniques to stimulate to consumption (e.g., product development, design, consumer research, market research, advertising, marketing, branding), to the internationalization of firms in search of new markets, and new technical developments that increasingly occur within industrial firms (e.g., via research and development)* (Hatch with Cunliffe, 2006: 92).

In retrospect, it seems too simple to explain the difference between the second and the third phase of industrialization merely as the difference between excess demand and excess supply.[1] In spite of the oil-crisis early in the 1970s followed by high unemployment rate, inflation and periods with low economic growth, overall Western economies have experienced tremendous growth after the 1960s (Amdam et al., 2001; Steger, 2003). Thus, the spending power in general has increased.

However, Burns was right that the predictability and stability that distinguished the first decades of the post-war economy, gradually disappeared in the 1960s and '70s. Consumption now is changing as it is being closer connected to culture- and identity construction, something which transforms the ideas of what a 'good product' is. Increasingly more properties beyond the material and physical features of products, like service arrangements, guarantees and non-commercial values, are connected to the products. Consumers are getting more and more aware that products (and consumption) are no longer neutral artefacts, but identity-loaded symbols saying something about who they are and want to be. Thus, the cultural and political dimension of consumption now is getting evident in Western economies (Ind, 1997; Myklebust & Myrvang, 2001).

On the supply side of the economy, the transition from the second to the third phase of industrialization can be described as a change in the value chain of a product (Porter, 1985; Schieflo, 1998). In the first and second phase of industrialization, value creation was first of all related to the production-process of a product. The premise for profitable companies was efficient production. In the third phase of industrialization, the links before and after the production process – product/concept development and sales/marketing – are getting more important for value creation. Broadly speaking, while a product mainly is added material values in the production process, it is given symbolic and immaterial values in product development and sales/marketing (Olins, 2000; Salzer-Mörling & Strannegård, 2004).

The shift from Burn's second phase of industrialization to the third phase of industrialization and the effects in the supply side of the economy is illustrated in figure 2.1.

---

[1] Here I differentiate the claim of Paper I of the dissertation (Hagen, 2002) where I argue that the transfer from an industrial economy to a brand-based economy can be explained mainly as the difference between excess demand and excess supply.

The 2nd phase of industrialization

The 3rd phase of industrialization

Rise in value

Rise in value

3

2

1

3

2

1

Workload

Workload

1- product/concept development. 2 - production. 3 - sales/marketing
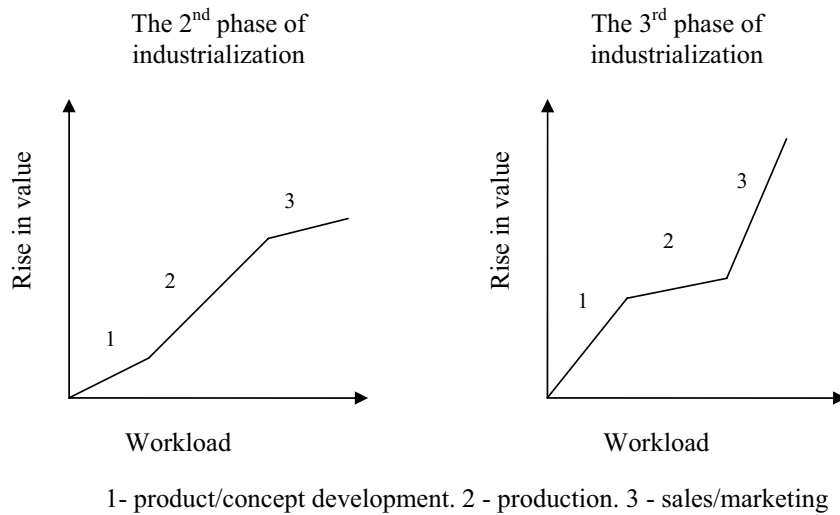
Figure 2.1 The effect on the value chain of the 3rd phase of industrialization
(after Burns, 1962; Porter, 1985; Schieflo, 1998)

In an economy in which immaterial and symbolic features are getting increasingly important, companies and organizations too are becoming more expressive and communicative (Fombrun, 1996; Fombrun & van Riel, 2004; Schultz, Hatch & Larsen, 2000). Companies and their names, like products and names of products, are symbols being subjected to continuous interpretation by various actors. The variety of opinions of a company represents opportunities and constraints. Thus, influencing the opinions of a company has become a fundamental managerial task to secure short and long-term survival.

2.2 Organizations as symbols

In organizational research, understanding companies and organizations as symbols has become popular. Reputation as a concept best captures organizations as symbols being object for continuous interpretation (Schultz, Hatch & Larsen, 2000; Fombrun & van

Riel, 2004; Ihlen, 2007). However, concepts like legitimacy, image, brand and storytelling also are fundamental to understand modern organizations as expressive (Røvik, 2007). What the concepts have in common is the focus on how companies are portrayed, exposed and interpreted by a variety of actors. Furthermore, the concepts describe social constructions susceptible to influence by external communication from a company (Wæraas, 2004).

Reputation is precisely defined as the sum of opinions towards a company held by the public (Dutton, Dukkerich & Harquail, 1994; Fombrun, 1996; Wæraas, 2004). One way of specifying the public (or a company's environment) is to split it into the general public and stakeholders who are actors that to varying degrees affect or can be affected by the company's actions (Freeman, 1984).

The opinions are formulated over time as a result of the information different actors have of a company at any given time. Thus, reputation can be described as the public's evaluation of what values an organization represents (Gray & Balmer, 1998). The information a reputation is built on is a result of the different actors' experience with the company, what the different actors hear about other actors' experience with the company and information from the company itself meant to influence the impressions of the company. As such, reputation has both a passive and an active component. The passive formation of a reputation is based on the interaction between an organization and its environment through the bare existence of the organization. The active component is a result of measures taken by the organization to influence its reputation (Røvik, 2007).

A company with a positive reputation is a company that is comprehended to reflect governing values and norms in society and capable of dealing with controversial issues in good way. As such, reputation is related to legitimacy which is a state of accept and trust from key stakeholders towards a company, which provides a company its "licence-to-operate" (Fombrun, 1996). Thus, building and maintaining a good reputation is about understanding the governing values and norms in society, adjusting organizational practice to align with these values and expose the values as the company's own (Parson, 1956).

Reputation may also be described as a form of "goodwill" or symbolic capital at a company's disposal (Bourdieu, 1984). Symbolic capital may be accumulated from and

transformed to other forms of capital. A strong reputation may for example attract high skilled labour or make it easier to get a loan. As such, reputation influences other forms of capital, like intellectual capital and financial capital (Ihlen & Robstad, 2004), and makes a company flexible and adaptable to new situations, such as a crisis or an undesirable situation.

Image-building is one way of influencing a reputation. An image is the picture – normally the organizational elite's (Whetten, Lewis & Mischel, 1992) – an organization wants the public to have of it, and it contributes in shaping the first or immediate impression of an organization (Cornelissen, 2004; Fombrun & van Riel, 2004; Gioa & Thomas, 1996). Organizations project such ideal pictures of themselves to the environment by the use of communication tools, like advertisement campaigns, annual reports, press releases, etc. Thus, an image may be altered quickly, but will only influence reputation and legitimacy over a period of time, and only if different actors experiences are in accord with the image the company portrays of itself. As such, images are snapshots of an organization, while legitimacy and reputation are built on long-term experiences.

While a strong reputation and legitimacy represent a general goodwill towards a company and provide a licence-to-operate, branding is about influencing opinions among consumers about a company and its products that affect sales. Branding is precisely based on the idea that products and consumption are important in identity constructing processes and that the symbolic values a product is associated with are critical for buying preferences. Adding symbolic values to a product, like in a brand, means that both the producer and the product are put into a larger context. A strong brand is a company and/or a product that is well known and linked to positive associations in a market, something which represent a solid foundation for future sales (Keller, 2003).[2]

---

[2] In the dissertation my focus is on corporate branding or the organization's name as a symbol, rather than product branding (see e.g. Olins (2000) for a discussion on the differences between the two). To the extent that I focus on product branding, this is on how a company's products' influence the corporate brand, and how identity and values are exposed through the product brand. However, there is not a clear distinction between the two. What influences the corporate brand will also influence the product brand. The two also influence each other mutually. Olins argue that till the mid 1970s brands were related to consumer articles first of all, while in the recent years there has been increased focus on corporate brands (Olins, 2000). Ind (2004) argues that corporate branding with its focus on exposure of core values and the identity of an organization is more abstract than product branding.

In his review of different approaches to branding, Røvik (2007) emphasizes three aspects of the concept: the unique, the legal and the cognitive/psychological. Branding is first of all about giving a product and its producer an identity to differ them from competitors in the market. The challenge is then to portray the product as unique. The uniqueness aspect is obvious in Kotler's (1999) classic definition of a brand:

> *A brand is a name, term, sign, symbol or design, or a combination of them, which is intended to identify the goods or services of one seller or groups of sellers, and to differentiate them from those of the competitors* (Kotler, 1999: 571).

The definition is similar to Kapferer's (1997) approach saying that a brand is any symbol that could be connected to a product and that gives a product its uniqueness and distance to similar products.

The juridical aspect of brands is related to giving legal protection against competitors and copycats. Aaker (1991) emphasizes this in his definition:

> *A brand thus signals to the customer the source of the product, and protect both the customer and the producer from competitors who would attempt to provide products that appear to be identical* (Aaker, 1991:7).

The cognitive/psychological aspect is related to what position a brand has in a market and the strength of it. Keller's (1998) definition is representative for such an approach: *"A brand is a set of mental associations held by the consumer, which add to the perceived value of a product or service"* (Keller, 1998: 5).

The concept information chunk from cognitive psychology may clarify the meaning of associations in branding. A chunk is a unit of information that represents a meaningful totality. Chunking is about how we make meaningful associations to remember a message. A meaningless row of letters like MITCSRFBI could be made meaningful by being split into three units like MIT, CSR and FBI. For those who have knowledge of the acronyms, these units represent meaningful messages. Separated into three units, each acronym represents large stores of information. In line with this, a brand may be understood as an information chunk being remembered or recalled because it has several meaningful associations (Best, 1992).

Another way of approaching a brand from a cognitive/psychological perspective is to describe it as a node in a semantic network of associations. The brand Mercedes (symbolized with a star surrounded by circle) could then be described as a key-category triggering sub-categories like quality, safety, German thoroughness, expensive and big engine. In the same way, sub-categories like quality and safety could trigger associations to the key-category Mercedes (Hem, 2004)

Branding and brand-management, then, is about influencing attention, interpretations and associations to a product and a company in a market, first of all related to the company as a commercial actor. Everything that can be related to and associated with a company and its product will shape the brand. As such, brand as a concept is closely related to reputation. What influences a brand will also influence the reputation, and vice versa. The commercial dimension distinguishes the two. While reputation is the sum of general opinions about a company in the public, a brand reflects opinions about a company as a provider of a commercial product or a service that consumers may be willing to purchase.

A final concept that can increase the understanding of the expressive wave is corporate stories (Røvik, 2007). Companies generate and expose stories with themselves as actors, to influence how they are being interpreted. With corporate stories, companies tell who they are, where they come from and where they are heading. Stories tie together the strategic moves and the different developmental stages of a company into a meaningful whole. As such, exposing a corporate story is about placing a company in a larger context and articulating the interconnectedness between society and the company (Salzer-Mörling, 1998; Hagen, 2008b/Paper III).

Stories have a basic structure consisting of three acts: a beginning saying what things used to be like, a central part describing a change of the original state and an ending saying something about the consequences of the change (Czarniawaska, 1998). The acts are tied together by incidents, actions and actors often described in stereotypical roles like heroes, villains and scapegoats (Alvesson & Berg, 1992). Stories tend to have an underlying message and moral. The narrator underlines the message by emphasizing aspect of the past that support the moral and by playing on emotional aspects rather than facts (Gabriel, 2000). Thus, the audience is being directed into a fixed way of interpreting the story through excitement, dramaturgy and emotions. As

such, corporate storytelling is a means to build reputation, maintain legitimacy, develop the brand and expose a desired image (Hagen, 2008b/Paper III).

To sum up, the transition to what Burns (1962) described as the third phase of industrialization is characterized by increased focus on how companies appear and are being interpreted. The popularity of concepts like reputation, legitimacy, image, brand and corporate stories reflect this development. Reputation is the sum of opinions towards a company held by the general public and stakeholders. Legitimacy is a state of acceptance and trust from society providing a company its licence-to-operate. Image is the ideal impression an organization wants the environment to have of it. A brand is the sum of opinions towards a company as a provider of a product held by consumers. Corporate stories and storytelling are means for a company to express identity and influence the opinions towards it. These concepts are the core of the (growing) fields of corporate communication (Cornelissen, 2004) or organizational communication (Jablin & Putnam, 2001) trying to understand modern organizations as expressive.

The topic of the dissertation, then, is to discuss how the use of imagebuilding and storytelling to strengthen the brand, build a strong reputation and maintain legitimacy, could be a driving force for change-processes in a company. I will focus particularly on how companies portray themselves as socially responsible as this is part of the development following the third phase of industrialization in which the product concept is being expanded to embrace increasingly more symbolic features, e.g. social values. Companies' exposure of social values is also important to adjust to the globalization of the economy, as I will discuss more in the next paragraph.

2.3 The renewed interest in the social responsibility of business

What role commercial companies should play in society and the relationship between the three sectors in society – state, capital and civil society – are not new topics. Already in the first phase of industrialization, Adam Smith argued that the invisible hand of the market would ensure the interests of the common (Smith, 1776/1993). In the wake of the stock market collapse in 1929 and the booming postwar economy, John Maynard Keynes' ideas that the state could and should intervene in the economy gained support (Keynes, 1973). With the turbulence in the economy in the third phase of

industrialization and the oil crisis in the 1970s, the pendulum swung back. Now Milton Friedman's argument that the sole responsibility of business was to increase its profit dominated the political discourse (Friedman, 1962; Steger, 2003; Hagen, 2002/Paper I).

From the 1980s and particularly the 1990s, the discussion about the social responsibility of business has been reframed with the globalization of the economy (Burchell & Cook, 2006). Among other things, globalization involves a complex interplay between groundbreaking innovations in information and communication technology and a political liberalization characterized by a dismantling of trade barriers and a conviction that private actors will use society's resources most efficient (Cable, 1999; Hertz, 2001). The political liberalization in leading Western economies started in the early 1980s with Reagan and Thatcher's takeovers in the USA and Great Britain, respectively. Technology development with the diffusion of personal computers, internet and mobile phones, and the political neoliberalization continued with increased intensity through the 1990s (Castells, 2001; Soros, 2006)

For business, the combination of dismantling of trade barriers, new and improved communication technology and more efficient and cheaper transportation have made the world appear as one global market. Through growth, takeover and mergers, increasingly more companies appear as multinational corporations being present all over the world. An overall consequence of (and a driving force for) the globalization processes is that private actors control an increasingly larger amount of resources; at the same time, the means for national governments to control the global capital is being reduced (Steger, 2003; Woods, 2001). This has lead to an imbalance between the three sectors in society, leaving business with a need to legitimate its historically strong position (Habish & Jonker, 2005; Hagen, 2002/Paper I). Thus, the focus in business on social responsibility is about maintaining legitimacy within an economy where it has increased its ability to influence its conditions and constraints.

Increased focus on environmental and social issues in general and high profiled corporate scandals has further raised the focus on corporate social and environmental performance. The UN-initiated World Commission on Environment and Development (WCED) has been a central premise provider of the last decades' discourse on environmental and social issues. Through the report "Our Common Future", WCED in 1987 launched the concept sustainable development and defined it as a development

that *"[…] meets the needs of the present without compromising the ability of future generations to meet their own needs"* (WCED, 1987: 8). The report and the concept received global attention, and it was followed by the UN-organized Rio Earth Summit in 1992 to evaluate progression towards the challenges described in the report. These initiatives led to an expectation that business too, should contribute to a sustainable development (Hagen & Larssæther, 2000b). Among other things, business founded the World Business Counsel for Sustainable Development (WBCSD) to deal with the issue internationally.

Not surprisingly, in this climate of increasing focus on businesses' contributions to a sustainable development, the obvious examples of lack of social and environmental responsibility, like the aforementioned Nike and Shell, got much attention in the mid 1990s (Klein, 2000; Vogel, 2005). Paradoxically, in the business literature Nike had been described as a pioneer in adjusting to the third phase of industrialization and the increasing importance of symbolic values of products. Nike outsourced production processes to low cost regions and built their core competence around product development and branding, among other things by the use of celebrities to expose the products. The high profiled criticism against the company was related to its lack of will to take responsibility of working conditions in the sweatshops producing the physical and material Nike-products (Hagen, 2002/Paper I; Vogel, 2005).

With increased focus on environmental and social issues in society in general, power and resource accumulation in the private sector and high profiled corporate scandals, CSR emerges as the solution to the corporate world's new need to legitimate itself.

2.4 CSR

The concept of 'corporate social responsibility' is, like the discussion on business' role in society, not new. Carroll (1999) traces 'corporate social responsibility' back to the 1950s in his historical review of the concept. The problem with Carroll's review is that his focus on the content of the concept comes at the expense of contextualizing and problematizing the development of 'corporate social responsibility'. He does not focus

on how overall traits in the economy have influenced the development of the concept. Besides, his review is merely based on American literature.

With the expressive wave and the increasing globalization of the economy, "corporate social responsibility" is linked to the logic of branding. The acronym CSR has become so fashionable and strong that it can stand alone as a meaningful concept (Cheney, Roper & May, 2007). With CSR non-commercial values like environmental protection, democracy and antiracism are embedded into the product. Wrapping everything that has to do with social responsibility in business into the acronym CSR is about creating a concept easy to communicate. Thus, CSR appears as a brand in itself being used by business to form opinions about themselves as 'responsible corporate citizens' (Hagen, 2002/Paper I; Zadek, 2001).

CSR has been described as a triple bottomline (Elkington, 1997). This could be viewed as a reaction to Friedman's single bottomline in which business is measured on its financial performance only (Friedman, 1962; Hagen, 2002/Paper I). With the triple bottomline, a company is expected to perform not only financially, but also environmentally and socially. The World Business Counsel for Sustainable Development (WBCSD) rests its definition of CSR on the triple bottomline:

> [CSR is]… *the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large* (WBCSD, 1999: 3).

In an attempt to concretize CSR, Dahlsrud (2006) reviewed all together 37 definitions published between 1980 and 2003, most of them after 1998. He found that they had five dimensions in common. Beside the financial, environmental and social dimension, he found that stakeholder-orientation and voluntariness was important.

The increasing focus on CSR by institutions and international agencies has given the concept authority and acceptance (Vogel, 2005). In 1997 the Global Reporting Initiative (GRI) was established as a network of voluntary companies working to make standards for sustainability reporting. In 1999 UN launched Global Compact as voluntary consortium of all kinds of organizations dedicating themselves to improve maintenance of human rights, environment and labours' right. The World Bank in 2000

launched the programme Corporate Governance and Corporate Social Responsibility aiming to improve CSR-practice through training and dialogue. The European Commission published a greenbook on CSR in 2001 (Commission of the European Communities, 2001), and followed up with a whitebook in 2002 (Commission of the European Communities, 2002). The International Organization for Standardization (ISO) is planning a separate standard for CSR (Røvik, 2007; Shanahan & Khagram, 2006).

CSR is as Dahlsrud (2006) points out voluntary in the way that it involves business initiatives beyond what is required by law. However, the increasing general focus on business social roles, business' historically strong position in society and the strong interest in CSR in influential international agencies have lead to institutional pressure on companies to demonstrate CSR-performance. The key for a company to show that it lives up to institutional norms in society is external communication.[3]

2.5 Exposing CSR

Historically (and in principle) a company's contact with its surroundings has been divided into a commercial and a non-commercial part, described as marketing and public relations[4] (Center & Jackson, 2003; Ihlen & Robstad, 2004; Gruning and Gruning, 1991). Marketing is the link between a company and its market, ensuring sales of the company's products and services. As such, marketing is about building the commercial brand. Public relations, on the other hand, links the company with society in general and influence legitimacy and reputation.

While marketing is about communicating with existing and potential customers, public relations embraces communication with the whole register of a company's stakeholders. As such, marketing is based on an economic rational and focuses on commercial transactions, whereas public relations is based on an overall perspective and non-commercial relations. Marketing may also be more narrowly focused on the

---

[3] In chapter 3 I elaborate institutional theory.
[4] PR, at least in in the Norwegian use of the acronym, often has a negative connotation. When understood negativly, it is associated with spin, obscuring facts and biased accounts. My principal understanding of the concept is that it is related to information from a company of non-commercial character (Bang & Rød, 2003).

product, while public relations embraces the whole organization. Marketing dominates daily business, while public relations dominates during crises where the commercial side of a company needs to be downscaled and an organization depends on being considered able to handle the situation (Bang & Rød, 2003; Ihlen & Robstad, 2004).

With the linking of social and environmental values with the commercial product in CSR, the division between marketing and public relations is blurred. Social responsibility is embedded into the commercial brand to create a combination of both product preferences and legitimacy. Thus, brand, reputation and legitimacy are all mixed together in CSR (Hagen, 2002/Paper I). This is part of an overall development in which the division between what is commercial and what is non-commercial is blurred due to privatization, deregulation and political neoliberalization (Hertz, 2001). This makes it hard to know when a corporate actor speaks as a commercial actor trying to sell its product and when it speaks as a corporate citizen being worried about the society it is a part of.

Consequently, the aim of this dissertation is to understand how CSR, as an interconnection between marketing and legitimacy, could be a driving force for organizational change.

2.6 Auto-communication

External communication from a company is not only interpreted by external actors, it affects internal actors as well. The retroactive effect a message has on the sender is described as auto-communication or self-communication (Broms & Gahmberg, 1983; Christensen, 1997). Lotman (1977, 1990) argues that all kinds of communications have such an element of self-communication, whether intended or not. In auto-communication the surroundings work as a mirror in which an organization sees and confirms itself or as a medium through which it exposes and reflects on its central values (Cheney & Christensen, 2001). The implication of auto-communication is that members' reflection on the image an organization creates of itself by exposing values externally could be a source for organizational change (Hagen, 2008a/Paper IV).

As discussed, BP's rebranding and portrait of itself as 'beyond petroleum' was initiated to create goodwill in a market increasingly worried about the side effects of

fossil based energy (Vogel, 2005). The campaign in itself generated publicity, and BP gained both acclaim and criticism for the proactive stand and their work on environmental issues and global warming in particular (Beder, 2002; Christiansen, 2002). Such a campaign, and the attention that follows it, makes employees reflect on identity related issues like 'is this what we are?' and 'how do we get to be what we claim we are?' (Munshi & Kurian, 2007). The effect could be either identification and change drive, or frustration and a feeling of being trapped in an image that does not reflect organizational identity and culture (Hagen, 2008b/Paper III).

The more prestigious and authorative the media a message is channelled through, the stronger the reflective forces and thereby the change potential. The media may give a message an aura of seriousness and importance, leading both external and internal stakeholders to act on it (Christensen, 2004). Merely exposing a message externally rather than internally contributes in giving it such seriousness. External stakeholders' expectations could create extra drive in a change process.

Christensen (2004) indicates that the element of auto-communication in advertising may be even more important than the original aim of catching potential customers' attention. He argues that the market is packed with messages from commercial actors claiming to be heard and taken seriously, and that the effect of advertising is overestimated. Christensen argues that the most sensitive recipients of corporate messages are not existing or potential customers, but rather the ones who pay for it, the ones who make it or the ones being portrayed (like the people constituting an organization). Thus, the role of advertising and external communication as a ritual action, which signalizes that the company believes in its own product and that the company lives up to expectations and norms from society, may be as important as to try to create customers' demand.

Morsing (2006) argues that a moral message from a company has a stronger potential of auto-communication than conventional marketing. With CSR, a company appropriates virtues and values in society. While a moral message deals with right and wrong, and what should be done to improve society and the life of human beings, traditional marketing and advertisement are based on emotions, characterizations of successful living and an imaginary lifestyle. Thus, a moral CSR-message is more committing for an organization than conventional advertising.

As a moral message is considered more solemn and closer to the real world than traditional advertising, it may be more committing for employees too. Social identity theory says that group membership is fundamental for identity (Hogg & Abrams, 1999). People seek membership in groups representing values they wish to be associated with, and people are understood in relation to the groups they represent. A high profile CSR-message from a company may commit or force organizational members to live up to the message, as the identity and moral of the individual member is connected to the organizations' ability to live up to its promise. As such, organizational members could be considered prisoners of the organization's CSR-message. Friends, family and other connections will expect the individual to reflect the company's moral and vice versa.

To sum up, CSR-communication not only blurs the distinction between commercial and non-commercial messages from a company, but also challenges the demarcation between internal and external communication. As such, CSR-communication is the interconnection between marketing, public relations and organizational identity. CSR-communication could then be viewed as a 'transboundary symbol' being interpreted both in the surroundings and on the inside of an organization and as such stimulate to organizational change.

2.7 Organizational change

So far I have argued that external communication from a company could be a driving force for organizational change. Here I will go deeper into the concept of organizational change. A discussion of change must include what it is that is being changed or what is relatively stable and fixed. I will argue that organizational culture[5] and organizational identity are useful concepts for this purpose.

Organizational culture is useful to understand an organization as a social unit that, like an individual, through its unique history develops a collective cognitive system or scheme that affects members' sensemaking and interpretations of the world (Schein, 1992; Weick, 1995). However, organizational culture as a concept, particularly the functionalist and pragmatic approach with its roots in modernist organizational

---

[5] For a more thorough discussion on organizational culture and the development of the concept, I refer to Paper II of the dissertation (Hagen, 2003/2006).

theory, is not susceptible for external symbols (like external communication) as a driver for change in itself (Hagen, 2003/2006/Paper II; Hatch & Schultz, 1997). The environment is considered a premise provider and something an organization and its internal (managerial) forces must adjust to and submit itself to, rather than a change-force in itself (Hosking & Morley, 1991; Hosking, 2006). Organizational identity, on the other hand, is useful as it is both related to the culture concept and more open to external symbols as a driving force for organizational change (Fiol, Hatch and Golden-Biddles, 1998). Thus, combining organizational culture and organizational identity is useful to understand auto communication as a driver for organizational change. Here I will argue that the role of auto communication as a driver for organizational change could be understood as an image (or a symbol or a critical incident) that affects deeper layers of organizational culture through reflections on identity.

Organizational culture is as argued an interpretive scheme making up the framework and the context for sensemaking in an organization (Fiol, Hatch & Golden-Biddles, 1998). A scheme is established and develops as a social group experience a common history that it reflects on and looks back at (Schein, 1984). The interpretive scheme is a system of values and basic assumptions about the world and the group's place in it. Over time basic assumptions and values are taken for granted and work as a more or less implicit guide for how organizational members understand themselves and others (Schein, 1992; Hagen, 2003/2006/Paper II). Thus, sensemaking is about how incidents and phenomena are given meaning and understood in light of an existing interpretive scheme (Weick, 1995)[6]. Change is related to interpretation of critical incidents or phenomena that challenge established basic assumptions and values. An organizational symbol is an incident or a phenomenon strong enough to stimulate intensive interpretation and reflection on values and basic assumptions, which either alter or reinforce them (Hagen, 1997; Hatch, 1993).

The problem with using organizational culture to understand how external communication could be a driver for change is that the concept is too grounded in the notion of organizations as entities and closed containers (Hagen, 2003/2006/Paper II). An entity is a unit that is aware its own existence and identity. This presupposes distinct

---

[6] See *3.4 Enacting the environment* for an elaboration on sensemaking.

borders between the unit and its surroundings. An individual and his/her development of a unique personality is a typical example of an entity. Hosking and Morley (1991) argue that the majority of organizational theory is based on the notion of organizations as entities. This has led to a lack of critical discussion on the relationship between organizations and their surroundings, organizational borders, organizational membership and what drives change (Hosking & Morley, 1991; Hosking, 2006).

In the conceptualization of organizational culture, the notion of organizations as entities is visible in the view on change as a process driven by internal forces (Schein, 1992). An organization is considered a clearly defined unit and a closed container adjusting itself to changes in the environment (Cheney & Christensen, 2001). As such, the environment is considered a premise provider internal (managerial) forces adjust and shape the organization in accordance with, not a driver for change in itself. Not even the open systems view on organizations emerging in the 1960s has challenged the entity-notion (Hatch with Cunliffe, 2007; Bertalanffy, 1968). Rather than critically reflect on organizational borders and the one-to-one relationship between organization and its surroundings, the open systems view merely state that organization and surroundings influences each other mutually (Hagen, 2007b).

Organizational identity too is based on the entity-notion. However, the concept compensates for the weaknesses of organizational culture by opening up for external impulses as a driving force for change through stimulating reflection on identity. Organizational identity is the self-centred part of the processes of sensemaking (Fiol, Hatch & Golden-Biddles, 1998). It is related to collective reflection on questions like 'who are we?' and 'what characterizes us as an organization?' The conceptions of these issues are traits of an organization that are relatively central, enduring and distinctive (Albert & Whetten, 1985). Thus, phenomena and critical incidents that make members of an organization reflect on fundamental identity issues are potential drivers for change (Hagen, 2008a/Paper IV).

Notions of 'who we are not' and 'what does not characterize us' is an important part of identity development. Individual identity is a product of how we perceive other individuals in relation to ourselves. In the same way, other organizations and groups are reference points for identity related reflection. Thus, organizations tend to categorize other organizations as ingroups and outgroups, and thereby define closeness to some

phenomena and distance to others (Hogg & Abrahams, 1999; Ashfort & Mael, 1989). Røvik (2007) for example argues that organizations' aspirations to be updated on the latest development and fashion on management concepts is about identity development based on such comparative processes.

The entity-criticism can be relevant for organizational identity too, particularly Albert and Whetten's (1985) classic approach referred to by many researchers focusing on identity. Albert and Whetten have been criticized for having a perspective on organizational identity as too static and fixed. Others argue for a more floating identity-concept, saying that identity is something that is being continuously formed and changed (Garsten & Salzer-Mörling, 2004; Kvåle & Wæraas, 2006).

Fiol, Hatch and Golden-Biddles (1998) comparison of the two concepts is useful. They ask what the concept of organizational identity can provide to our understanding of organizations that the culture-concept does not provide. (Organizational) culture is, with reference to Geertz (1973), defined as an interpretive scheme, historically developed and socially maintained, that members use to make sense of and structure their own and others' actions. Organizational identity is the aspect of the culturally embedded sensemaking that is self-focused. Identity defines who we are in relation to larger social systems we are a part of. Comparison with other relevant social units is the core of the identity creating process. The importance of comparison makes identity more open to and influenced by external impulses. To quote Fiol, Hatch and Golden-Biddle:

> *Self-conscious or self reflexive processes tempered by feedback from related others constitute the identity of an organization or any other social entity. Involvement of related others leaves identity more open to "outside" influence. However, culture is also affected by the identity that contributes to it, so through identity change, culture may be altered as well* (Fiol, Hatch & Golden-Biddle, 1998: 58).

Based on this, external communication can be understood as a symbol stimulating organizational members to identity-related reflection and, thereby, influencing deeper layers of culture and stimulating change. As this symbol is interpreted and acted upon by external actors too, the symbol gets extra interpretational strength and change potential in the organization. As argued, a moral message

channelled through an authorative medium will gain extra interpretational strength (Christensen, 2004; Morsing, 2006). As such, external CSR-communication could be viewed as a transboundary symbol being interpreted and stimulating action on both sides of organizational borders.

Thus, the dissertation aims at illuminating organizational change as a process in which external factors and symbols are more important than what traditional organizational theory has emphasized. The conventional, modernist approach to organizational change is built on Kurt Lewin's classic work in which he describes organizational change as an exceptional and static process consisting of three phases: unfreeze – change – refreeze (Lewin, 1951). In such a model, communicating a change externally comes after the third stage when an organization is refrozen.

I look at change processes in which exposure of the change comes before the first phase in Lewin's model, as a description of where the organization is heading rather than a description of the present situation. The early exposure is considered a driving force in the change process, as something that forces organizational members to reflect on who they are and where they are heading. External stakeholders too, influence the change process by interpreting the message and expressing their expectations towards the organization. Exposing a change early may create momentum in the process through incongruence between what the organization says it will be and what it actually is, and as such, it works as a driver for change (Hagen, 2008a/Paper IV; Morsing, 1999).[7]

2.8 Research issues in light of key concepts

In the wake of the third phase of industrialization and the increasing globalization of the economy, companies are becoming increasingly occupied with how they appear and that they are apprehended as socially responsible. This expressiveness should not be seen only as a way of building the commercial brand and maintaining society's goodwill, it can also be analyzed as a driving force for organizational change. As a company's

---

[7] Morsing (1999) gives a convincing description of how early exposure of where an organization is on its way forces reflection on organizational identity and thereby change with her case study of the Danish company Oticon. I describe this study in Paper IV (Hagen, 2008a).

exposure of itself as socially responsible references employees' ethical values and identity, employees will compare the external message with what they experience internally and act on the evaluation. As such, CSR-exposure could be seen as the meeting point between branding, reputation building and organizational change.

In table 2.1 I sum up how I approach the key-concepts vital to understand change in expressive organizations.

Table 2.1

Key-concepts of the dissertation

Concept	Definition
Reputation	The sum of opinions towards a company held by the general public and the company's stakeholders
Legitimacy	A state of acceptance and trust from society providing a company its licence-to-operate.
Image	The ideal impression an organization wants the environment to have of it
Brand	The sum of opinions towards a company as a provider of a product held by consumers
Corporate story	A way of structuring a message from an organization in order to expose identity and to influence interpretations of the organization as a symbol
CSR	Collective term for business efforts to be and appear as socially responsible
Marketing	Information from a company to ensure sales of the company's products
Public relations	Information from a company to influence reputation and maintain legitimacy
Symbol	Phenomenon/incident object to intensive interpretation stimulating reflection on organisational identity and organizational culture
Transboundary symbol	A symbol being interpreted both on the inside and outside of an organization
Auto communication	The retroactive effect communication has on the sender of a message
Entity	Unit aware of its own existence and with defined borders between itself and its surroundings
Organizational culture	Collective cognitive scheme consisting of basic assumptions and values guiding organizational members' interpretations and sensemaking
Organizational identity	Shared comprehensions of 'who we are' as an organization
Organizational change	Adjustment of existing- or new basic assumptions and values based on interpretation of symbols and identity reflection

With these key-concepts, the argumentation of the dissertation can be summarized as the following: Companies expose CSR to build reputation, maintain legitimacy and strengthen the brand. This is done by incorporating overall values in society, like environmental protection, gender equality and democracy, into the commercial brand with imagebuilding and storytelling. This blurs the border between brand and reputation, and marketing and public relations. The external communication has a retroactive effect on the organization, and it is interpreted by organizational members with reference to internal initiatives. As such, the external communication operates like a transboundary symbol stimulating intensive interpretation in an organization, while at the same time being exposed to the company's surroundings and interpreted by the external stakeholders.

Thus, the goal of the dissertation is to shed light on how external CSR-communication operates as a symbol stimulating organizational members to reflect on identity related issues like 'is this who we are or would like to be?' and 'how do we get to be like that?' Such reflection on identity may influence basic assumptions and values, and as such be a driving force for organizational change.

3 The relationship between organization and its environment

So far I have introduced the research issues, argued for their relevance by describing overall and historical traits, and discussed key concepts for the dissertation. In this chapter I present the overall theoretical perspectives of the dissertation and discuss more principal topics related to the research issues.

As the aim of the dissertation is to shed light on how external communication influences organizational change, it is necessary to go deeper into the principal and historical positions on the relationship between organization and environment. I will argue for a social constructionist approach implicating that external communication influences a company's construction of itself and thereby organizational change. Furthermore, companies through their external communication contribute in creating and enacting the environment they have to deal with.

I will first discuss how the principal perspectives on the organization-environment issue are founded in different scientific paradigms and what characterizes the different stances. Thereafter, I will discuss institutional theory and stakeholder theory. Institutional theory is useful to understand the organizational expressiveness as part of the mutual exchange of values and ideas between organizations and their environment. Stakeholder theory sheds light on an organization as meeting-ground for different interests and as an arena where expectations are interpreted and dealt with. Finally, I will deepen my social constructionist position and discuss auto-communication by looking closer at Karl Weick's enactment theory.

3.1 The social construction of the environment

The different principal approaches to the relationship between organization and environment reflect the two fundamental views on science dominating social science in general and organizational theory in particular (Burell & Morgan, 1979; Guba & Lincoln, 1994; Hatch with Cunliffe, 2006; Kuhn, 1962). The hegemonic positivistic paradigm has its roots in natural science. It is based on an ontology saying that there is a 'real and objective' reality 'out there', existing outside actors and actors' knowledge and comprehensions of it. Scientists represent the world with language without loosing

meaning or distorting reality. The overall aim of science within the positivistic paradigm is to contribute to accumulation of knowledge leading to progress and development of society (Putnam, 1983; Røvik, 2007).

The contrast to the hegemonic paradigm is an interpretive, social constructionist paradigm that has risen as a criticism of the positivistic view on science (Berger & Luckmann, 1967; Guba & Lincoln, 1994). The social constructionist paradigm rests on an ontology saying that the world does not exist independently of actors, but is a result of what the actors emphasize and how they conceptualize what they see and experience. Realities are time-dependent constructions founded on intersubjective consensus among researchers within a paradigm. Knowledge is considered contextual and can only be evaluated with reference to the context it is produced in. Thus, representations are influenced by what the researcher emphasizes, his/her language skills and existing concepts (Guba & Lincoln, 1994; Putnam, 1983; Røvik, 2007).

With these two fundamental paradigmatic positions as a starting point, the theorizing of the relationship between organization and environment can be divided into three different directions: a modern perspective, a symbolic-interpretive perspective and a postmodern perspective (Hagen, 2007b; Hatch, 1997; Hatch with Cunliffe, 2006). These organizational theoretical perspectives and their development, reflect the overall development within social sciences and the growing criticism of the dominating positivistic view on science starting in the 1970s (Burrell & Morgan, 1979; Guba & Lincoln, 1994). The modern perspective is rooted in a positivistic ontology, while the symbolic-interpretive perspective and the postmodern perspective are part of the social constructionist criticism of the positivistic paradigm (Berger & Luckmann, 1967), the 'linguistic turn' within social sciences (see e.g. Derrida, 1976) and critical theory (see e.g. Lyotard, 1979).

The three perspectives exist alongside each other in the sense that they all influence contemporary organizational theory, and they all have their spokespersons. However, the modern perspective has a historic hegemony, and the other two perspectives have risen and developed as a criticism of the established and dominating modern perspective. While the modern perspective started to get visible in the 1950s and '60s, the social constructionist criticism and the postmodern perspective gained momentum respectively in the 1980s and the 1990s. Prior to the constitution of the

modern perspective, organizational theory was characterized by a prehistoric phase reaching from around 1900 until 1950 (Hatch, 1997; Hatch with Cunliffe, 2006).[8]

In the prehistoric phase of organizational theory, organizations' environment was not an issue. Classic organizational theory was closed in the sense that it focused on improvements of internal conditions and ignored external circumstances' role in this. The environment was considered equal to all organizations and a factor that did not change over time (Scott, 2001). Although classic theoreticians that influenced the prehistoric phase, like Adam Smith, Karl Marx and Émile Durkheim, discussed how industrialization as process changed society, they did not reflect on how these changes influenced individual organizations (Jacobsen & Thorsvik, 2002).

The dominating metaphor of organizations – the image of an organization as a machine – illustrates the lack of problematization of the environment during the period. An organization was considered an instrument for a predefined task, normally industrial production or bureaucratic case treatment. The machine needs maintenance and lubricant to function properly – everything outside the machine is considered irrelevant for its operations (Morgan, 1998). Thus, the role of science in an organizational context was to focus on internal issues and investigate what was needed to lubricate the machine and avoid friction (Hatch, 1997).

With the constitution of organizational theory as a distinct field and the rise of the modern perspective, environment is being explicitly discussed. Now the environment is considered an entity beyond organizational borders and control that demands adaptation. Organizations interact with their environments, and management is not only about optimizing processes within a closed container, but also about adjusting and adapting to changing environments. Organizations depend on their environment to get raw materials and resources and to sell their products and services. This dependence creates uncertainty, and the key issue for modernist theorists is to analyze this dependence and reduce the uncertainty (Hatch with Cunliffe, 2006).

As for the rest of social sciences, organizational theory in the 1950s and '60s was influenced by natural science and a positivistic ontology. This is reflected in the

---

[8] As I argue for a symbolic-interpretive perspective, I will not go through the postmodern perspective. The symbolic-interpretive perspective is best understood as a reaction to- and by being contrasted to the modern perspective and the prehistoric phase. Besides, the postmodern perspective appear as a fragmented criticism, rather than a united perspective with with a common ontology.

strong influence from systems theory. The biologist Ludwig von Bertalanffy's effort to form a theory with explanatory power across disciplines and paradigms is a key to understand this influence (Bertalanffy, 1968). Bertalanffy argued that phenomena that both natural scientists and social scientists are preoccupied with have similar traits that could be explained by a common theory. Both physical and social phenomena could be understood as systems consisting of subsystems mutually influencing each other, according to Bertalanffy. By making the theory abstract enough, Bertalanffy claimed that all kind of systems could be explained with reference to a set of general and universal rules.

The implication of the systems view is that organizations are subsystems of larger systems (the environment). Organizations are open systems in the sense that they are receptable to impulses from other parts of the larger systems they are interconnected with. The openness means that an organization receives stimuli from the environment and, subsequently, changes itself and its subsystems in accordance with this (Hatch with Cunliffe, 2006). In spite of the view on organizations as open systems, the environment still is merely a premises provider for change, not in itself a driver. Sociotechnical systems theory is an example of how systems theory has been used in organizational setting. In sociotechnical systems theory, organizations are viewed as an interconnection between technical and social systems. Changes in one part of the system, e.g. introduction of new technology, influence other parts of the system (Emery, 1969).

In spite of the acknowledgement of organizations as open systems within modern organizational theory, organizational borders are not discussed. Organizations are still considered entities with clearly defined borders, where the premise-provider and unit that has to adjust are obvious. The processes in which the actors conceptualize the environment and what changes are needed to adjust to the environment, are not problematized (Hosking & Morley, 1991). As such, Kurt Lewin's mentioned classic model of change as a process consisting of three steps of unfreeze, change and refreeze is representative for the static approach to organizational change within the modern perspective (Lewin, 1951).

With the modern perspective's topicalisation of the environment, organizations are portrayed metaphorically as an organism (Hatch, 1997; Morgan, 1998). Organizations now are considered living systems that carry out a range of functions to

adjust to the environment. However, the new metaphor means an elaboration of the instrumental view of organizations, rather than a confrontation with the machine metaphor dominating the prehistoric phase. Organizations are still considered rational instruments to achieve a predefined and clear aim. However, the challenge is no longer only to lubricate the internal machinery, but also to adjust the organization to changing demands in the environment. As such, the environment now is something an organization must actively handle. Yet, the process by which organizational actors conceptualize the environment is still not discussed.[9]

While the modern perspective builds on and is a continuation of the prehistoric phase, the symbolic-interpretive perspective is a criticism of the modern perspective. The rise of the symbolic-interpretive perspective is part of the broader general criticism against the hegemonic positivistic perspective within social sciences emerging in the 1970s. As discussed, this criticism is of a basic ontological and epistemological character (Guba & Lincoln, 1994).

Like the modern perspective, the symbolic-interpretive perspective is founded on a view of organizations as open system, receptive for external impulses. However, within the symbolic-interpretive perspective theorists have focused more on the process in which 'the environment' is interpreted and constructed, and, as such, they have criticized the modernist view on the environment as objectively given. Social constructionists argue that actors in an organization themselves produce the environment. What influences an organization are the environmental factors that the internal actors consider important. By defining the environment in a specific way, organizational actors create their own latitude and strategic alternatives. Different organizations construct the environment differently, depending on what leaders and those with influence interpret as important features (Hatch with Cunliffe, 2006).

This is fundamentally different from the modern view in which actors are considered separate from their environment and able to analyze the environment objectively and neutrally without being influenced by their preexisting conceptions of the world. While theoreticians influenced by the modern perspective claim that

---

[9] In Paper II (Hagen 2003/2006) I discuss a functionalist approach to organizational culture by looking at Schein's (1992) conceptualization. Schein's approach is based on a modern perspective and influenced by Lewin's (1951) view on organizational change as a process involving merely internal actors. Scheins also fails to discuss the problematic entity-assumption his theory rests on.

organization and environment are separate entities, social constructionists criticise this stance and argue that the borders between organization and environment are ambiguous. The environment cannot be separated from the actors' perception and conceptualization of the environment. Furthermore, the environment is not a fixed body existing outside an organization, but a changeable and manipulable construction existing between actors in an organization (Hosking & Morley, 1991; Weick, 1995).

The implication of the symbolic-interpretive perspective is that organizations are arenas for individual and collective sensemaking and meaning construction. Organizations become real and exist through the actors' concepts about them. Thus, organizational theory is not only about understanding organizations as rational and instrumental systems, but also as arenas for meaning construction (Hatch with Cunliffe, 2006). In line with this, the dominating metaphor of organizations within the symbolic-interpretive perspective is an image of organizations as cultures functioning as a framework for sensemaking of, among other things, the environment (Hatch, 1997; Morgan, 1998).

I position myself within an interpretive, social constructionist view on science. I argue that reality is a social construction based on intersubjective consensus and that knowledge must be understood and evaluated in light of the context it was produced in. In line with this, I argue that organization and environment do not exist independently of each other like entities, but that an organization's environment is a result of what features of the environment key actors in the organization emphasize. As I will show in the discussion of Weick's enactment theory, implications of this stance are that organizations through their external communication take part in creating the environment they have to deal with and that external communication from a company is an important part of the information an organization uses to construct its environment and itself.

3.2 The exchange of values and identity

The expressive wave can be understood as increased exchange of values and ideas between organizations and society. Because the aim of institutional theory is to shed light on how organizations adapt to and reflect the values of external society, it can be

useful to shed light on the expressive wave and principal aspects of the relationship between organization and environment (Røvik, 2007).

Institutional theory can be viewed as a criticism of the modernist view of organizations as rational systems existing merely instrumentally in relation to a given (economic) objective (Hatch with Cunliffe, 2006). Institutionalists argue that organizations develop over time into institutions reflecting values of their employees and the surrounding society. While 'organization' relates to the administrative and task-related aspects of a group, an 'institution' comes into being when an organization is being filled with values not necessarily instrumental and rational in relation to the formal functions of the organization (Selznick, 1957, 1997). Thus, the environment exerts an institutional pressure on organizations to adjust to existing values and ideas of what an efficient organization should look like.

Institutionalization means that an organization develops an eigenvalue and an identity placing it in relation to society. Employees develop an idea of what the organization is, who they as members of the organization are and (to different degrees) identify with its value system. Thus, an institution has reasons for being beyond the organization's original founding idea, and there is more in the exchange between employee and organization than financial reward. Organizational membership may for example be important for an individual's identity (Ashforth & Mael, 1989).

As organizations through institutionalization are filled with values, they develop a form of institutional inertia that requires change processes to be founded not only on economically sound arguments, but also on the unique identity and culture of an organization. As such, management not only involves influencing an organization as a rational system, but also as a symbolic system filled with comprehensions and constructions of the world and the organization. Through its values, an organization is both connected and locked to society. Neither managers nor employees are autonomous actors operating independently of these bonds (Kvåle & Wæraas, 2006).

While the project of classic institutionalism was to establish 'institution' as a concept by showing that organizations are social systems taking up values from their surroundings, the project of neo-institutionalism is to shed light on institutionalism as a process (Hatch with Cunliffe, 2006). The key to understand institutionalization is organizations' need for legitimacy (Parson, 1956). As discussed in chapter 2, legitimacy

provides a company its 'licence-to-operate' (Fombrun, 1996), and it is based on an organization's ability to prove that it operates in accordance with society's ideas of 'rationality and efficiency' (Meyer & Rowan, 1977). Ideas and conceptions of the right and efficient ways of organizing are institutionalized in the way that these ideas are being taken for granted and accepted as the correct way of organizing. The recipies of organizing become institutionalized myths and symbols of what is legitimate. Thus, legitimacy assumes that an organization adopts these mythical principles of organizing (Kvåle & Wæraas, 2006; Røvik, 2007). Management of organizations, then, not only involve making financially rational decisions, but also adopting governing values in society, cultivating these in the organization and communicating the values to the surroundings as the company's own.

Neo-institutionalists have two contradictory explanations on the effect of institutional pressure on organizations. Homogenisation-theoreticians argue that organizations have a tendency to get identical as they take up the same ideas of what an efficient organization should look like (DiMaggio & Powell, 1983). Decoupling-theoreticians, on the other hand, claim that organizations do not really integrate the ideas, but aim to appear in accordance with the principles. The ideas are taken up and reflected merely by image-purpose, and the principles are not implemented in daily business practice (Meyer & Rowan, 1977). Thus, organizations remain different, although they appear similar at the surface (Røvik, 2007).

The increasing corporate expressiveness that I have described can be explained as a response to increased institutionalization in Western economies. To maintain legitimacy, an organization must use increasingly more resources to express that it reflects governing values in society and lives up to the myths of rationality and efficiency. My concern is to analyze how the increased expressiveness influences change processes in organizations.

In chapter 2 I referred to CSR as voluntarily measures taken beyond what is legally required (Dahlsrud, 2006). However, as indicated, CSR is about to become an institutionalized myth of what a contemporary organization should look like. Drivers for this are increased focus on business' social role, business' historically strong position and different influential agencies' interest in CSR. Companies' high-profile CSR-efforts

– like BP and, as I will show, HÅG – have further contributed to increase the institutional pressure for business to appear as socially responsible.

3.3 The organization as an arena for interpretation of conflicting interests

The third overall theory making the setting of the dissertation, together with social constructionism and institutional theory, is stakeholder theory. As with institutional theory, the premise for stakeholder theory is that organizations depend on social acceptance and legitimacy to survive. The perspective challenges the modernistic view of organizations as entities with clearly defined boundaries in the way that both internal and external stakeholders influence an organization's development. As such, it builds on the idea of organizations as open systems with ambiguous borders between organization and its key stakeholder (Hatch with Cunliffe, 2006).

The core of stakeholder theory is that an organization is a coalition of a variety of stakeholders, both internal and external. What and who influences an organization depends on what is at stake and who is influenced by the issue. A stakeholder is "any group or individual who can affect, or is affected by, the achievement of the firm's objectives" (Freeman, 1984: 25). From this it follows that an organization is a meeting ground for different interests and an arena where stakeholders' expectations are interpreted and dealt with. The key-task for managers, then, is to map the stakeholders, prioritize their importance and relate the organization to its stakeholders. Ability to balance the conflicting expectations against each other over time will provide the organization legitimacy and a strong reputation (Ihlen, 2007).

External communication is the organizations' way of maintaining the dialogue with its stakeholder and convincing them that their expectations are being met. My project, then, is to analyze how the external communication strikes back at an organization and influences internal stakeholders' interpretation of themselves.

3.4 Enacting the environment

Karl Weick's enactment theory is founded on a social constructionist view on science. His theory is useful as it sheds light on how external communication could be a driver

for change through auto-communication. It also elaborates how organizations interpret and make sense of governing values in its surroundings and how organizations could be viewed as collective cognitive systems for sensemaking (Weick, 1995).

The core of Weick's view on the relationship between man (organization) and his (its) environment is that we ourselves as social actors shape and construct our reality. We play an active and partly unconscious role in constructing our environment. The world and the environment are so complex that we will never fully comprehend it. Our understanding of ourselves and the world is influenced by our former experience and our prexisting conceptualization of the world. Our perception is not 'pure and neutral', but goes on in a complex interplay between input from the environment (cues) and our preexisting concepts. Our construction of reality is based on how external stimuli fit into and challenge our existing concepts. Thus, we cannot separate reality from our perception of reality. In other words, the social actor and the environment are not clearly defined entities, but interlinked in each other (Hosking & Morley, 1991).

Sensemaking and enactment are the key concepts in Weick's theory. Sensemaking is essential in human beings interaction with their environment. As the concept implies, sensemaking is about how we interpret and make meaning of our lives. It involves how we deal with the continuous stream of stimuli and information we are subject to. In sensemaking processes, new stimuli are seen in light of former experiences and existing schemes. New impulses will either strengthen an existing scheme or challenge it in processes of assimilation and accommodation (Piaget, 1950). As such, sensemaking is about how we deal with our environment, how we make order of the continuous stream of new impulses we are subject to and how the relationship between actor and environment is a product of the continuous interplay between our interaction with the environment (action) and our interpretation of these actions (Weick, 1995).

Weick describes sensemaking as a process consisting of seven properties: 1) Sensemaking is grounded in identity construction. Our understanding of our environment is essential for how we understand ourselves and vice versa. 2) Sensemaking is retrospective. It is first *after* an incident has occurred that we can interpret it and relate it to our existing experience. 3) We influence the incident we are trying to make sense of through our actions. Actor and environment are not defined

entities – our interpretation of the environment and the environment are intermixed. 4) Sensemaking is a social process. Interpretation is a product of socialisation and who it is presented for. 5) Sensemaking is an ongoing process that never stops. However, the process is to various degrees automatized and unconscious. 6) What part of the stream of information is being focused on is a result of prior sensemaking. Our experience and scheme work as a filter for what stimuli are subject to processing and interpretation. 7) Sensemaking is driven by plausibility rather than accuracy. Once social actors think they know enough to get on with their projects, they tend to stop using energy on finding more information (Sætre & Browning, 2004; Weick, 1995).

Enactment is the process in which social actors themselves construct and bring about the very environment they face and have to deal with. Weick describes it in the following way: "*I use the word enactment to preserve the fact that, in organizational life, people often produce part of the environment they face*" (Weick, 1995: 30). Thus, the environment of an organization is partly produced by the organizational actors themselves and influences an organization in the way that some aspects of the environment are considered more important than others. By defining the environment in a specific way, the actors produce their own latitude. Weick continues:

> […] *there is not some kind of monolithic, singular, fixed environment that exists detached and external to these people. Instead, in each case the people are very much a part of their own environment. They act, and in doing so create the materials that become the constraints and opportunities they face* (Weick, 1995: 31).

Weick emphasizes organizations as open systems subject to potentially overwhelmingly amounts of information. What prevents chaos is that organizations through their culture and identity develop into cognitive systems able to process large amounts of information. Through their history, structures and composition, organizations develop basic values and assumptions about themselves and the world that guides interpretation and data processing. As such, organizational culture works as an information filter that makes data processing economic and efficient (Daft & Weick, 1984; Hagen, 2003/2006/Paper II; Schein, 1992).

An implication of Weick's enactment theory is that organizations' constructions of their environment are not only influenced by external stimuli, but also by existing conceptualizations. Organizational actors are not neutral and passive observers of their environment, but are rather subjective and influenced by the history and culture of the organization. This kind of predisposition often leads organizations to emphasize environmental cues confirming and strengthening existing comprehensions and schemes (Weick, 1979) and downplay information that challenges well-established comprehensions (Fornell & Westbrook, 1984; Christensen, 2004). Weick describes organizations' tendency to confirm themselves in their data processing like this:

> *The goal of organizations, viewed as sensemaking systems, is to create and identify events that recure to stabilize their environments and make them more predictable. A sensible event is one that resembles something that has happened before* (Weick, 1995: 170).

I have described auto-communication as the retroactive effect external communication has on an organization by stimulating reflection on identity issues, which can potentially alter deeper levels of organizational culture. In light of enactment theory, auto-communication is a process in which organizations use their own external information intended for image building as input in the construction of the environment and themselves. Thus, the image an organization exposes to the environment strikes back at the organization and is part of the very information that the organization uses to interpret the environment and construct its identity.

As organizations and social actors have a tendency to over-emphasize information that confirms existing assumptions and de-emphasise information that challenges them, the effect of auto-communication could be self-fulfilling prophecies and self-seduction. For example, by exposing itself as a pioneering CSR-actor, like BP did and, as I will show, HÅG did, an organization may end up in self-fulfilling processes in which the image function like a vision or an aim that guides organizational action. However, it may also lead an organization to deceive itself in the way that the retroactive effect of a socially responsible brand rules out other information that challenges this image (Hagen, 2008a/Paper IV).

3.5 Research issues in light of principal theoretical perspectives

The main issue of the dissertation is the question of how external communication on CSR-related issues may be a driving force for organizational change. This question is enveloped by two overall questions: what are the driving forces behind the increasing corporate expressiveness, and what can explain the increased focus on the social responsibility of business.

I place my project within the traditions of institutional theory and stakeholder theory. Institutional theory explains the increasing corporate expressiveness in general and on CSR in particular, as a response to increased institutionalisation. With increased institutionalisation companies must use increasingly more resources to show that they reflect governing values in society and general ideas of what an 'efficient' organization should look like and do. Being a 'socially responsible company' is one such dominating idea of what an 'efficient' organization should be and look like.

Stakeholder theory shows how organizations truly are open systems where different stakeholders' opinions are interpreted and reacted on. Interpretation of key stakeholders' expectations plays a central role in a company's comprehension of what an 'efficient' company should look like and what ideal to strive towards. How a company claims to live up to this ideal is expressed through external communication. Thus, my project is to analyse how the exposure of the interpretation of key stakeholders' expectations towards the company influences organizational change.

I also position myself within a social constructionist tradition and argue for a symbolic-interpretive perspective on the organization-environment issue. The symbolic-interpretive perspective implicates that external communication is part of the information an organization uses to construct the environment and thereby itself. When trying to make sense of the environment, the retroactive effect of external communication could make up a significant part of the information these processes are based on. Furthermore, by interacting with the environment (through external communication), an organization produces the very environment it has to face. BP is an example of this. When portraying itself as 'beyond petroleum', BP has also constructed its environment by creating stakeholder expectations and thereby limiting its alternative courses of action. As I will show, the same is the case for HÅG.

4 Method of the case study

In this chapter I go through the method of my case study of HÅG. I describe the method as the tension and meeting between, on the one side, my scientific values and paradigmatic stance, and, on the other side, the practical world I encountered when generating data for the case analysis. The aim of the chapter is to provide a 'thick description'[10] of the study and its context to secure transparency and understanding of my methodological choices. I focus on general principles and the overall character of the method. For a more detailed review of choice of method, data material and way of analyzing the data, I refer to Paper III (Hagen, 2008b) and Paper IV (Hagen, 2008a). I also describe the context of the study, characteristics of the HÅG-case and what makes HÅG an expressive company.

The study is founded on a social constructionist view on science (Berger & Luckmann, 1967). As discussed in chapter three, this means that I view 'reality' as a context-dependent phenomenon rising in the social interaction between people. I try to understand the research issue – the relationship between external communication and organizational change – in its natural setting by following a single company over a long period of time. The naturalistic and longitudinal character of the study means that the research questions have matured and been specified as the project has evolved (Lincoln & Guba, 1985). This also means that the data has been flexibly generated as the project has evolved and data sources have become visible and available – not as part of a set masterplan developed prior to the project.

4.1 Context and case

The empirical part of the dissertation is built on a longitudinal single case analysis of the Norwegian office chair manufacturer HÅG. HÅG was a participating company in the research programme Productivity 2005 (P2005) focus area Industrial Ecology from its start in 1998 until its conclusion at the end of 2005. P2005 was initiated by the Norwegian Research Council and administered and completed by NTNU (Norwegian

---

[10] Denzin describes a thick description in the following way: "*A 'thick description' is one that goes beyond the mere or bare reporting on an act* […]" and keeps on with saying that it "*[…] describes and probes the intentions, motives, meanings, context, situations, and circumstances of action* […] (Denzin, 1989: 39).

University of Technology and Science) and researchers related to NTNU. The overall aim of P2005 was to strengthen Norwegian manufacturing industry and prepare it for increasing global competition. The aim of P2005 Industrial Ecology was to explore sustainable manufacturing as a competing edge.[11]

P2005 Industrial Ecology was organized in several research projects, focusing on both technical and cultural issues related to sustainable manufacturing. All projects were designed to include close cooperation with the collaborating companies, so that the research would have a practical impact on the development processes in the companies. This empirical part of the dissertation is based on the work in one of the subprojects of P2005 Industrial Ecology, *Responsible Companies*, which focused broadly on the relationship between environmental work and organizational change in the manufacturing industry. The *Responsible Companies* research-team consisted of three social science-trained researchers, including myself.

HÅG was one of three companies (the others were TOMRA and Polimoon) used as cases in *Responsible Companies*. We did empirical investigations into the environmental work in all three companies (see e.g. Dahl, Hagen and Larssæther, 2000, 2001a, 2002). However, HÅG was the company we had the deepest and longest relationship with, and this dissertation is based on the data generated from the HÅG-case. The HÅG-data was generated all through *Responsible Companies*' cooperation with the company, from 2000 until the end of the project in 2005; my final interviews took place at the beginning of 2006. The methods used include participative observations, different forms of company contacts, action research, text analysis and qualitative interviews with all together 29 informants (see table 4.1 for an overview of methods and data).

HÅG is the leading office chair manufacturer in the Nordic countries and among the biggest in Europe. Most of the company's customers are in Northern and Central Europe and USA. Approximately eighty percent of the company's production is exported. While the headquarters is located in Oslo, the production unit is at Røros – 400 kilometres north of Oslo. In rural Røros HÅG is one of the biggest employers in the region and a cornerstone company. 356 people were employed in HÅG in 2005, making

---

[11] Besides Industrial Ecology, P2005 was split into two other focus areas; Corporate Alliances, and Product Development and Production.

it a medium-sized company in Norwegian terms: 67 of the employees are working outside Norway – most of them in sales units in Sweden, Denmark, Germany and The Netherlands and 224 are at the production unit at Røros. In 2005 approximately 227.500 chairs were produced. This resulted in a turnover of NOK 530 million (€ 66m). The company has experienced a steady growth since the early 1980s, with a turnover in 1982 of NOK 25m (€ 3m) and reaching a top in 2000 with NOK 665m (€ 83m). However, in 2003 and 2004 the company experienced loss for the first time since the steady growth started, due to a general downturn in the market. The major owners of HÅG were in 2005 Torbjørn Mjør Grimsrud – the chairman of the company's board – and his family, and the Norwegian industrial group Orkla[12] (HÅG Annual report, 2005).

HÅG presents its history, vision and mission in the following way in its annual report of 2005:

> *This is HÅG:*
> *HÅG was established in Oslo in 1943 by Håkon Granlund. The first 25 years, the company was a manufacturer of office chairs and steel-pipe chairs for kitchens. In 1970 the market for steel-pipe chairs collapsed, and HÅG chose to focus on office chairs. In 1973 Torbjørn Mjør Grimsrud took over as CEO (now chairman of the board), and at the same time a cooperation with a group of designers started, that has been highly influential in shaping the philosophy HÅG builds its business on today.* […]
> *Vision: HÅG's vision is to be different and better. For the surroundings to see us as unique, the company has chosen a differentiation strategy in which the aim is to appear as different and better than competitors.*
> *Mission: Human beings are not made for sitting still, but for movement and variation. This philosophy is the foundation for all the work in HÅG's organization. In today's society we sit through life, and we do not take into consideration the human body's inborn need for activity. Therefore we do not only need chairs that provide support, but sitting solutions that continuously follows your movements and your need for variation when sitting: HÅG is convinced that the best sitting-concept is founded on movement and variation, and this is expressed in the company's mission:*

---

[12] The two major owners started a process to buy out the rest of the owners in 2005. They succeeded in doing this, and in April 2006 the company was taken off Oslo stock exchange (HÅG annual report, 2005). In May 2007 HÅG was sold to the Swedish company Ratos who had bought two other furniture companies prior to this – the Swedish RH Form and the Danish RBM. Ratos aim was to create an industrial group in which the three trademarks are to be kept separately and continued. HÅG's CEO is the CEO for the new industrial group (press release from HÅG dated May 23, 2007 – http://www.hag.no/hag_norway.nsf/pages/press_room).

We provide the best sitting solutions by bringing movement and variation to the workplace.

The mission is communicated through the "the HÅG-movement". The concept has a double meaning. It refers both to the way our chairs provide opportunities for movement and variation, and to everybody that shares the "faith" in HÅG's sitting solutions (HÅG annual report, 2005: 3, my translation and underlining).

Two factors are important to explain the company's motivation and will to take actively part in P2005 Industrial Ecology all through the history of the programme. Firstly, HÅG has long traditions for cooperating with researchers in research programs like P2005, among other things in automatization of the production processes (see e.g. Rolfsen, 2000) and in employee-centred organizational development (see e.g. Munkeby, 2003). Secondly, HÅG had since the first half of the 1990s expressed an ambition to take a lead in industry's work with environmental and social issues. Taking part in a research programme focusing on environmental work in manufacturing industry was a way of living up to this promise.

4.2 The expressiveness of HÅG

HÅG is an expressive organization. It is a company that likes to be in the spotlight. Its leaders and employees seem predisposed to use every opportunity when interacting with their surroundings to expose HÅG's identity and vision. In meetings and seminars with HÅG-people, particularly leaders, their drive to be noticed and to expose their products – in short, to appear as 'different and better' – has struck me. Their own description of themselves as 'a movement with a mission' that should be exposed and spread out seems like a recognizable description.

A central leader with experience from other companies and that has seen HÅG from the outside described HÅG as a company "insane clever at marketing" in an interview in 2005. The company's pioneering work in CSR, particularly on environmental issues, is something that has been used to expose and differentiate the company. A leader interviewed in 2001 who was communicating often with external stakeholders described how the environmental work should be expressed too:

Those who think that it is all right to do business with an environmentally conscious supplier should know that they are. There is no need to be Norway's ... no, maybe Europe's most environmentally friendly chair-manufacturer and not telling anyone.

The media and newspapers seem to like presenting news from the company. When searching in the archive of Norwegian newspapers on the internet database A-TEKST, I come across several articles about the company related to design-prices, environmental profile and product innovations. Many of the headlines seem to support the company's vision of being 'different and better'. HÅG is often portrayed as the underdog that against all odds has succeeded in industrial manufacturing in a high-cost country like Norway. A few examples of headings from newspapers are: *"International award for conference-chair"*, *"Aim to make the world a better place to sit in"* and *"Celebrated design".*[13]

Historically, the expressiveness has been associated with the company's charismatic chairman of the board, part owner and former CEO of the company, Torbjørn Mjør Grimsrud. He entered the company in the 1970s and brought with him new ideas of how to conceptualize the product and how to market it. He is described as a salesman first of all, constantly looking for a good story to sell HÅG. He is also a public figure in the Norwegian business community, among other things through his former position as chairman of the 'Design Council'. He has been clever at balancing the roles as business leader and a public figure and uses the public role to get attention to HÅG (Hagen, 2008b/Paper III).

Through his roles as founder of the modern HÅG, its central leader through more than 30 years and high profile outside the company, Grimsrud has been the personification of the company. As such, HÅG has similar traits with other expressive organizations in which influential leaders and founders have been the foremost representatives for the expressiveness. Examples are BP (John Brown), Nike (Phil Knight), Body Shop (Anita Roddick), Virgin (Richard Branson) and Interface (Ray Anderson). What these companies have in common is that they have been associated with their top leader. The leadership behaviors were related to their company and seen

---

[13] These articles and their headings were found on Atekst, which is an internet based database for Norwegian newspapers (https://web.retriever-info.com/services/archive.html). The search was executed on June 23, 2008.

as a feature of the company. Furthermore, these companies are influenced by their leaders' strong visions and ideas of what the companies are, have been and should be (Anderson, 1999; Conger & Canungo, 1988; Wæraas, 2004).

The strategy and the communication platform of HÅG have been based on the 'expanded product conceptualization'. HÅG-leaders, with the chairman in front, have declared that HÅG-products consist of several layers of qualities, ranging from the physical/material quality of the chairs, via aesthetically appealing design and ergonomically sound built-in movement, to environmentally friendly production. These features have been built into the product in line with what has been on the overall agenda in society, and as such, contribute to HÅG's image as a 'modern and efficient' company, even a pioneer. When environmental issues got on the agenda in early 1990s, ecology was incorporated into the story of HÅG as the next and natural chapter following the other features in the expanded product concept (Hagen, 2002/Paper I; Hagen, 2008b/Paper III; Hagen, 2008b/Paper IV).

4.3 Method in light of paradigmatic stance and research issue

Research issue, methodological choices, data gathering, analysis and way of presenting the material are influenced by the researcher's view on what science is and should be (Girod-Séville & Perret, 2001; Kuhn, 1962). As discussed in chapter three, I identify with an interpretive, social constructionist ontology. I view reality as something that arises in the interaction between people. Actor/s and reality are not independent entities, but interlinked in the way that reality is influenced by what the actor/s choose/s to highlight (Berger & Luckmann, 1967). Organizational reality is a social construction which is, among other things, a result of who has the power to define what should be emphasised (Weick, 1995). Burrell and Morgan sum up such an ontological stance in the following way:

> *Social reality, insofar as it is recognised to have any existence outside the consciousness of any single individual, is regarded as being little more than a network of assumptions and intersubjectively shared meanings* (Burell & Morgan, 1979: 29-31).

A researcher's view on ontology is closely related to and sets premises for epistemology and methodology. While epistemology is related to a researcher's view on the nature of knowledge, methodology is guiding principles for how to generate knowledge (Guba & Lincoln, 1994). In line with my interpretive, social constructionist stance on ontology, I view knowledge creation with the use of 'scientific means' as a cultural process inherently influenced by the human actors doing the research (Shapin, 1996). Knowledge, then, is marked by the researcher's characteristics, like pre-knowledge, representation-skills, background, subjectivity, choices and what he or she emphasizes. Instead of de deemphasizing such elements, as has been the strategy of positivistically grounded science, they should be described and actively discussed (Girod-Séville & Perret, 2001).

As reality is something that arises and exists in the social interaction between people, I argue for a methodology that allows for and encourage closeness between investigator and what is being investigated and presence in the context where reality is constructed (Lincoln & Guba, 1985). This means that I have a built-in preference for qualitative methods that are characterized by closeness to the subject of investigation (Kvale, 1996).

However, doing research is as much about finding practical solutions, as it is to be true and loyal to scientific ideals and principles. As such, research is a compromise between scientific ideals and what is possible to complete (Kvale, 1996; Sørensen, 2002). What method to use is not only as question of what is ideal, but also a result of factors like budget and time available. Who is being interviewed in an interview-based study, for example, is not necessarily a result of who has the most valid information about the issue being shed light on, but also involves who is available and willing to be interviewed. In my case, the research programme my study was a part of laid premises for the design, as I will elaborate on in the next section. Thus, my paradigmatic stance is influenced and coloured by pragmatism and what is possible in practice.

Trying to understand a phenomenon in its natural setting, as is the aim of ethnographic research, means that the research question evolves as the researcher learns more about the phenomenon in a non-linear process (Rey Pino, 2003; Royer & Zarlowski, 2001). Methodological choices are therefore made as the project proceeds and the research issue is being specified. My PhD-project has been part of a project

(*Responsible Companies*) that had been running prior to the start of the PhD-process. Consequently, the research questions and method are a result of early findings in *Responsible Companies* and the methodological choices made in the project.

4.4 Design and data material

Responsible Companies was right from the beginning based on principles of naturalistic inquiry (Lincoln & Guba, 1985). The overall aim of the project was to generate knowledge on how Norwegian manufacturing companies dealt with and implemented environmental issues in a 'real life'-setting. We were to follow the companies participating in P2005 over a long period of time and to use what data we could generate during the project. As HÅG was the company we had the closest and longest contact with, I chose it as the case of my dissertation.

The overall longitudinal case study-design of my dissertation was, thus, determined by the larger project and research programme. P2005 Industrial Ecology was aiming to be a contributing factor in the participating companies' environmental efforts. For the technically oriented projects within P2005 Industrial Ecology, this meant coming up with solutions to definable and definite problems. For the organizational researchers in *Responsible Companies*, it gave the project an action research-dimension (Greenwood & Levin, 2007). It meant that we had feedback-seminars with representatives from HÅG, in which we presented our analysis of drivers and barriers for the environmental work. This provided HÅG with input in their efforts at developing the organization, and at the same time it gave us researchers an opportunity to validate our findings with the described culture. However, we did not perform new investigations in the company to evaluate effects of measures based on our analysis, as would be the ideal of action research (Velde, Jansen & Anderson, 2004). Furthermore, the action research-dimension was scaled down in the last phase of the project as the project focused more on publishing and communicating with the research community.

The strength of the single case study-approach, like mine, is that it provides opportunities to study a phenomenon in-depth and provide a context-rich analysis. These qualities of the single case study-design are further strengthened when combined

with a longitudinal design (Yin, 2003). To compensate for the inherent lack of opportunity to compare cases in a single case-design, I have described and discussed other companies relevant to the research issue and the HÅG-case all throughout the dissertation. I have also used these other cases when analysing the HÅG-material. Examples of these companies are BP, Shell, ExxonMobil, TOMRA, Nike, Accenture, Oticon, Interface and the eco-industrial park Kalundborg. These cases are based on secondary data and other investigators analysis.[14] In the early phases of *Responsible Companies*, HÅG was compared with the two other cases in the project, TOMRA and Polimoon (see e.g. Dahl, Hagen & Larssæther, 2001b). Finally, the dissertation is not only a case study of HÅG in itself – HÅG is used to illustrate traits and developments that I discuss thoroughly theoretically. It is not HÅG in itself that is interesting, but what it represents and how it reflects the issues I describe.

Following a company over a long period of time, as in a longitudinal design, potentially gives rich opportunities for generating data (Forgues & Vandangeon-Derumez, 2001). All data that could shed light on the issue being investigated is in principle valid data (Hartley, 1994). The primary data, qualitative in-depth interviews, was generated over a four-year interval, late 2001 to early 2006. Prior to the *Responsible Companies*-project, I had been involved with HÅG in another project and taken part in the company's introductory course for new employees to get to know HÅG in 1999. In addition, we had regularly contact with key-persons for the project in HÅG throughout the project, and we collected textual data like newspaper articles, annual reports and other researcher's analyses of the company.

The methods, data sources and time of the data collection are summed up in table 4.1 (for further elaboration on these issues, I refer to Paper III (Hagen, 2008b) and Paper IV (Hagen, 2008a)).

---

[14] I also describe the "The Offshore Company" based on a prior study by myself in Paper II (Hagen, 2003/2006). This company is, however, not compared with HÅG, but used to illustrate the development of the theoretical concept organizational culture.

Table 4.1

Methods, data sources and time of data generation

Methods	Data sources	Time
Participative observation	Participation at 'The HÅG Academy'	1999
Company contact/action research	Meetings, company visits, feedback seminars, running company contact	2000 to 2005
Text/document analysis	Annual reports, books, student papers, web pages, newspaper articles	2000 to 2005
1st round of interviews	11 HÅG employees.	2001
2nd round of interviews	11 HÅG employees and 7 external stakeholders	2005/06

My former participation in the introductory course, The HÅG Academy, was 'brought up' when we learned that HÅG would take part in *Responsible Companies*. As such, my reflection on this symbol-rich organizational ritual was done retrospectively and seen in light of the framework of Responsible Companies and my PhD-project. Particularly for the work with Paper III (Hagen, 2008b) in which a story-telling perspective was central, these data proved useful.

The running contact with the company throughout the project kept the research team updated on the latest news in the company. Particularly in the first phase of the project, when the action research-dimension dominated the publishing-efforts, this was a rich source of data. We used the text- and document-data as background information about HÅG and to prepare for the interviews.

The two rounds of in-depth qualitative interviews are the main source of data for the dissertation. While two researchers from the Responsible Companies-project (myself included) conducted all of the interviews in the first round, I alone conducted the second round.

4.5 Analyses and the course of the project

With the longitudinal dimension and the continuous stream of new data inherent in such a design, the overall process of analysing the data through the project is best described as a hermeneutical circle (Kvale, 1996). My understanding of the case was continuously challenged and elaborated as we had more data and found new theoretical concepts to shed light on the data material. As such the PhD-project evolved in a continuous interaction between my categorization of the data and my use of theory to shed light on the categorizations in a spiralling hermeneutical process. My overall picture of the case was formed by the data and theoretical and abstract concepts, thus new data and theorectical concepts continually challenged my understanding. As such, my understanding of the case was based on the continuous tension between my interpretations of data and the theoretical framework I used to shed light on this data material.

This process could also be described as abduction, which is the process in which data is interpreted and seen in light of theoretical concepts inductively and thereafter deductively (Alvesson & Sköldberg, 1994; Amundsen, 2003). Abduction[15] means that the interpreter first lets the data material speak to him/her by looking for empirical regularities with the least possible use of predefined concepts.[16] Glaser and Straus (1967) describe this as a grounded theory approach, which is characterized by analysis of data on the premises of the data.

The hermeneutical process, abduction and the grounded theory approach are visible in the course of the project. In the early phase of the project, the research team did not have strong theoretical concepts or ideas explaining environmental work in industrial organizations. Thus, we were open to let the case and empirical data speak to us without many predefined conceptual ideas on what to expect and find. Indeed, I had had much experience with organizational culture as a concept useful to analyse and understand general change processes in organizations (see Hagen, 1997; Hagen 2003/2006/Paper II). Therefore, organizational culture was used as a backdrop when

---

[15] See Paper III (Hagen, 2008b) for a discussion on abduction.
[16] As argued in the discussion of Weick's enactment theory, perception, and thereby data analysis, without the influence of existing concepts, is impossible. However, I accept that in grounded theory the ideal is to let the data speak in itself, rather than through preexisting concepts.

starting the empirical work. The culture-concept combined with my previous experience from the company proved useful when shaping the approach of the project and the interview-guide for the investigation.

In the analysis of the the interviews, I used Kvale's model of three contexts or frameworks of understanding a material (Kvale, 1996). The model has similarities with grounded theory approach, in that the focus foremost is on the data rather than theory. At the first level of interpretation, 'self-understanding', I tried to grasp the informants' understanding of his/her own statements by among other things exposing my interpretations of what we talked about to the informant during the interview. As such, interpretation and generation of data went hand in hand. At the next level, 'commonsense understanding', I tried to see the data from the different interviews in light of each other and their context by comparing the interviews with each other and analyse statements in light of cultural traits of HÅG. Here the interviews material was seen in light of data generated from other sources, like documents/text and company contact. Finally, at the third and most abstract level, 'theoretical understanding', I saw the categories I had of the empirical material in light of theoretical concepts.

The overall course of the project, and the publications from it, reflect the hermeneutical process and a move from empirically grounded descriptions to more theoretically grounded understandings of the case. In the first group of publications from *Responsible Companies*, written prior to the empirical investigations, we tried to reflect on and get aware of our preexisting concepts and assumptions within the field, influenced by social and organizational psychology (see Hagen & Larssæther, 2000a, 2000b) and science studies/philosophy (see Dahl, 2002, 2003). The aim of these works was to use our existing knowledge to generate fundamental issues to focus on in *Responsible Companies* – in my case this was organizational psychology and particularly the concept organizational culture (see Hagen, 1997; Hagen 2003/2006/Paper II).

The second group of publications were close to the case and the empirical data material (see Dahl, Hagen & Larssæther, 2001b; Dahl, Hagen & Larssæther, 2002; Dahl, Hagen & Larssæther, 2003). In these writings we tried to describe the HÅG-case and categorize the empirical materials without using much theory, but by 'letting the data speak to us' and construct what Maanen (1979) describes as first order concepts

which are empirically based categories.[17] In this phase we emphasized the informants' selfunderstanding and a commonsense understanding of the material (Kvale, 1996).

In the third phase and the third group of publications, more theory was used to shed light on the case (see Hagen, 2002/Paper I, Hagen, 2008b/Paper III; Hagen 2008a/Paper IV). However, new data were generated too – among other things with the second round of interviews – so that both data and theory were used to deepen my understanding of the case in the third round of the project. Such a gradual move from case-closeness to more focus on publishing and de-emphasizing the action-research element was in line with the overall plan of P2005 of moving from case-close projects in the beginning to more theoretical orientedness in the final phase.

Thus, the research issue of my dissertation was generated from my work in the first phase of Responsible Companies and the early analysis of HÅG. Here I learned that external communication seemed to be important for employees' identification with the company and a force for developing the organization (Dahl, Hagen & Larssæther, 2002, 2003; Hagen, 2002/Paper I). As such, the role of external communication for development processes in the company was one of several issues I wanted to focus on in the second round of interviews in HÅG. I incorporated theoretical concepts like brand (see Hagen, 2002/Paper I), corporate saga (see Hagen, 2008b/Paper III) and auto-communication (see Hagen, 2008a/Paper IV) in the later analyses. Thus, the maturing and sharpening of the research issue was an outcome of the hermeneutical process.

4.6 Anonymity

I have chosen not to make the HÅG case anonymous. HÅG from the beginning of the *Responsible Companies*-project stated that reports and writings should be open and publically available. Openness could also strengthen the validity of an ethnographically oriented study like mine by enriching the context and make it easier for the reader to transfer the findings to a different setting (Murphy & Dingwall, 2001). Finally, exposing the case openly is also in line with the openness and expressiveness HÅG represents.

---

[17] See Paper IV (Hagen, 2008a) for a discussion on Maanen's notions 'first order concept' and 'second order concept'.

However, should I have reconsidered this decision when the writings took a more critical turn and I induced more theories on the analysis of the data?[18] Like BP, HÅG is a 'spouting whale' that has expressed a standpoint on issues business has been criticised on – and even made it a business advantage. Being a high profile and expressive company means that a variety of stakeholders have opinions about HÅG. Such a mythical dimension is important for a well-known brand like HÅG to keep stakeholders' attention. It should therefore be open for analysis and investigations into who and what they are. Moreover, as my dissertation is based on HÅG information generated from *Responsible Companies*, it would have been difficult to make the case anonymous out in the process. The moment the first material and HÅG were exposed openly, it was difficult to make later writings based on this open material anonymous.

Having said that, I have tried to protect the informants from being recognized and negatively exposed. Quotations from the interviews have been introduced by describing the informant in general terms. In rare cases where the informant could be recognized, I have avoided controversial statements or quotes that could put the informant in a negative light. 'The chairman' has been difficult to keep anonymous as he is a part-owner, is described in public documents that I have quoted from and as he is a well known public figure. However, as a self-imposed public figure and high profiled business leader, he is less vulnerable for exposure than other informants. It is also difficult to describe a charismatic organization without looking at the role of the charismatic figure behind it.

4.7 The quality of the study

Traditionally, scientific quality has been evaluated in light of concepts like objectivity, validity, reliability and generalizability. Objectivity relates to the aim of distance between researcher and the phenomenon being studied, and not allowing personal experiences and subjectivity to influence the research. Validity refers to what extent the investigation describes what it intends to describe. Reliability is related to trustworthiness. A reliable investigation is one that could be repeated by other researcher with the same result. Generalizability is about how the results could be

---

[18] See *6.4 Hindsight* for more reflection on the course of the analyses and the writings from the project.

transferred to other settings and how universally valid they are (Guba & Lincoln, 1994; Hagen, 1992).

In naturalistic inquiries in which the researcher is close to (and even part of) what is being studied, objectivity, reliability and generalizability inherently lose their meaning (Lincoln & Guba, 1985). Validity is the only concept that could, at least partly, be used as a piece of quality-criteria in a naturalistic inquiry. Indeed, in a qualitatively oriented study, the concrete research issue is often not specified until late in the research process. Validity as a yes- or no-answer to whether the study fulfilled the predefined research issue therefore makes little sense. Still, the chosen design and methodology should reflect the aim and broad research issue of the study and thereby ensure validity (Hagen, 2007a).

So after the traditional criteria for good science have been rejected or at least redefined, what is then left? What separates knowledge production based on scientific methods from knowledge generated by others, e.g. journalists or consultants? One of the main projects of the critics of the positivistic hegemony has precisely been to argue that there are no crystal clear line of demarcation between science and non-science. For better or worse, science is influenced by the human beings doing science and the culture it is performed within (see e.g. Shapin 1996).

What makes knowledge production based on a social constructionist view on science and scientific quality unique is reflexivity on methodological issues and transparency in the process leading to knowledge. Science then involves describing relevant aspects of the scientific process, defending methodological choices, and opening up the process for critics and evaluation from the scientific community (Gummeson, 2000; Shipman, 1982). Scientists must to a much higher degree than journalists or consultants be prepared to defend their knowledge production publicly.

Positivistically rooted research based on ideals like objectivity, reliability and generalizability lean on a historic hegemony and well established standards for what characterizes good science. As such, methodological discussions are restricted to strict reporting on how the project lived up to the well-established standard for the correct methodology and procedure. Rising as a critique of the positivistic ideals of such methodology, social constructionists and qualitatively oriented researchers inherently have no such explicit and well-defined standards and procedures for research. Without

the support of a well-established standard for good research, social constructionists, ethnographers and qualitatively oriented researchers are left more to themselves to argue for the science in their projects. Indeed, they find support in literature on the topic and other's discussions on methodology. This knowledge is, however, of principle character and context dependent – inherently it does not give a recipe for 'a universally correct methodology'. As such, method sections of qualitative studies should be thick descriptions where the researcher actively reflects on aspects that influence the research (see e.g. Denzin, 1989; Kvale, 1996).

Scientific reflexivity involves exposing underlying assumptions and values an investigation is founded on (Johnson & Cassell, 2001; Symon, Cassel & Dachler, 2001). Holland (1999) argues that the rise of an alternative to the dominating positivistic view on science is the result of a reflexive turn within social sciences. Willig (2001) splits scientific reflexivity into personal reflexivity and epistemological reflexivity. Personal reflexivity, on the one hand, is about revealing how personal values, experience and background influences research and, on the other, how the researcher is being influenced by the research. Epistemological reflexivity is exposure of the researchers view on issues of ontological and epistemological character.

In my review of the method my study was based on, I have tried to reflect on methods through a thick description. I have discussed my epistemological and ontological positions and described the meetings between these principles and the practical challenges of doing research. I have also described the research programme P2005 Industrial Ecology and the *Responsible Companies*-project to reflect on how they influenced my PhD-project, among other things the design of the project. Furthermore, I have contextualized HÅG and the expressive features of the company to allow the reader to get to know the case the study rests on (here I also refer to Paper I (Hagen, 2002), Paper III (Hagen, 2008b) and Paper IV (Hagen, 2008a) for more on the background of HÅG). Finally, I have described the overall process of analysing the material, how the project evolved, how the research issue emerged and was concretized in this process, and how my pre-knowledge influenced the project through a reflection on the different publications from *Responsible Companies* and my PhD-project.

However, in the end it is up to the individual reader to evaluate the quality of my study and the relevance for his/her research. With the thick description and critical reflection on my own study, I hope to have provided the reader with premises to make such an evaluation.

5 Between self-fulfilling prophecies and self-seduction – the papers of the dissertation

In addition to the synthesis, the dissertation is built on four separate papers with me as the sole author. In this chapter, I sum up the main content of the four papers. The papers in their entirety follow the synthesis.

5.1 Social responsibility as part of the brand

Paper I:

Towards an ethical market?

In this paper, I discuss Milton Friedman's classic argument from 1962 that the sole responsibility of business is to maximize its profit. My project is to show that the expectations toward business now is reaching beyond what Friedman argued for, and that business is meeting the new expectations with incorporation of social values into the brand. A general question is whether fear of negative publicity and damages to the brand will lead to socially responsible business actors.

Globalization of the economy and the shift from products to brand are explaining factors for the increased expectations towards business. The gradual transition from an economy characterized by surplus in demand to one characterized by surplus in supply after the Second World War led to increased competition and new ideas of what qualities a product should contain. Social values, like ethnic diversity, gender equality and environmental protection, have been incorporated into the products in order to create customer loyalty and identification. This has made companies into cultural actors, as well as commercial units, producing not only physical products, but also brands and symbols that give both the consumer and manufacturer identity.

The globalization of the economy has further blurred the border between what is commercial and what is non-commercial. A driving force for the globalization is the wave of political liberalization starting in the early 1980s, fronted by Thatcher's

election victory in Great Britain and Reagen's takeover in the USA. The main message of this policy was to cut public spending, reduce the state's interference in the economy to a minimum and leave as much of the tasks in society to private actors as they were considered to be more efficient than public actors. The policy was put in practice by extensive privatization processes in the two countries.

The model of a market-oriented, liberal economy today stands out as the dominant economic ideology. Several leading European countries followed the example of Great Britain and the USA, and started comprehensive privatization-processes in the late 1980s and through the 1990s. In other parts of the world, like Latin America, East Asia, India and most of Africa, the liberal economic model has been implemented with the influence from institutions such as IMF (International Monetary Fund) and the World Bank. What really sped up 'the global liberal market consensus' was the fall of the Berlin Wall and the collapse of the Soviet Union. These events represented the end of more than 70 years of experimentation with centrally-directed planned economies.

A consequence of the liberalization and privatization processes has been an accumulation of resources in the private sector and a shift in power from politically controlled institutions and processes to commercial actors. Business' historically strong position, combined with the rising awareness of ethical and social issues among consumers, has left business with a need to legitimate itself. In this climate, business has come up with the acronym CSR (corporate social responsibility) as a way of saying that performance in business now is related not only to financial results, but also social and environmental initiatives. With CSR social values are incorporated into the commercial brand.

The issue of whether fear of damages to the brand will lead to socially responsible actors is discussed in light of two business cases, Nike and HÅG. Nike is an example of a company that has implemented social measures, but only after third parties have given the company negative publicity. HÅG, on the other hand, has been able to make CSR a business opportunity. HÅG ended up in a positive interplay between their external exposure and the measures taken. While Nike's CSR-work was a reactive response to external pressure, HÅG had a proactive approach in which they themselves were able to define what their CSR-works should include.

The fear of reputation damages that could affect a company's financial status may lead to a positive interplay between CSR-branding and business practice. However, the increased attention on brand, image and packaging makes it possible to create a picture of a company that does not reflect the culture of the company. This is the double sidedness of the brand and the brand-based economy.

5.2 From problem-solving routines to common symbol interpretation

Paper II:

Individuality and collectivity in modern corporations: Towards the cultureless organization?

This paper focuses on a discussion of the concept of organizational culture. I argue that the functionalist conceptualization of culture, rooted in the factory and the traditional manufacturing company as organizational model, is not fruitful to understand modern organizations. I question the strong position of the presumption of organizations as entities within the functionalist approach. And, I view modern organizations as loosely linked systems with ambiguous boundaries between who is inside and outside and what is organization and what is surrounding. Culture in such organizations should be understood as common symbol interpretations rather than common problemsolving routines. The corporate brand could be an example of a significant cultural symbol in modern organizations.

Organizational culture has been a popular concept since the early 1980s. The metaphor was picked up from anthropology and used at first by American consultants and pragmatically oriented academics to explain why American companies lost against their Japanese competitors. Within such a functionalist and utility-oriented approach to the concept, organizational culture has been used to explain the secret behind financial performance and well-adapted organizations.

Edgar Schein is one of the leading theorists within the functionalist approach. He builds his theory on Kurt Lewin's classic work on small group processes in the 1940s

and '50s. Schein focuses on leaders' role as manipulators of culture; he claims that leadership and management is about influencing culture so that an organization is adjusted to its surroundings. As such, culture solves an organization's problems related to adaptation and financial survival.

Schein's and the functionalist approach to organizational culture are based on the traditional factory as an organizational model and the idea of organizations as hierarchical systems in which managers are considered superior to their subordinates. The factory and the manufacturing company are as organizational models products of the industry-based, surplus-demand economy. Companies' main challenges were related to meet the market's growing needs. This led to predictability, routines, standardization and stability. The critical production factors have been capital and labour. To sell his labour, the craftsman had to be present where the physical capital was located. This gave a clear notion of membership and who was inside and outside the organization. The marketing department or higher-level managers took care of external communication and customer contact. Thus, the rest of the organization was a closed system in which culture developed as common problem-solving routines.

The strong position of the factory as model for theorizing within the functionalist tradition is apparent in the influence of the presumption of organizations as entities. An entity is something which is aware of its existence and has distinct boundaries between itself and its surroundings. A typical example would be an individual developing a unique identity. Implications of the entity-perspective are that there are clear borders between an organization and its surroundings, unambiguous criteria for membership and a well-defined objective behind the organization.

A much-debated issue within the functionalist approach is what constitutes and drives organizational change. The view on change is strongly influenced by Kurt Lewin's perspective on change as an exceptional but necessary state to adjust the organization to periodic changes in the environments.

Contemporary organizations, on the other hand, are a result of the post-industrial economy. This economy is characterized by surplus in supply and increased competition. Sellable products need some kind of additional dimensions and a clear identity that distinguish them from other products. Increased competition combined with standardization and automatization of production-processes, have led to increased

importance of other parts of the value chain than the (physical) production-process. What generate value in the post-industrial economy is first of all product development and brand building. Thus, the critical input factors in this economy are information and creativity.

At the same time we have seen a tendency of increased individualization in society. Identity now is a result of personal choices and what you do, rather than traditions and what position you were born into. Education and work affiliation play important roles in identity constructing processes. Organizational affiliation is not the only source to work-related identity, profession and training plays an increasingly important role. Life-long work affiliation has become extraordinary and people swap between jobs more often as part of their identity-construction project. Development in information and telecommunication technology also has provided opportunities for distant work. You no longer need be physically present at work to be working.

The implications at a company level are more frequent changes, less stability and predictability, and more egalitarian organizational models. All levels of the organization have contact with the external world; culture is no longer something that develops in a hermetically closed group.

Along with these changes, a fundamental criticism of the functionalist approach to organizational culture has arisen. Some of this criticism has been on the lack of critical examination on the idea of organizations as entities. Modern organizations truly are open systems where people and information flow between ambiguous dividing lines. Additionally, some criticism has been aimed at the link between organizational culture and financial performance. Culture is not only a mean for organizational survival, but also a source for sensemaking among groups and individuals. Interpretations of organizational symbols play a significant role for sensemaking-processes. A third point is related to the overemphasis on leaders' ability to influence organizational culture. The critics argue that organizations are political systems in which many actors, among them leaders, try to gain influence. Leaders may influence culture, but through their presence and visibility they become organizational symbols. The interpretations of themselves as symbols are not as controllable as, among others, Schein argues.

In spite of the fundamental criticism, modern organizations are not cultureless. Even very outwardly-oriented companies, such as Accenture, a consultancy company

where the employees spend most of their time in other companies, depend on physical meetings every now and then to build and maintain culture. Social and emotionally stimulating events like parties, rafting-experiences or diving-courses are used to create social and emotional bonds between the consultants. This is based on the same logic of development of culture in small work-groups that Schein used to build his understanding of cultural development.

Still, the traits of modern organizations require another conceptualization of organizational culture than what Schein and the functionalist tradition have provided. A view of organizational culture as common problem-solving routines is not necessarily fruitful to understand organizations with ambiguous criteria for membership and unclear boundaries. Such organizations depend on a more abstract kind of community, where a common interpretation of the business idea, the product philosophy and the brand are uniting symbols.

5.3 Storytelling and environmental innovation

Paper III:

Driving environmental innovation with corporate storytelling. Is radical innovation possible without incoherence?

Companies experience increased pressure to express identity and to show how they contribute to overall issues in society. Concepts that until recently were antagonistic to common business language, like industrial ecology, are now being used in the stories companies use to expose who they are and who they want to be. In this paper I discuss the question of whether the use of bold environmental language in corporate storytelling stimulates the innovations implied by such concepts.

People create, tell and listen to stories to make sense of incidents they are involved in and influenced by, such as organizational change. Stories elucidate causal relationships between critical incidents and link past changes together so that they are seen as related parts in a meaningful whole. Storytelling is linked to management and

strategic moves as the storyteller gets to shape comprehensions of what worked in the past and thereby what the future should be built on.

The corporate saga is the official and exposed story of a company. It is the story that explains how the company came into being, and it ties strategic moves and different developmental stages together and into a whole. It is the official version of who and what a company is, has been and will be – often put together and told by the managerial forces in a company.

Industrial ecology implies using learning from the biological ecosystem in the way it utilizes resources and leaves little waste in an industrial setting. As industrial systems through more than two centuries have been designed antagonistically to ecological systems, the vision of industrial eco-systems can only be transformed into action through innovation processes in the building stones of the system, single companies. Thus, use of industrial ecology and its related concepts in corporate storytelling and the corporate saga implicates environmental innovation and organizational change.

The discussion is based on an analysis of HÅG – Norway and Scandinavia's leading office chair manufacturer. The study was designed as a longitudinal case-study approach. The range of data varies from participative observation, action research, text analysis and qualitative in-depth interviews.

HÅG incorporated industrial ecology carefully into the corporate saga of the company through a combination of implementing and exposing industrial ecology related initiatives. The emphasis on environmental issues and industrial ecology were written into the corporate saga as an initiative naturally following the existing focus on ergonomic qualities of the chairs. The new chapter of the story was added to the saga by the narrator and the founder of the 'modern' HÅG, something which gave it extra strength. By focusing on industrial ecology, HÅG incorporated itself into larger narratives about our society and ways of living related to industrialization and the need for environmental protection. By portraying itself as a pioneer on environmental issues, HÅG appeared to be a unique industrial actor able to solve issues society is concerned about.

The implemented initiatives in HÅG were, however, incremental environmental innovations. They did not challenge fundamental identity issues in HÅG related to

questions like 'who are we as an organization' and 'who should we be'. Nor did they live up to a factor 10 standard for environmental improvements. Discussions on radical environmental innovations, like dematerialization and emphasis on spare parts, never made it to the strategic agenda in the company.

Paradoxically, the lesson learned is that incorporating industrial ecology into a strong and dominating corporate saga stimulates incremental environmental innovation and hinders radical environmental innovation. In HÅG, the careful assimilation of industrial ecology and its related concepts into the dominating story of what the company is, has been and will be stimulated changes that were big enough to maintain the uniqueness myth and incremental enough not to challenge the dominating saga. Thus, the radical innovations implied by industrial ecology take reflection on fundamental identity-issues and will to challenge the coherence of the corporate saga.

5.4 Branding as a driver for organizational change

Paper IV:

Seduced by their proactive image? On using auto communication to enhance CSR

Following the increased focus on the role of business in society, companies have started to portray themselves as 'corporate citizens' with the concept of CSR. The aim of this paper is to investigate how the retroactive effect a message has on the sender – described as auto-communication or self-communication – could work as a driver for CSR-related organizational change.

Companies expose social responsibility with branding. Through the branding process a company projects an ideal picture or image of itself that it wants customers and stakeholders to have of it. Making a moral statement through branding of CSR-intentions creates expectations both in external and internal stakeholders, and it puts pressure on employees to live up to the promises. Thus, communicating CSR-initiatives

externally not only sells products and creates legitimacy – potentially it also works as a driver for organizational change.

Organizational change incorporates both conscious and unconscious processes in which members of an organization come to new notions of what the organization is and should be, stimulated by interpretation of significant organizational symbols. Branding and external communication from a company may work as such symbols that are interpreted not only by external stakeholders, but internal stakeholders as well. An 'external' message of a company's CSR-initiatives is a symbol that may stimulate organizational members to reflect on issues like 'is this really who we are or should be?' and 'how do we get to become what we want to be?', and as such work as a driver for change.

This paper is based on a longitudinal case study of the Norwegian office-chair manufacturer HÅG's work with environmental issues in light of the company's exposure of itself as a pioneering CSR-company starting in the first half of the 1990s . The company was followed from 2000 till 2005. The range of data varied from company contacts and text/document analysis to two rounds of in-depth qualitative interviews with both internal and external stakeholders.

The analysis shows that in the first phase of HÅG's CSR-work, the branding of social values and internal CSR-initiatives went hand in hand and reinforced each other, while in the next phase the two processes seemed more detached and even antagonistic. The key issue in HÅG's communication strategy is to appear as a proactive industrial actor, standing out in front of the development and even defining 'what's next'. Being proactive is about creating or controlling a situation by taking initiative or by anticipating events, as opposed to passively responding to them.

By branding itself as proactive, HÅG has constructed its environment and its role in the environment in processes of what Weick (1995) describes as *enactment*. HÅG has projected an ideal image of itself that leading actors in the company have interpreted and acted on. The retroactive, self-fulfilling effect of the image HÅG projected of itself is visible in the first phase of HÅG's portraying of itself as a pioneering CSR-actor. HÅG, primarily top managers and personnel dedicated to the environmental work, responded to and acted on the construction of itself as a CSR pioneer.

The decline in the CSR-focus in HÅG, culminating in the discovery of a spill and waste handling not in accordance with legislation, may be explained as leading actors within HÅG having been seduced by the very image the company created of itself. The retroactive, seductive effect of the proactive CSR-image drowned out the internal signals that there was not enough focus within the organization on the topic.

Several factors may explain this. In HÅG there was a lack of distributed reflection on what the proactive image meant. Only the few persons already dedicated to environmental issues critically reflected and acted on the implications of the proactive CSR-image. Furthermore, the seductive effect of auto-communication can be explained as a consequence of an organization's tendency to be selective and economical in their data processing. Information that confirms existing and dominating assumptions of the world and one's place in the world tends to be overemphasized, while data challenging existing assumptions are deemphasized. In HÅG the signals that there was not enough focus on the environmental work were drowned out by the dominating conception of HÅG as a CSR-pioneer. Finally, the seductive potential of auto-communication may be stronger in proactive organizations, like HÅG. Proportionately, the flow of information stemming from expectations of what will be rather than experiences with what is and has been is bigger in forward-looking companies like HÅG than more retrospectively-oriented organizations. In HÅG expectations of being and becoming a pioneering CSR-actor constituted a major and important part of the information basis for sensemaking processes.

6   Conclusion

In this concluding part I will try and extract the main findings of the dissertation by relating them to the three key issues: the driving forces for corporate expressiveness, the renewed interest in business social responsibility and external communication as a driver for organizational change. Finally, I will also look at the dissertation in hindsight and describe future research challenges.

6.1 Corporate expressiveness

An overall aim of the dissertation has been to discuss the increasing corporate expressiveness and what the driving forces for this development are. Underlying topics for this issue are questions like: What characterizes the corporate expressiveness? Is it a new phenomenon? How do we understand it in a historic light? What are useful concepts to comprehend it? How is the corporate expressiveness visible in the HÅG-case?

I have applied Burns' concept of 'the third phase of industrialization' to explain the increasing corporate expressiveness (Burns, 1962). As discussed in Paper I (Hagen, 2002) and chapter two of the synthesis, the third phase of industrialization is related to excess supply and increasing competition among providers of products, decreasing predictability and lack of stability in the economy and a closer link between consumption and culture- and identity construction. This has made symbolic and immaterial features of products more important and companies more expressive. As such, the expressiveness is the result of a gradual development starting in the 1960s and '70s.

The expressiveness has been further strengthened by the last decades' globalization of the economy, fuelled by innovations in information and communication technology, and political liberalization leading to dismantling of trade barriers and increased commerce across national borders. For the value chains of products, this means that creativity and knowledge-intensive processes, like product development and branding, have become more important than the traditionally labour and capital-intensive production processes. Concepts that capture the role of companies as symbols

being subject to continuous interpretations are reputation, legitimacy, image, brand, organizational identity and corporate stories.

As argued in chapter four of the synthesis, Paper I (Hagen 2002), Paper III (Hagen, 2008b) and Paper IV (Hagen, 2008a), HÅG in many ways illustrates an expressive organization. With its focus on marketing and the 'expanded product concept' following the critical turnaround in the first part of the 1970s, HÅG adjusted early to the third phase of industrialization (Burns, 1962). Like many other manufacturing companies in Norway and Western economies, HÅG has experimented with outsourcing production-processes by using sub-contractors from low cost regions, like the Baltic countries. However, HÅG has kept the majority of its production in Norway at the facilities at rural Røros. A focus on automatization and efficiency improvements of production processes combined with increasing resource-use on product development and branding explain HÅG's ability to uphold manufacturing in a high cost economy like Norway and the steady growth after the critical turnaround.

As a (communication) strategy, the expanded product concept with its four features (ergonomics, physical quality, aesthetics and ecology) has written HÅG into larger narratives about our society and way of living. Central conflicts in these narratives are issues like unhealthy static work (1970s and '80s), the quality crisis in Western manufacturing industry (1980s), low productivity in Norwegian industry (1980s and '90s) and environmental degradation (1990s and 2000s). HÅG has adopted these overall discourses and through its expressiveness portrayed itself as a provider of solutions to problems that people in general are concerned with. Thus, selling HÅG-chairs as ergonomically friendly, high quality, aesthetically appealing and environmentally friendly products has given HÅG legitimacy, strengthened the commercial brand and increased employers' identification with the company. The expressiveness on these issues has also contributed to portray HÅG as a proactive and pioneering company ahead of other companies (Hagen, 2008b/Paper III; Hagen, 2008a/Paper IV).

6.2 Business social responsibility

The second overall aim of the dissertation has been to discuss the increased focus on the social responsibility of business. Several questions arise from this issue, such as: What characterizes the renewed interest in business' social responsibility? What are the driving forces? What is the link between the corporate expressiveness and the renewed interest in the social responsibility of business? How is CSR part of the expressiveness of HÅG?

In chapter two of the synthesis I have maintained that a focus on the relationship between the state, capital and civil society is not a new discussion. What drives the recent interest in the social responsibility of business is the globalization of the economy. The ongoing globalization has led to a shift in the power-balance between the state, capital and the civil society and has left business with a need to legitimate its historically strong position. Increased focus on social and environmental issues in society in general and high profiled corporate scandals have further increased the focus on business role in society.

In Paper I (Hagen, 2002), and as elaborated in chapter two of the synthesis, I have argued that CSR is a product of the expressive wave. Business' response to the request for taking on more responsibility has been to launch 'corporate social responsibility' (CSR). With CSR non-commercial values like environmental protection, democracy and anti-racism have been embodied into the commercial product. By wrapping everything that has to do with social and environmental issues in a company into CSR, the concept has become effective to communicate responsibility. Thus, CSR is based on the logic of branding and used by business to shape opinions about themselves as 'responsible corporate citizens'. The linking between social values and the commercial product in CSR blurs the traditional division between commercial and non-commercial communication, or between marketing and public relations (PR). As such, CSR contributes to creating both product preferences and legitimacy.

As discussed in Paper I (Hagen, 2002), Paper III (Hagen, 2008b) and Paper IV (Hagen, 2008a), HÅG's preoccupation with social responsibility has been part of the company's expressiveness. In a Norwegian context, HÅG was a pioneer in the early 1990s on incorporating social values – particularly environmental values, into the

commercial product and the brand. The company also used many resources on exposing itself as such a pioneer. Being seen as a leading actor in environmentally-conscious manufacturing has been used to strengthen the idea of HÅG as a 'different and better' company and to build up the uniqueness myth of the organization. In CSR, HÅG found yet another arena to expose itself as a proactive company, at the forefront of its competitors, being able to show customers and other stakeholders 'the way ahead'.

6.3 Change in expressive organizations

The final and main aim of the dissertation has been to shed light on how external communication may be a driving force for organizational change. Underlying questions for this issue are: What characterizes organizational change? What are useful concepts to shed light on how external communication could be a driver for organizational change? Why is CSR particularly interesting for a discussion on external communication as a driver for organizational change? Has the expressiveness on CSR worked as a driver for organizational change in the HÅG-case?

In chapter two of the synthesis, Paper II (Hagen, 2003/2006), Paper III (Hagen, 2008b) and Paper IV (Hagen, 2008a) I have related organizational change to organizational culture and organizational identity. In light of organizational identity, organizational change is processes in which organizational members come to new notions of who and what they are as an organization. With reference to organizational culture, organizational change is new or altered basic values and assumptions that constitute the collective cognitive scheme guiding organizational sensemaking. Interpretation and sensemaking of significant symbols drives change. Symbols are critical incidents or phenomena that stimulate or force organizational members to reflect on issues like 'who are we?', 'what is our history?' and 'where are we heading?' Reflection on such identity issues may also alter basic values and assumptions.

To understand how external communication from a company could be a driver for organizational change I have argued that auto-communication (chapter two of the synthesis) and enactment (chapter three of the synthesis) are useful concepts. With auto-communication we see the retroactive effect a message has on the sender (Broms & Gahmberg, 1983; Lotman, 1977, 1990). The implication of auto-communication is that

external communication from a company is interpreted and made sense of by organizational members, as well as external stakeholders. As such, external communication may work as a symbol stimulating to reflection on identity and deeper levels of organizational culture and, thereby, stimulate organizational change.

I have used Karl Weick's enactment theory to elaborate auto-communication. Weick states that organizations, through their interaction with the environment, take part in creating the very environment they have to face and deal with. Organization and environment are not separate entities, but are intermixed in the way that an organization's environment is a result of what traits of the environment the organization chooses to emphasize (Weick, 1995). External communication influences the very environment an organization faces through creating stakeholder expectations, and it constitutes part of the information the organization's construction of the environment is based on through the retroactive effect.

Thus, external communication through processes of auto-communication and enactment may work as symbols stimulating to reflection on identity-issues leading to organizational change by altering basic values and assumptions. The symbol is transboundary in the way that it is interpreted both by organizational members and external stakeholders. Moral messages, like CSR, exposed through prestigious and authoritative media may have more reflective strength and therefore more change potential than conventional marketing dealing with an imaginary world and fantasy issues (chapter two of the synthesis; Hagen, 2008a/Paper IV).

What makes CSR particularly interesting in relation to external communication as a driver for organizational change is that CSR connects marketing, public relations (PR) and organizational identity, or, to rephrase, it links brand, legitimacy and organizational change. As such, CSR blurs the demarcation between commercial and non-commercial communication from a company, as well as the distinction between internal and external communication (chapter two of the synthesis; Hagen, 2008a/Paper IV).

HÅG is an interesting case when focusing on change through CSR-communication as it has expressed environmental values to appear as a unique and proactive industrial actor (Hagen, 2002/Paper I). With the expressiveness on social responsibility, HÅG has actively created the environment it has had to deal with. The

retroactive effect of the external communication portraying the company as proactive has constituted a relatively large part of the information sensemaking in the organization is based on. As argued in Paper IV (Hagen, 2008a), this has led to processes of self-fulfilling prophecies where the company has been able to live up to its proactive brand, but also self-seduction in the way that the company has been blinded by its image and not sensed that organizational identity did not reflect the proactive brand.

With their expressiveness, HÅG has created expectations in the environment that they should be able to come up with solutions that confirms the image as a pioneering company when it comes to 'green' manufacturing. As discussed in Paper III (Hagen, 2008b), the use of bold environmental language in the corporate storytelling has stimulated incremental environmental innovations by contributing to the coherence of the story. However, radical environmental innovations, which take discontinuity and confrontation with what a company is, has been and will be, have been hindered by the careful assimilation of the proactive image into the dominating story.

6.4 Hindsight

A central message of the dissertation is that human and organizational sensemaking is influenced by pre-existing experiences and constructs. Social actors construct the environment they respond to. Constructions of the environment and actions are intermixed in what Weick (1995) describes as enactment. Also the research process and scientific knowledge production are influenced by the researcher's background and pre-existing concepts. My dissertation and the findings are not only products of the data material and theories I read to shed light on these, but also influenced by the concepts and experiences I brought with me into the PhD-process.

The dissertation and the theories used reflect my development as a researcher. Ever since I completed my master thesis in organizational psychology more than a decade ago, I have been preoccupied with understanding organizational change (Hagen, 1997). The master thesis was my first attempt at describing organizational change with the use of organizational culture as a theoretical construct. In the thesis I discussed organizational culture (and change) from a functionalist/modern and a symbolic-interpretive approach to the concept. Later on, as a researcher, I got involved in research

on environmental issues in industry and the social responsibility of privately-owned companies (see e.g. Hagen & Larssæther, 2002b). I also developed an interest in the shift from an industry-based economy to a more knowledge-based economy and the increased significance of symbolic and immaterial values, like brands and reputation (see e.g. Hagen & Steiro, 2001). As such, my attempt at shedding light on the relationship between external communication and organizational change in the PhD-project is a result of processes reaching beyond the work with the dissertation and the data generated from HÅG.

How did my preoccupation influence the development of the main research issue of the dissertation and early findings from the *Responsible Companies* project on the role of external communication for organizational change? Was the use of external communication as driver for change a genuine finding from the HÅG-data, or simply a reflection of concepts I brought with me into the analysis of the HÅG-material? As discussed in chapter four of the synthesis, HÅG's use of external communication as a driver for organizational change was a finding from the early phase of *Responsible Companies*, in which we had an empirical emphasis in the project. Indeed, I brought with me a concept like organizational culture and a preoccupation with how symbols could influence organizational change. However, prior to the HÅG-analysis I had focused on organizational change as an internal process involving merely organizational members – I did not have any theoretical ideas or constructs of external communication as a driver for organizational change. It was after gathering the empirical data of this issue that I came across theoretical constructs like auto-communication (Morsing, 1999) and enactment theory (Weick, 1995). Still, I cannot claim that external communication, as a driver for organizational change, was a trait of HÅG that rose neutrally and objectively from the data material; it was a finding constructed and enacted.[19]

The expressiveness of HÅG is visible in the company's ability to convincingly portray itself as a pioneering and proactive company. When looking back at the first phase of the *Responsible Companies* project and the early analyses of HÅG (and as questioned in Paper III (Hagen, 2008b)), I have asked myself whether the research team

---

[19] How external communication as a driver for organizational change as a finding was generated, is also discussed in the method-chapter in *4.5 Analyses and course of the project*. Here I discuss the issue in light of concepts like hermeneutical process, abduction, grounded theory and Kvale's three frameworks for understanding a datamaterial (Kvale, 1996)

was dazzled and even seduced by the fascinating HÅG-story and the expressiveness of the company. When looking at early empirical reports (Dahl, Hagen & Larssæther, 2002; 2003) and Paper I (Hagen, 2002), the successful and fascinating HÅG-story seem to have made an impression on us. Later writings represented with Paper III (Hagen, 2008a) and Paper IV (Hagen, 2008b), seem more nuanced and better at capturing the ambiguity and the doublesidedness of the HÅG-case and the proactivity.

As argued in the method-chapter of the synthesis, one explanation for these, in hindsight, seemingly overly positive portraits of HÅG may be that the first writings are a result of the early phases of the hermeneutical process. As I dug deeper into the HÅG-material, more nuanced understandings of the case were constructed. I also got a more sophisticated theoretical understanding of the role of the external communication and the proactivity with theoretical concepts like auto-communication and enactment as the work with the dissertation evolved. As such, use of theory worked as a way of securing the quality of interpretations of the data material. Also, as discussed in Paper III (Hagen, 2008b), with our action research-orientedness in the first phase of the project, we may have captured the strategic story of the company and the managerial voice may have been too loud. Thus, the first HÅG-reports (Dahl, Hagen & Larssæther, 2002; 2003) and Paper I (Hagen, 2002) represent the first and early description of proactivity, while Paper III (Hagen, 2008b) and Paper IV (Hagen, 2008a) represent later and more sophisticated discussions of proactivity with regard to level of interpretation, theoretical insight and scope of data.

However, HÅG also developed during the long period we followed the company. The early writings mainly are based on the first round of interviews, in which the informants looked back at and reflected on a period of growth and prosperity, whereas the later work includes interviews after some things had changed. Among other things, several key persons for the environmental work left the company. As such, the shift in the way HÅG is described also reflects that the data materials the writings are based on are from different periods of the company's history.

6.5 Foresight

Appearing as a proactive business actor ahead of stakeholders' expectations is fundamental in the expressive economy to uphold goodwill, keep customers' interest and develop organizational identity. This drive is particularly visible within CSR, which is a business' way of convincing society that it is socially responsible. More research should be done on the general effects of profiling oneself as proactive. As organizational theory traditionally has occupied itself with internal issues in a company and marketing theory has tried to explain external relations, useful perspectives may be found by combining insights from organizational studies and marketing disciplines.

A key finding from the HÅG case is that using many resources on appearing as proactive may lead to both to self-fulfilling prophecies and self-seduction. I found that self-fulfilling processes took place when there was growth, enthusiasm, watch-dogs present and a clear leadership behind what was exposed externally. The self-seductive effect started during a decline in sales, the preoccupation of managerial resources with keeping things going and lack of critical voices. More research is, however, needed to learn more about what triggers shifts between self-fulfilling processes and self-seduction.

I have criticised the strong position of the entitative perspective in organizational theory. With reference to a symbolic-interpretive perspective on organizations and Karl Weick's enactment theory, I have argued that organizational borders and the environment are not objectively given, but a result of how key actors within an organization construct them. More research is needed on how sensemaking is influenced by pre-existing knowledge and constructs. This applies both to how organizations construct their environment and thereby themselves, as well as how organizational researchers produce knowledge to understand organizations and organizational change and, thereby, make organizations real.

With the dissertation I have showed how external communication may be a driver for organizational change. Both organizational practicians and theorists should have more awareness of how 'external relations' also influence 'internal issues'. Particularly on CSR which is in the interconnection between legitimacy, the brand and organizational identity, and where communicativeness is a key element, this dynamic is

interesting to study. With prospects of further increased corporate expressiveness, increased globalization of the economy and more market orientation and privatization, external communication and branding as a driver for CSR-related change will remain a relevant topic to be illuminated further.

References

Aaker, D.A. (1991). *Managing Brand Equity. Capitalizing on the Value of a Brand Name.* New York: The Free Press.

Albert, S. & Whetten, D.A. (1985). Organizational identity. In Cummings, L.L. & Staw, B.M. (Eds.), *Research in Organizational Behavior* (pp. 263–295). Greenwich CT: JAI Press.

Alvesson, M. & Berg, P.O. (1992). *Corporate Culture and Organizational Symbolism.* Berlin: Walter de Gruyter.

Alvesson, M. & Sköldberg, K. (1994). *Tolkning och reflektion: Vetenskapsfilosofi och kvalitativ metod.* [Interpretation and reflection: Philosophy of science and qualitative Method]. Lund, Sweden: Studentlitteratur.

Amdam, R.P., Gran, H., Hansen, S.O. & Sogner, K. (2001). *Markedsøkonomiens utvikling.* [The development of the market economy]. Bergen: Fagbokforlaget.

Amundsen, O. (2003). *Fortellinger om forandring: En narrativ studie av planlagt organisasjonsendring i et norsk finanskonsern.* [Stories about change. A narrative study of planned organizational change in a Norwegian financial corporation]. Trondheim: Norwegian University of Science and Technology (doctoral dissertation).

Anderson, R. (1999). *Mid-Course Correction: Toward a Sustainable Enterprise - The Interface Model.* London: Chelsea Green Pub. Co.

Ashforth, B.E. & Mael, F.A. (1989). Social identity theory and the organization. *Academy of Management Review*, 14(1), 20–39.

Bang, T. & Rød, A. (2003). *Informasjon og samfunnskontakt – en innføring*. [Public relations – an introduction]. Oslo: Abstrakt forlag.

Beder, S. (2002). bp: Beyond petroleum? In Lubbers, E. (Ed.), *Battling Big Business* (pp. 26-32). London: Greenbooks.

Berger, P.L. & Luckmann, T. (1967). *The Social Construction of Reality: A Treatise in the Sociology of Knowledge.* Harmondsworth: Penguin.

Bertalanffy, L.V. (1968). *General Systems Theory: Foundations, Development Applications.* New York: George Braziller.

Best, J.B. (1992). *Cognitive Psychology*. New York: West Publishing.

Bourdieu, P. (1984). *Distinction. A Social Critique of the Judgement of Taste.* Cambridge, Mass.: Harvard University Press.

Broms, H. & Gahmberg, H. (1983). Communication to self in organizations and cultures. *Administrative Science Quarterly*, 28(3), 482-495.

Burchell, J. & Cook, J. (2006). Confronting the "corporate citizen". Shaping the discourse of corporate social responsibility. *International Journal of Sociology and Social Policy,* 26(3/4), 121-137.

Burell, G. & Morgan, G. (1979). *Sociological Paradigms and Organizational Analysis.* London: Heinemann Educational Books.

Burns, T. (1962). The sociology of industry. In Welford, A.T., Argyle, V., Glass, D. V. & Morris, J. J. (Eds.), *Society, Problems and Methods of Study*. London: Routledge.

Cable, V. (1999). *Globalization and Global Governance*. London: The Royal Institute of International Affairs.

Carroll, A.B. (1999). Corporate social responsibility. *Business and Society,* 38(3), 268-295.

Castells, M. (2001). *The Internet Galaxy*. New York: Oxford University Press.

Center, A.H. & Jackson, P. (2003). *Public Relations Practices: Managerial Case Studies and Problems*. Upper Saddle River, N.J.: Prentice Hall.

Cheney, G. & Christensen; L.T. (2001). Organizational identity. Linkages between 'internal' and 'external' organizational communication. In Jablin, F. & Putnam, L.L. (eds.), *The New Handbook of Organizational Communication* (pp. 231-269). London: Sage.

Cheney, G., J. Roper & S. May (2007). Overview. In May, S., Cheney, G. & Roper, J. (eds.), *The Debate over Corporate Social Responsibility* (pp. 3-12). Oxford: Oxford University Press.

Christensen, L.T. (1997). Marketing as auto-communication. *Consumption, Markets & Culture*, 1(3), 197-227.

Christensen, L.T. (2004). Det forførende medie. Om auto-kommunikation i markedsføringen [The seductive media. On auto-communication in marketing]". *Mediekultur*, 37, 14-23.

Christiansen, A. (2002). *Beyond Petroleum: Can BP deliver?* Oslo: The Fridtjof Nansen Institute (FNI Report 6/2002).

Commission of the European Communities. (2001). *Promoting a European Framework for Corporate Social Responsibilities* (COM (2001) 366 final). Brussels: Commission of the European Communities.

Commission of the European Communities. (2002). *Communication from the Commission concerning Corporate Social Responsibility: A Business Contribution to Sustainable Development.* (COM (2002) 347 final). Brussels: Commission of the European Communities.

Conger, J.A. & Kanungo, R.N. (1988). *Charismatic Leadership: The Elusive Factor in Organizational Effectiveness.* San Francisco: Jossey-Bass Publishers.

Cornelissen, J. (2004). *Corporate Communications. Theory and Practice*. London: Sage Publications.

Czarniawaska, B. (1998). *A Narrative Approach to Organizational Studies*. Thousands Oaks, CA: Sage Publications.

Dahl, T. (2002). Havesyken som moralsk problem - er Adam Smiths løsning tilstrekkelig? [Greed as a moral problem – is Adam Smith's solution sufficient?] *Norsk Filosofisk Tidsskrift*, 3(37), 149 - 168.

Dahl, T. (2003). *Hvilken moral for dagens marked og miljø?* [Which moral for today's market and environment?]. Trondheim: Norges Teknisk-Naturvitenskaplige Universitets Program for industrial ecology (Report 3/2003).

Dahl, T., Hagen, Ø. & Larssæther, S. (2000). *Polimoons miljøarbeid - for nytenkende for Polimoons organisasjonskultur?* [Polimoon's environmental work – too innovative for Polimoon's organizational culture?]. Trondheim: SINTEF Teknologiledelse IFIM (STF38 F00508).

Dahl, T., Hagen, Ø. & Larssæther, S. (2001a). *Tomras miljøarbeid: På rett vei?* [Tomra's environmental work: On the right path?]. Trondheim: SINTEF Teknologiledelse IFIM (STF38 F01504).

Dahl, T., Hagen, Ø. & Larssæther, S. (2001b). Organisational challenges to industrial ecology: A comparative analysis of three companies' efforts to develop environmentally responsible corporate cultures. Paper presented at *The Science and Culture of Industrial Ecology-conference,* The Netherlands, November, 2001.

Dahl, T., Hagen, Ø. & Larssæther, S. (2002). *HÅG's miljøarbeid: Miljø som integrert og naturlig del av produkt og organisasjon.* [HÅG's environmental work: Environment as an integrated and natural part of product and organization]. Trondheim: SINTEF Teknologiledelse IFIM (STF38 A02502).

Dahl, T., Hagen, Ø. & Larssæther, S. (2003). *Om å bygge miljøkultur. En læringshistorie fra stolprodusenten HÅGs arbeid med ytre miljø.* [On building environmental culture. A learning story of HÅG's work with external environment]. Trondheim: SINTEF Teknologiledelse IFIM (STF38 A03509).

Dahlsrud, A. (2006). How corporate social responsibility is defined: an analysis of 37 definitions. *Corporate Social Responsibility and Environmental Management*, 15(1), 1-13.

Daft, T.L. & Weick, K.E. (1984). Toward a model of organizations as interpretation systems. *Academy of Management Review*, 9(2), 284-291.

Denzin, N.K. (1989). *The Research Act. A Theoretical Introduction to Sociological Methods.* New Jersey: Prentice Hall.

Derrida, J. (1976). *Of Gramatology*. Baltimore: Johns Hopkins University Press.

DiMaggio, P.J. & Powell, W.W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48(2), 147-160.

Dutton, J. E., Dukerich, J.M. & Harquail, C.V. (1994). Organizational image and member identification. *Administratve Science Quarterly*, 39, 239-263.

Eik, A. (2005). *Eco-Efficiency of waste management: A case study of the Norwegian deposits and recycling system for PET bottles.* Trondheim: Norwegian University of Science and Technology (doctoral dissertation).

Elkington, J. (1997). *Cannibals With Forks: The Triple Bottom Line of 21st Century Business.* Oxford: Capstone.

Emery, F. E, (1969). *Systems Thinking*. Harmondsworth, England: Penguin.

Fiol, C.M., Hatch, M.J. & Golden-Biddle, K. (1998). Sidebar commentary #2. Organizational culture and identity: What's the difference anyway? In. Whetten, D.A. & Godfrey, P.C. (eds.), *Identity in Organizations. Buidling Theory through Conversations* (pp. 56-59). London: Sage Publications.

Fombrun, C. J. (1996). *Reputation: Realizing Value from the Corporate Image*. Boston, Mass.: Harvard Business School Press.

Fombrun, C. J. & Riel, C. van (2004). *Fame and Fortune: How Succesfull Companies Build Winning Reputations.* Upper Saddle River: Prentice Hall.

Fombrun, C.J. & Rindova, V.P. (2000). The road to transparency: reputation management at Royal Dutch/Shell. In Scultz, M., Hatch, M.J. & Larsen, M.H. (Eds.), *The Expressive Organization* (pp. 77-96). Oxford: Oxford University Press.

Forgues, B. & Vandangeon-Derumez, I. (2001). Longitudinal analyses. In R-A. Thietart (Ed.), *Doing management research. A comprehensive guide* (pp. 332-350) London: Sage Publications.

Fornell, C. & Westbrook, R.A. (1984). The vicious cycle of consumer complaints. *Journal of Marketing*, 48, 68-78.

Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. Boston: Pitman.

Frey, D. (2002, December 2). How green is BP? *The New York Times Magazine*, p. 99.

Friedman, M. (1962). *Capitalism & Freedom*. Chicago: The University of Chicago Press.

Gabriel, Y. (2000). *Storytelling in Organizations. Facts, Fictions and Fantasies*. New York: Oxford University Press.

Garsten, C. & Salzer-Mörling, M. (2004). Introduktion: Jakten på identiteter [Introduction: The chase on identities]. *Nordiske Organisasjonsstudier*, 2. (Special issue on Identity).

Geertz, C. (1973). *The Interpretation of Cultures: Selected Essays*. New York: Basic Books.

Gioa, D.A. & Thomas, J.B. (1996). Identity, image and issue interpretation: Sensemaking during strategic change in academia. *Administrative Science Quarterly*, 41(3), 370-403.

Girod-Sèville, M. & Perret, V. (2001). Epistemological foundations. In R-A. Thietart (Ed.), *Doing Management Research. A Comprehensive Guide* (pp. 13-30). London: Sage Publications.

Glaser, B.G. & Strauss, A.L. (1967). *The Discovery of Grounded Theory: Strategies for Qualitative Research*. Chicago: Aldine.

Gray E.R. & Balmer, J.M.T. (1998). Managing corporate image and corporate reputation. *Long Range Planning*, 31(5), 695-702.

Greenwood, D. & Levin, M. (2007). *Introduction to Action Research: Social Research for Social Change.* Thousand Oaks, Calif.: Sage Publications.

Gruning, J.E. & Gruning, L.A. (1991). Conceptual differences in public relations and marketing: The case of health-care organizations. *Public Relations Review*, 17(3), 257-278.

Guba, E. & Lincoln, Y. (1994). Competing paradigms in qualitative research. In Denzin, N. & Lincoln, Y. (Eds.), *Handbook of Qualitative Research* (pp. 105-117) London: Sage.

Gummeson, E. (2000): *Qualitative Methods in Management Research*. London: Sage Publications (2nd edition).

Habish, A. & Jonker, J. (2005). Introduction: CSR – a subject with substance? In Habish, A., Jonker, J., Wegner, M. & Schmidpeter, R. (Eds.), *Corporate Social Responsibility Across Europe* (pp. 1-12). Berlin: Springer.

Hagen, I. (1992). *News viewing ideals and everyday practices: The ambivalences of watching Dagsrevyen*. Bergen: University of Bergen (doctoral dissertation).

Hagen, Ø. (1997). *Produksjonsretta handlingsorientering og endringsprosessar.* [Production-directed action orientation and change processes]. Trondheim: Norges Teknisk-Naturvitenskaplige Universitet, Psykologisk institutt (upublisert hovedfagsoppgave).

Hagen, Ø. (2002). Mot et etisk marked? [Towards an ethical market?]" In Forseth, U. & Rasmussen, B. (red.), *Arbeid For Livet* [Work For Life] (pp. 19-30). Oslo: Gyldendal. (Paper I of the dissertation).

Hagen, Ø. (2003/2006). Individualitet og kollektivitet i moderne verksemder: Mot den kulturlause organisasjon? [Individuality and collectivity in modern companies: Toward a cultureless organization?]. In Saksvik, P. Ø. & Nytrø, K. (red), *Ny Personalpsykologi for et Arbeidsliv i Endring. Nye Perspektiver på Samspillet Organisasjon og Menneske*. [New Personell Psychology for a Changing Work Life. New Perspectives on the Interaction Between Organization and the Individual]. (pp. 94-119/109-134). Oslo: Cappelen Akademisk Forlag (2.utgave i 2006). (Paper II of the dissertation).

Hagen, Ø. (2007a). *Mellom håndverk og refleksivitet. Om kvalitetssikring av kvalitative forskningsintervju.* [Between craftsmanship and reflexivity. On ensuring quality of qualitative research interviews]. Trondheim: Norges Teknisk-Naturvitenskaplige Universitets Program for industriell økologi (Working Paper 1/2007 - ISSN 1504-3681).

Hagen, Ø. (2007b). *Organisasjonsteoriens behandling av forholdet mellom organisasjon og omgivelse. En vitenskapsteoretisk tilnærming.* [The treatment of the relationship between organization and environment in organizational theory. A philosophy of science-approach]. Trondheim: Norges Teknisk-Naturvitenskaplige Universitets Program for industriell økologi (Working Paper 2/2007 - ISSN 1504-3681).

Hagen, Ø. (2008a). Seduced by their proactive image? On using auto communication to enhance CSR. In *Corporate Reputation Review*, 11(2), 130-144. (Paper IV of the dissertation).

Hagen, Ø. (2008b). Driving environmental innovation with corporate storytelling. Is radical innovation possible without incoherence? *International Journal of Innovation and Sustainable Development*, 3(3/4), 217-233 (Paper III of the dissertation).

Hagen, Ø. & Larssæther, S. (2000a). A critical look at business' response to the environmental challenge: Is eco-efficiency a result of single-loop problemsolving? Paper presentert at *The 2000 Business Strategy and the Environment Conference,* September 2000, University of Leeds, UK.

Hagen, Ø. & Larssæther, S. (2000b). *The need for cultural innovation to face the environmental challenge in business.* Norwegian University of Science and Technology's Industrial Ecology Program (IndEcol Report series No. 6. 2000).

Hagen, Ø. & Steiro, T. (2001). Kunnskapsøkonomien – gamal vin på ny flaske? [The knowledge economy – old wine in new bottles?]. *Magma – Tidsskrift for Økonomi og Ledelse* [Magma – Journal of Economy and Management], 4(5), 83–95.

Hartley, J.F. (1994). Case studies in organizational research. In Cassell, C. & Symon, G. (Eds.), *Qualitative Methods in Organizational Research* (pp. 208–229). London: Sage.

Hatch, M.J. (1993). The dynamics of organizational culture. *The Academy of Management Review,* 18(4), 657-693.

Hatch, M.J. (1997). *Organization Theory. Modern, Symbolic and Postmodern Perspectives.* Oxford: Oxford University Press.

Hatch, M.J. with A.L. Cunlife (2006). *Organization Theory. Modern, Symbolic and Postmodern Perspectives.* Oxford: Oxford University Press.

Hatch, M.J. & Schultz, M. (1997): Relations between organizational culture, identity and image. *European Journal of Marketing*, 31(5/6), 356-365.

Hem, L.E. (2004). "Merkevarer – litt historikk og noen definisjoner [Brands – some history and a few definitions"]. In Hem, L.E. & Iversen, M. (red.): *Perspektiver på merkevareledelse* [Perspectives on brand management]. Bergen: Fagbokforlaget.

Hertz, N. (2001). *The Silent Takeover. Global Capitalism and the Death of Democracy.* London: Heinemann.

Hogg, M.A. & D. Abrams (1999). *Social Identifications: A Social Psychology of Intergroup Relations and Group Processes.* New York: Routledge.

Holland, R. (1999). Reflexivity. *Human Relations*, 52(4), 463-484.

Hosking, D.M. (2006). Organizations, organizing, and related concepts of change. In Hoskings, D.M. & McNamee S. (Eds.), *The Social Construction of Organization* (pp. 54-68). Malmö, Sweden: Liber & Copenhagen Business School Press.

Hosking, D.M. & I. E. Morley (1991). *A Social Psychology of Organizing.* London: Harvester Wheatsheaf.

HÅG annual report, 1996. Oslo: HÅG asa.

HÅG annual report, 2005. Oslo: HÅG asa.

Ihlen, Ø. (2007). *Petroleumsparadiset. Norsk oljeindustris strategiske kommunikasjon og omdømmebygging* [The petroleum paradise. Norwegian oil business' strategic communication and reputation building]. Oslo: Unipub.

Ihlen, Ø. & Robstad, P. (2004). *Informasjon og samfunnskontakt. Perspektiver og praksis.* [Public relations. Perspectives and practice]. Bergen: Fagbokforlaget.

Ind, N. (1997). *The Corporate Brand.* Houndmills: Macmillan.

Ind, N. (2004). *Living the Brand: How to Transform Every Member of Your Organization into a Brand Champion.* London: Kogan Page.

Jablin, F.M. & Putnam, L. (2001). *The New Handbook of Organizational Communication: Advances in Theory, Research, and Methods*. Thousand Oaks, Calif.: Sage.

Jacobsen, D.I. & Thorsvik, J. (2003). *Hvordan organisasjoner fungerer [How organizations work]*. Bergen: Fagbokforlaget.

Johnson, P. & Cassell, C. (2001). Epistemology and work psychology: New agendas. *Journal of Occupational and Organizational Psychology*, 74(2), 125-143.

Jørgensen, F.A. (2007). *The infrastructure of everyday environmentalism: Tomra and the reverse vending machine, 1970-2000*. Trondheim: Norwegian University of Science and Technology (doctoral dissertation).

Kapferer, N. (1997). *Strategic Brand Management: Creating and Sustaining Brand Equity Long Term*. London: Kogan Page.

Keller, K.L. (1998). *Strategic Brand Management: Building, Measuring, and Managing Brand Equity.* Upper Saddle River, N.J.: Prentice Hall.

Keller, K.L. (2003). *Strategic Brand management. Building, Measuring and Managing Brand Equity.* Upper Saddle River, N.J.: Prentice Hall. (2nd ed.).

Keynes, J.M. (1973). *The General Theory of Employment, Interest and Money.* London: The Macmilan Press.

Klein, N. (2000). *No Logo.* London: Flamingo.

Kotler, P. (1999). *Principles of Marketing*. London: Prentice Hall.

Kuhn, T. S. (1962). *The Structure of Scientific Revolutions*. Chicago: University of Chicago Press.

Kvale, S. (1996). *InterViews. An Introduction to Qualitative Research Interviewing*. London: Sage.

Kvåle, G. & Wæraas, A. (2006). *Organisasjon og identitet*. [Organization and identity]. Oslo: Det Norske Samlaget.

Levy, D. (2005). Business and the evolution of the climate regime: The dynamics of corporate strategies. In Levy, D. & Newell, P. (Eds.), *The Business of Global Environmental Governance* (pp. 73-104). Cambridge, MA: MIT Press.

Lewin, K. (1951). *Field Theory in Social Science*. New York: Harper and Row.

Lincoln, Y.S. & Guba, E.G. (1985). *Naturalistic Inquiry*. Beverly Hills, Calif.: Sage.

Livesey, S.M. & Graham, J. (2007). Greening of corporations? Eco-talk and the emerging social imaginary of sustainable development. In May, S., Cheney, G. & Roper, J. (Eds.), *The Debate over Corporate Social Responsibility* (pp. 336-350). Oxford: Oxford University Press.

Lotman, Y.M. (1977). Two models of communication. In D.P. Lucid (Ed.), *Soviet Semiotics: An Anthology* (pp.99-101). London: The Johns Hopkins University Press.

Lotman, Y.M. (1990). *Universe of the Mind: A Semiotic Theory of Culture*. London: I.B. Tauris.

Lyotard, J-F. (1979). *The Postmodern Condition: A Report on Knowedge*. Minneapolis: Universty of Minnesota Press.

Maanen, J.van (1979). The fact of fiction in organizational ethnography. *Administrative Science Quarterly*, 24(4), 539-550.

Meyer, J.W. & Rowan, B. (1977). Institutional organizations: Formal structure as myth and ceremony. *American Sociological Review*, 83(2), 340-363.

Morgan, G. (1998). *Images of Organization.* London: Sage Publications.

Morsing, M. (1999). The media boomerang: The media's role in changing identity by changing image. *Corporate Reputation Review*, 2(2), 116-135.

Morsing, M. (2006). Corporate moral branding: Limits to aligning employees. *Corporate Communications: An International Journal*, 11(2), 97-108.

Munkeby, I. (2003). *Når eksternt press gir internt samarbeid: Bedriftsutvikling som samarbeidsprosjekt mellom ledelse og fagforeninger*. [When external pressure gives internal cooperation: Organizational development as cooperation between management and trade unions]. Trondheim, Norway: Norges Teknisk-Naturvitenskaplige Universitet (doctoral dissertation).

Munshi, D. & Kurian, P. (2007). The Case of the Subaltern Public. In: May, S., Cheney, G. & Roper, J. (Eds.), *The Debate over Corporate Social Responsibility* (pp. 438-447). Oxford: Oxford University Press.

Murphy, C. (2002, September 20). Is BP beyond petroleum? Hardly. *Fortune*, p. 44.

Murphy, E. & Dingwall, R. (2001). The ethics of ethnography. In Atkinson, P., Coffey, A., Delamont, S., Lofland, J. & Lofland, L. (Eds.), *Handbook of Ethnography* (pp. 339-351). London: Sage Publications.

Myklebust S. & Myrvang, C. (2001). Varen som kulturformer og maktbærer [The product as a cultivator of culture and a carrier of power]. I: Holm. E.D. & Meyer S. (red.): *Varene tar Makten* [The products take power] (pp. 11-44). Oslo: Gyldendal Akademisk.

Olins, W. (2000). How brands are taking over the corporation. In: Schultz, M., Hatch, M.J. & Larsen, M.H. (Eds.), *The Expressive Organization: Linking Identity, Reputation and the Corporate Brand* (pp. 51-65). New York: Oxford.

Parson, T. (1956). Suggestions for a sociological approach to theory of organizations - I. *Administrative Science Quarterly*, 1(1), 63-85.

Piaget, J. (1950). *The Psychology of Intelligence.* New York: Routledge.

Porter, M.E. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance.* New York: The Free Press.

Putnam, L. (1983). Preface. In Putnam, L. & Pacanowsky, M.E. (Eds.), *Communications and Organizations: An Interpretive Approach*. London: Sage.

Rey Pino, J.M. (2003). *Collapses within the Hospital Emergency Services. A Consumer Behaviour Research*. Cadiz, Spain: University of Cadiz (doctoral dissertation).

Rolfsen, M. (red) (2000). *Trendenes tyranni: Produksjon og arbeid i et nytt århundre.* [The tyranny of trends: Manufacturing and work in a new century]. Bergen: Fagbokforlaget.

Royer, I. & Zarlowski, P. (2001). Research design. In R-A. Thietart (Ed.), *Doing Management Research. A Comprehensive Guide* (pp. 111-131). London: Sage Publications.

Røvik, K.A. (2007). *Trender og translasjoner. Ideer som former det 21. århundrets organisasjon.* [Trends and translations. Ideas that shape the 21st century's organization.] Oslo: Universitetsforlaget.

Salzer-Mörling, M. (1998). 'As God created the earth…' A saga that makes sense? In Grandt, D., Keenoy, R. & Oswick, C. (Eds), *Discourse and Organization* (pp. 104-118). London: Sage Publications.

Salzer-Mörling, M. & Strannegård, L. (2004): Leadership in a branded world. In Chowdhury, S. (Ed.), *Next Generation Business Handbook* (pp. 174-185). Hoboken, New Jersey: John Wiley & Sons.

Schein, E. (1984): Coming to a new awareness of organizational culture. *Sloan Management Review*, 25(2), 3-16.

Schein, E. (1992). *Organizational culture*. San Francisco: Jossey-Bass (2nd edition).

Schieflo, P.M. (1998). Styring og ledelse i det globale samfunn [Government and leadership in the global society]. In Fermann, G. & Knutsen, T. (red.), *Virkelighet og vitenskap. Perspektiver på kultur, samfunn, natur og teknologi.* [Reality and science. Perspectives on culture, society, nature and technology]. Oslo: Ad Notam Gyldendal.

Schultz, M., Hatch, M.J. & Larsen, M.H. (2000). *The Expressive Organization: Linking Identity, Reputation, and the Corporate Brand*. Oxford: Oxford University Press.

Scott, W.R. (2001). *Institutions and Organizations*. Thousand Oaks, Californa: Sage Publications (2nd ed.).

Selznick, P. (1957). *Leadership in Administration.* New York: Harper & Row.

Selznick, P. (1997). *Lederskap.* [Leadership]. Otta, Norge: Tano Aschehoug.

Shanahan, S. & Khagram, S. (2006). Dynamics of corporate social responsibility. In Drori, G.S., Meyer, J.W., & Hwang, H. (Eds.), *Globalization and Organization* (pp. 196-224). Oxford: Oxford University Press.

Shapin, S. (1996). *The Scientific Revolution*. Chicago: University of Chicago Press.

Shipman, M. (1982). *The Limitations of Social Research*. London: Longman.

Smith, A. (1993). *Wealth of Nations*. Oxford: Oxford University Press (first published in 1776).

Soros, G. (2006). *The Age of Fallibility: The Consequences of the War on Terror*. New York: Public Affairs.

Steger, M. B. (2003). *Globalization. A Very Short Introduction*. New York: Oxford University Press.

Symon, G., Cassell, C. & Dachler, H.P. (2001). Towards a reflexive work and organizational psychology. Paper presented at *The 10th European Congress on Work and Organizational Psychology*, Prague, May 2001.

Sætre & Browning (2004). Enactment and sensemaking in organizations. In Browning, L.D., Sætre, S. Stephens, K.K. & Sørnes, J.-O. (Eds.), *Information and Communication Technologies in Action. Linking Theory and Narratives of Practice.* (pp. 73-84). Copenhagen: Copenhagen Business School Press.

Sørensen, K.H. (2002). *Artikkelskriving for begynnere*. [Article writing for beginners] Trondheim: Norges Teknisk-Naturvitenskaplige Universitet (STS-arbeidsnotat 6/02).

Velde, M., Jansen, P. & Anderson, N. (2004). *Guide to Management Research Methods.* Oxford, UK: Blackwell Publishing.

Vogel, D. (2005). *The Market for Virtue.* Washington, D.C.: Brookings Institutions Press.

Weick, K.E. (1979). *The Social Psychology of Organizing*. Reading, MA: Addison-Wesley (2nd ed.).

Weick, K.E. (1995). *Sensemaking in Organizations*. London: Sage.

Whetten, D.A., Lewis, D. & Mischel, L. (1992). Towards an integrated model of organizational identity and member commitment. Paper presented at *The Academy of Management Meeting*, *Las Vegas*.

Willig, C. (2001). *Introducing Qualitative Research in Psychology*. Buckingham: Open University Press.

Woods, N. (2001). The globalisation debate in international political economy. In Baylis. J. & Smith, S. (Eds.), *The Globalisation of World Politics. An Introduction to International Relations* (pp. 277-298). New York: Oxford University Press.

World Business Counsil for Sustainable Development (WBCSD) (1999). *Meeting Changing Expectations: Corporate Social Responsibility.* Conches-Geneva, Switzerland: WBCSD.

World Comission on Environment and Development (WCED) (1987). *Our Common Future.* New York: Oxford University Press.

Wæraas, A. (2004). *Den karismatiske offentlige organisasjon*. [The charismatic public organization]. Tromsø: Universitetet i Tromsø (doktor polit.-avhandling).

Yin, R.K. (2003). *Case Study Research. Design and Methods.* London, Sage Publications.

Zadek, S. (2001). *The Civil Corporation: The New Economy of Corporate Citizenship*. London: Earthscan Publications.

Papers I – IV

Paper I

Hagen, Ø. (2002). Towards an ethical market? In Forseth, U. & Rasmussen, B. (eds.), *Arbeid for livet* [Work for life] (pp. 19-30). Oslo: Gyldendal. (The paper is translated from Norwegian to English. Original title: "Mot et etisk marked?").

Towards an ethical market?

Øivind Hagen

> [In a free economy] there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud
>
> (Friedman 1962: 133)

The above citation is taken from American economist Milton Friedman's classic defence of the liberal market economy from 1962, Capitalism and Freedom. In this book, Friedman argued that the sole responsibility of business is to maximize its own profit. A lot has happened since that time. Political liberalization, the dismantling of national borders and increased flows of capital, goods and labour has led to a shift in power from politically governed institutions to privately owned companies. At the same time, a product is no longer just a product, but also a brand that should be able to place the product and its user in a greater context. Brands are involved in assigning an identity to both the producer and the consumer.

In line with the changes in the economy, new expectations for commercial actors have arisen, calling on them to contribute to solving social problems far beyond what Friedman argued for. According to a press release from the consulting firm KPMG (dated 13 March 2002) the business sector is taking on these types of overarching responsibility. There is an ethical trend in the business sector, and tomorrow's leaders take on social responsibilities because they pay off in the end, according to one of the consulting firm's advisors. The same press release also showed that a total of 22 of the world's 100 largest companies have recently pledged to publish annual reports on sustainability, which is an increase of 59 per cent from the previous year.

However, this ethical trend is not apparent everywhere. Few people, especially not the employees who had staked their future pensions and small investors, realized what had happened when the energy corporation Enron, the seventh largest corporation in the United States measured in stock value, plummeted to bankruptcy. However, central directors had seen

the way things were going, and sold off their shares before it was too late, thereby making solid earnings on their stock investments. Ethics also do not seem to have been a top priority when ABB entered into a retirement agreement of 900 million Swedish krona with their chairman, Percy Barnevik.

Are these the exceptions that confirm the rule that business is aware of its responsibilities and able to manage more than its narrow self-interest in an increasingly liberal and global market economy? Will the transition from products to brands create an ethical market?

From too little to more than enough

If the development of the Western economy from the post-war period until the present day were to be described using two succinct phrases, then it would be described as the gradual transition from an economy characterized by a *surplus in demand* to one characterized by a *surplus in supply* (Amdam, Gran, Hansen & Sogner 2001). Among those who offer products on the market, the competition has gradually increased, and quality alone is not a guarantee for turnover as it was previously. Additional dimensions beyond functionality, like service and emotional appeal, have appeared to have more and more significance for creating product preferences in the jungle of supply. The new conceptualization of what a product is turns companies into cultural actors as well as commercial units. Social trends such as ethnic diversity, gender equality and environmental awareness are incorporated into the product in order to create customer loyalty and identification.

The transition from an industry-based economy focusing on mass production to a more knowledge-based economy, with greater emphasis on the manipulation of information and symbols, has gradually become more apparent since the Second World War (Drucker 1993). However, it is from the 1980s and onward that the development has really made headway, and it is from this period that the globalization of the economy and its consequences have begun to become visible.

The market economy's political breakthrough

One characteristic of the 1980s is the wave of liberalization and increased market orientation that occurred in Western societies. Neoliberalism is first and foremost linked to Thatcher's election victory in Great Britain in 1979 and Reagan's takeover in the United States in 1980 (Hertz 2001). The core message of this policy was that public expenditure should be held at a

minimum by entrusting as much as possible to private actors in order to combat high inflation. This meant that the state's role in the economy should be held at a minimum, and that many of the responsibilities previously taken care of by the government had to be privatized or contracted out to private actors. This policy has roots in the philosophy of Milton Friedman. Friedman (1962) argued that a free market, despite its weakness, allocates goods and services better than an economy regulated by the state. Government interference in the mechanisms of the market is more harmful than helpful, and must therefore be held at a minimum. This policy broke through in Norway during Willoch's Conservative government in 1981 (Amdam et al. 2001, Furre 1991).

However, in order to understand the market economy's political advance during this phase, it is important to go further back in time. During the interwar era, the market economy was in crisis due to the crash of the New York Stock Exchange in 1929 and the subsequent economic depression. Throughout the war years, the state showed that it could play an important role in the economy, through managing and coordinating the war production. Thus, in the post-war era, a combination of planned economic and market economic thought had a breakthrough. The policy can be traced back to the English economist John Maynard Keynes's idea that the state could and should intervene in the economy (Amdam et al. 2001). His argument was that the market economy did not have a naturally given ability to create high employment. The state had to correct for the market's lacking ability to contribute to full employment and to the development of a well-functioning welfare state, by affecting the demand side of the economy through public consumption (Keynes 1973). In a post-war economy characterized by a surplus in demand and an economic upturn, there was great support for this policy.

However, the oil crisis early in the 1970s created a new uncertainty in the Western economy. The establishment of the OPEC cartel and subsequent high oil prices led to an economic decline, high unemployment and inflation as high as 20 per cent in some countries. Keynes's thesis that inflation could not rise at the same time that unemployment was increasing turned out to be incorrect. This eventually provided the basis for a shift towards the right in Western economic policy, which was precisely based on Friedman's essential criticism of Keynes's economic theories ten years before the oil crisis (Fusfeld 1999).

The master of your own destiny

The political liberalization and market orientation of the last few decades have been expressed in different ways. In Great Britain, a massive privatization process followed in the wake of

Thatcher's assumption of power. The coal, steel, gas, electricity and water supply industries were privatized. Also, industries within rail and air transportation, telecommunications, nuclear power and shipping were transferred from public to private ownership. While in 1979, Great Britain had four times as many union members as stockholders, ten years later there were more stockholders than union members. Reagan removed the controls for the fixing of oil prices and loosened the restrictions on railway transportation, broadcasting and the oil and gas industry (Hertz 2001). In Norway, there was a gradual market orientation in parts of the economy during the same time period. Between 1977 and 1985, the credit and foreign exchange market was deregulated, housing prices were deregulated, trade was liberalized, the broadcasting monopoly was dissolved, tax levels were lowered and there was greater opportunity for commercial health services. Later, the energy and tele-sectors became more market-based as more competitors emerged, and they operated within an open and free market (Amdam et al. 2001, Furre 1991).

The focus on privatization and the reduction of public spending made some of the problems in Western economies that surfaced after the oil crisis in 1973 disappear but, at the same time, other problems arose. The inflation problems from the early 1970s are more or less over and, during the last few years, inflation has hovered at one to two per cent in Western industrialized countries (Amdam et al. 2001). Unemployment numbers, on the other hand, are still high. Even though unemployment has been reduced over the last few years, unemployment in 1999 in European OECD countries was over 9 per cent, while the same number for the United States was a little over 4 per cent. In 1999, unemployment was a little over 3 per cent in Norway (NOU 21 2000).

Winners and losers

If we view the market orientation in light of the conditions of the business sector, they show that, while business taxes in the United States made up 32.1 per cent of the collected tax income in 1952, the numbers for 1975 and 1998 were 11.4 per cent and 11.5 per cent, respectively (Klein 2001). At the same time, the barriers to trading over national borders have been steadily dismantled. Economic growth in individual companies, mergers and strategic alliances across national boundaries combined with lower business taxes result in an accumulation of resources in privately owned companies and a shifting of power from politically controlled institutions and processes to commercial actors.

On the list of the world's 100 largest economies, 51 are privately owned companies, while 49 are nation-states. More than 25 per cent of the world's total assets are now owned by

300 multinational companies. The value of the sale of the six largest transnational companies is only surpassed by the gross national product of 21 nation-states. Sales from private companies make up two-thirds of world trade, while an entire 40 per cent of the world trade happens within multinational companies, with the tax-related consequences that follow (Hertz 2001, Klein 2001). The list goes on. In any case, the message about a shift in power from political actors with the community's interests as a motive to commercial actors who, historically speaking, have focused on narrower self-interests, clearly emerges.

While the growth in Western economies has been great during this period, it seems like the political focus on market-directed production and consumption has happened at the expense of questions of distribution, environment and resources. Despite investing in trade with the third world instead of direct help, and a subsequent sixfold increase in private capital flows to developing countries from 1990 until 2001, the divide between the North and South is still alarmingly great. The growth of production has indeed been greater in developing countries in general than in industrialized countries during the past few years (Amdam et al. 2001), but the positive tendency has still not been great enough to offset the skewed distribution to any significant degree.

In several Western countries, the inequalities within the population have increased. In the United States, where the economic growth was greatest in the 1990s, incomes rose among the poorest families by only 1 per cent from 1988 until 1998, while incomes rose by 15 per cent among the wealthiest families. Despite low levels of unemployment, millions of Americans live in poverty at the lowest level of the income bracket (Faux & Mishel 2000, Hertz 2001).

From an environmental and resource perspective, the development during the last few decades has been negative. Despite efforts to create a sustainable management of resources and the environment, especially in the 1990s, the development reveals negative numbers at a broader level. In line with economic growth, material consumption in industrialized countries such as Japan, Germany and the United States increased by over 27 per cent during the last 20 years until 1998. In Asia, the part of the third world that has had the most success in introducing market economy principles following a Western model, energy consumption is expected to double during the next 20 years. Most of this increase will be based on fossil-based energy sources (Day 1998). Even the turn toward more information and knowledge-based economies has not notably compensated for the increase in resource and energy consumption as a result of the general economic growth (Matthews et al. 2000).

The global market economy

Despite the problems linked to questions concerning distribution, environment and resources, market liberalization has made a strong political and cultural breakthrough and stands out today as the dominant, global ideology. Institutions such as the International Monetary Fund (IMF) and the World Bank have had a great influence on the economic development in countries in Latin America, East Asia, India, most of Africa and the countries that were previously part of the Eastern Bloc. Parallel to the development of international trade agreements under the system of GATT (General Agreement on Tariffs and Trade)/WTO (World Trade Organization), these actors have been proponents of a neoliberal economic policy. Thatcherism immediately gained great influence in Western countries such as Australia, Canada and New Zealand, which are all countries with close ties with Great Britain. A turn toward the liberal market also took place on the European continent, if not to the same degree as in Great Britain. Under Kohl in Germany, the state-owned companies were privatized, company taxes were reduced and the right to go on strike was constrained. In France and Italy, massive privatization measures were carried out between 1985 and 1995 to reduce public debt and strengthen the economy (Hertz 2001).

Still, what really sped up the "global liberal market consensus" were the fall of the Berlin Wall in 1989 and the collapse of the Soviet Union in 1991. These represented a departure from 70 years of planned economic experimentation, and led not only to a turn toward the liberal market in the countries that were previously part of the Eastern Bloc, but also in countries that had engaged in intensive trade with these countries, for example India and a number of African countries. Subsequently, we have also seen that China is experimenting with market economy principles.

What makes it possible to speak of a political consensus is the political left's Conservative turn and greater acceptance of elements of the neoliberal way of thinking. This is especially apparent in Great Britain, with Tony Blair and the "New Labour" taking office in 1995. The main essence of the new Labour policy was a departure from the notion of high taxes, as well as high public consumption, and the prioritization of a public budget balance and low inflation. The social democratic policy's turn to the right was also visible with Clinton's election victory in the United States and eventually Schröder's government in Germany (Amdam et al. 2001, Hertz 2001). In Norway, this has been expressed through several profiled business leaders' articulated preference for a Workers' Party government.

From products to brands

How has the business sector met the challenges following the globalization of the economy? A headline in the Financial Times on 4 August 1999 expresses a commonly used adaptation strategy: "Ford to outsource important parts of car assembly". This statement was not in itself sensational news, and similar messages had come from most of the large, Western industrial corporations during the previous few years. What was interesting here, however, was *who* had now relocated that which previously represented the values and core activity in the company. Few companies have, like Ford, symbolized the industrial revolution and the mass production that followed. In his time, Henry Ford set the standard for industrial production with his conveyor belt principles and specialization of work tasks. It was also around this process that the values in one of the world's largest and most well-known industrial companies were built.

That which seemingly appeared to be the sale of the silver heirlooms was, however, a strategic adaptation to a greater development, where the production of the physical product in large and well-known companies constitutes a steadily decreasing amount of the economic growth. The technological development of production processes, in the form of automatization and standardization, have made it both easier to hand over the physical manufacturing of a company's products to a third party and less lucrative for the same company itself to engage directly in production. The thing that has become an increasingly important part of the activity of the large industrial corporations is brand building (Klein 2001, Olins 2000, Schieflo 1998).

Brand building is about creating a kind of loyalty of preference for a brand or a logo that goes beyond preferring a company's product on the basis of its material quality. Consumption is tightly linked to identity and group affiliation. Meaningful or marketable messages must therefore be incorporated into products. Values that are central to the customer must somehow be linked to the product. Large industrial corporations such as Nike, Disney and Levi's expend more of their energy on developing new products and creating myths and stories around their own names than on producing products (The Economist 2001).

The increased focus on brands in the form of the emotional appeal an organization or its product has on its market can be viewed as an adaptation to the change from an economy characterized by a *surplus in demand* to a *surplus in supply*. The competition has increased and quality alone is not selling. The factors that create preferences in the jungle of supply are the additional dimensions that go beyond the product's physical characteristics, which in any case are becoming increasingly standardized (Hagen & Steiro 2001). The development culminated with Ford's conversion from product to brand.

The fact that brands and image-building have become a main element in many companies' activities is demonstrated in marketing budgets. While the collective advertising costs in the United States in 1979 were 40 billion dollars, the numbers for 1989 and 1998 were 120 billion dollars and 200 billion dollars, respectively. From 1985 until 1998, sponsor costs for American companies increased by 700 per cent, from just under a billion dollars to just under 7 billion dollars (Klein 2001). When the American company Philip Morris purchased the food giant Kraft in 1988, the purchase price was four times higher than Kraft's value on paper. The difference amounted to the value of the word "Kraft" (Olins 2000).

Ethics and environment become a part of the brand

In the wake of the increased focus on emotional and immaterial aspects in the economy, the incorporation of ethical and environmental aspects into the product's many layers has been attempted. The market is in the process of becoming more environmentally and ethically conscious, at the same time that business has a need to legitimate its powerful positions by appearing as socially aware and socially responsible. Another aspect of this is the industry's desire to prevent regulation and coercion. A common explanation for why several firms in Norwegian heavy industry are well under the government's emission limits has to do with being able to decide one's own terms and conditions to the greatest degree possible (Hagen, Røine & Brattebø 1998). The collective term for the attempt by businesses to show that they think beyond maximizing their own profits is *corporate social responsibility* – CSR.

The basic thought behind CSR is that a company should perform and be measured along three axes: economically, environmentally and socially. This implies that a company's development work should not only contribute to the economic surplus of the company but also to its efforts in the local community of which it is a part and to the optimization of resource, energy and material consumption (Zadek 2001). An indication of this is that an increasing number of companies publish expanded annual reports that not only account for the operation's economic features but also how it has contributed to the society's principal challenges linked to the environment and social relations.

If we look closer at the logic behind a concept such as CSR, it builds upon the idea that the increased significance of brands will push companies and society in a positive direction. When an increasing amount of the company's value and economic growth is linked to the brand, the company also becomes more vulnerable to negative publicity and its harmful effects on the brand. An indication of this is the growth of a company like *eWatch*, which has made its

business out of monitoring the Internet. The business idea is to scan the Internet for reports, positive or negative, of companies that are willing to pay for information about how they are being discussed on the Internet. In this way, the companies receive early information on possible Internet-based campaigns against them. *eWatch* also offers know-how solutions for the best way of handling Internet-based actions.[1] Even the actors behind ethical investment funds scan the media for reports on companies in connection with criteria that are the basis for investment. The focus here is on the ability of the companies to take on and refute negative critiques in light of the criteria for investment, and not just on the amount of negative reports, which is the focus of *eWatch.*

A company that depicts itself as socially responsible also needs to follow up with concrete actions because non-action will reduce the value of the brand. The Harvard professor Debora Spar describes this as the "spotlight phenomenon". Companies that are subject to negative focus will do everything they can to divest themselves of it because it affects their finances (Spar 1998). In the same way, positive focus is good for the brand and is something a company desires to maintain. The logic is based on the assumption that different forces (stakeholders), both within a company and in its surroundings, will prompt the company toward equilibrium, where there is harmony between the picture the company outwardly paints of itself and what it actually does. Fine words about social responsibility will then over time lead to responsible behaviour. Does this dynamic work?

Nike – unscrupulous maximization of profit?

Nike has become the very symbol of the global brand-based company. There are several reasons for this. In the business literature, Nike is singled out as the company that discovered the focus on brands and the beauty of outsourcing. Nike's strategy has been used as a model for industrial corporations' adaptation to the global economy (Schieflo 1998). The company's enormous advertising budget of over 500 million dollars in 1997 (in comparison with 30 million dollars ten years earlier) has made the Nike logo perhaps the most visible label in the global economy (Klein 2001). At the same time, there are few companies that have been equally made into targets by NGOs and similar interest organizations. Since the company symbolizes the globalization of the economy, it is also associated with the negative sides of this development.

---

[1] See http://www.ewatch.com/

The company's high profile ensures both publicity for campaigns against Nike and that issues concerning Nike receive attention.

The criticism against Nike has been based first and foremost on the fact that the company's profit is based on poor people's desperate need for work in the third world. The production of the Nike products has been moved from industrialized countries, where the working conditions have improved over a long period of time, mainly thanks to the work of strong unions, to free-trade zones, where the working and wage conditions are very poor. Nike has taken little responsibility for the global value chain of its products, but has purchased production services where they have been cheapest at any given time. While the production cost of some of the shoes has been all the way down at 5 dollars, the sales price in the United States is between 100 and 180 dollars (Klein 2001).

However, several human rights and workers' rights organizations have caught onto Nike's negligence in taking responsibility for those who produce the Nike products. They have investigated the working conditions in the factories in free-trade zones, and published reports that have depicted companies like Nike in an unfavourable light. In 1999, the company's financial results dropped, without this being directly connected to the negative publicity that had surrounded Nike for several years (Zadek 2001).

Nike has responded to the criticism by providing increased wage levels and better working conditions at the different factories around the world that they use as contractors. Gradually, independent inspectors have also received admission into the production facilities, and Nike has followed up with measures addressing the critical work conditions that have surfaced. The development culminated with Nike itself, in February 2001, financing and publishing an independent and very critical review of the work conditions of nine Nike contractors in Indonesia (Gereffi, Garcia-Johnson & Sasser 2001).

Klein (2001) argues that it was when Nike's core customer base first began to react to all of the negative attention around the label that the company took the criticism seriously. The core customers for Nike are youths in American city centres who function as trendsetters for other youths throughout the entire world. Widespread resistance from the white middle class was something Nike could live with. It became worse when city youths of colour began to criticize the company, and their loyalty and identification with the Nike logo was in danger of disappearing.

The example of Nike demonstrates that negative focus can lead to a shift in a company's strategy. However, it is interesting that the driving force for taking greater responsibility to a small degree seems to come from the company itself. Nike has continuously

initiated measures to improve working conditions after third parties gave the company negative publicity. Only when the negative publicity affected Nike's profits was the company forced to initiate these measures in order to seem like a company that takes on greater social responsibility.

HÅG – a commercial example of taking on responsibility in practice?

Office chair manufacturer HÅG chose a strategy different from Nike's. The company received in the early 1990s signals, particularly from the German market, that an environmentally friendly profile was in the process of becoming a competitive advantage. HÅG decided then to make the environment a business opportunity immediately, rather than gradually adapting to the change. Different measures were initiated both for creating an outward image of HÅG as an environmentally friendly company and for systemizing the environmental work internally. The profile of the annual report was changed from dealing exclusively with the financial aspects of the company to focusing on the environmental and social aspects as well. In addition, in other presentation material, the environmental aspect was pointed out as being an important part of HÅG's operation. In sum, this gave the impression of a very ambitious company, and HÅG even received an award for the best environmental reporting. Did the company manage to live up to the expectations it created for itself?

Simultaneous to the outward/external profiling campaign, a number of measures were initiated to create a genuine environmental culture. The company hired its own environmental manager as well as several environmental coordinators, the company was environmentally certified and courses were set up to train the employees on environmental work. The company linked itself to different environmentally oriented R&D projects (research and development), and in the production, recirculation and recycling arrangements and organized improvement groups that focused on the environment were initiated. In addition, environmental requirements were set out for buyers, suppliers, designers and product developers. The environmental efforts were also put into the context of HÅG's status as a cornerstone company at Røros, where the production unit is situated in a biologically and socially vulnerable environment. The results did not take long to emerge. Internally, the environmental commitment led to reduced costs in the form of lower energy and resource consumption, and increased identification with the company among the employees. Externally, HÅG has been deemed an environmentally friendly company and, for several big contracts, the environmental profile has been decisive.

What is it that makes HÅG able to take on a greater social responsibility while simultaneously managing its self-interest? There are several reasons that HÅG appears to be a credible socially responsible commercial actor. The company adapted to a more symbol- and brand-based economy quite early in the game. At the beginning of the 1970s, HÅG already operated with an expanded production notion. At the base of the product's many layers was a functional and material quality, just as we recognize these concepts from the industry-based economy. The next layers were visual design and ergonomics. The chairs should be up to standard physically speaking, appeal to the user's aesthetic sensibilities and prevent strain injuries from sedentary work. When it started to focus on the environmental and ethical aspects during the 1990s, it was relatively easy to incorporate these aspects as a part of the product's many qualities, both because it was an extension of the ergonomic focus and because there was a good understanding in the company of what an expanded product notion implied. The environmental focus did not break with either the company culture or the prevailing product conceptualization.

The proactive external profiling in the introductory phase of environmental commitments seems to have been consciously used to put extra emphasis on the environmental work. Because the company says that it does and intends to do a lot of different things, it puts its good name and reputation (brand) at stake. At the same time, this pressure is driving the company's environmental work forward. The offensive approach to its work with the external environment can be understood in light of HÅG's clearly stated objective of being a *different and better* company. The objective is used to legitimate the environmental commitment, as a high environmental profile supports the depiction of HÅG as unique and different from others (Dahl, Hagen & Larssæther 2002, Wæhre 2002).

If we compare the approaches of Nike and HÅG on social responsibility, we see that the divide is between a reactive and a proactive strategy. Nike has been continually behind in relation to the development, and the company only first addressed the ethical issues after they were pointed out by third parties. HÅG, on the other hand, has had a great degree of success with being at the forefront of the development, and in that way has itself been able to define what the company's social responsibility should include.

The doubleness of the brand

The need to appear socially responsible at a time when symbolic and immaterial aspects are also in the process of becoming an increasingly important part of the economy has turned

commercial companies into cultural actors as well. Positive movements in a society, such as ethnic diversity, gender equality, antiracism and environmental protection, are linked to products in order to create customer loyalty and identification. The connection between the producer and the consumer is, however, two-sided. When a product makes promises to fulfil not only material requirements but also cultural and spiritual needs, the expectations of those who produce and sell the product become correspondingly greater. Social responsibility can not merely be incorporated as stated values in the product, it also creates an expectation that social and environmental efforts are shown through the actual behaviour of the organization behind the product.

The fact that an increasing amount of business capital and values is tied up in a "vulnerable resource" like the brand can help develop socially responsible companies. The fear of a bad reputation that in the next round may impact on a company's financial status can create a positive dynamic between the company and the market in which it operates. However, an increased focus on image and packaging makes it possible to create a picture of a company on the outside that does not necessarily correspond with what actually happens. This is the illusory and seductive side of the brand economy that is not always easy to see through.

The market's own dynamic is not a guarantee in itself that what is for our common good is being taken care of. A positive dynamic between producers and the market demands a kind of openness and publicness that make it possible to see through inconsistent words and actions. The opportunities for national governments to secure such transparency are reduced in the global market economy. What the outcome of the ongoing "negotiations" on the distribution of responsibility between private interests and other social actors will be is unknown. One possibility is that stronger international regulations will eventually succeed traditional national regulations as the shortcomings of the national regulations become more and more apparent. Another possibility is that the "new" forms of regulation from the civil society and civil organizations will be further developed and take a more central role in securing transparency in the economy.

References

Amdam, R.P., H. Gran, S.O. Hansen & K. Sogner 2001. *Markedsøkonomiens Utvikling.* [The Development of the Market-Economy]. Bergen: Fagbokforlaget.

Dahl, T., Ø. Hagen & S. Larssæther 2002. *Hågs Miljøarbeid: Miljø som Integrert og Naturlig Del av Produkt og Organisasjon.* [HÅG's Environmental Work: Environment as an Integrated and Natural Part of Product and Organization]. Trondheim: SINTEF Teknologiledelse IFIM (STF38 A02502).

Day, R.M. 1998. *Beyond Eco-efficiency: Sustainability as a Driver for Innovation.* London: World Resource Institute (WRI)/The Eurospan Group.

Drucker, P.F. 1993. *Post-Capitalist Society*. Oxford: Butterworth-Heineman.

Economist, 8–14 Sept. 2001. *The case for brands* (p.9) and *Who's wearing the trousers?* (pp.27–30).

Faux, J. & L. Mishel 2000. Inequality and the global economy. In: A. Giddens & W. Hutton (eds.): *On the Edge: Living with Global Capitalism.* London: Vintage.

Friedman, M. 1962. *Capitalism and Freedom.* Chicago: The University of Chicago Press.

Fusfeld, D.R. 1999. *The Age of the Economist*. New York: Addison-Wesley (8th edition).

Furre, B. 1991. *Vårt hundreår. Norsk Historie 1905–1990.* [Our Century. Norwegian History 1905–1990]. Oslo: Det Norske Samlaget.

Gereffi, G., R. Garcia-Johnson & E. Sasser 2001. The NGO-industrial complex, *Foreign Policy*, July–August 2001.

Hagen, Ø. & T. Steiro 2001. Kunnskapsøkonomien – gamal vin på ny flaske? [The knowledge economy – old wine in new bottles?], *Magma – Tidskrift for Økonomi og Ledelse* [Magma – Journal of Economy and Management], 4 (5), pp.83-95.

Hagen, Ø., K. Røine & H. Brattebø 1998. Industriell økologis status i norsk næringsliv. [The status of industrial ecology in Norwegian industry]. In: H. Brattebø & K. Røine (eds.): *Forprosjekt i Industriell Økologi – Sluttrapport.* [Pilot Project in Industrial Ecology – Final Report]. Trondheim: NTNU.

Hertz, N. 2001. *The Silent Takeover. Global Capitalism and the Death of Democracy*. London: Heinemann.

Keynes, J.M. 1973. *The General Theory of Employment, Interest and Money.* London: The Macmillan Press.

Klein, N. 2001. *No Logo – Med merkevareterroristene i siktet.* [No Logo – Taking Aim at the Brand Bullies]. Oslo: Forlaget Oktober.

Matthews, E. et al. 2000. *The Weight of Nations: Material Outflows from Industrial Economies*. London: World Resource Institute (WRI)/The Eurospan Group.

NOU 21 2000. *En Strategi for Sysselsetting og Verdiskaping*. [A Strategy for Employment and Value Creation]. (http://odin.dep.no/fin/norsk/publ/utredninger/NOU/006001–020007/).

Olins, W. 2000. How brands are taking over the corporation. In: M. Schultz, M.J. Hatch & M.H. Larsen (eds.): *The Expressive Organization: Linking Identity, Reputation and the Corporate Brand.* New York: Oxford.

Schieflo, P.M. 1998. Styring og ledelse i det globale samfunn. [Government and leadership in the global society]. In: G. Fermann & T. Knutsen (eds.): *Virkelighet og Vitenskap. Perspektiver på Kultur, Samfunn, Natur og Teknologi.* [Reality and Science. Perspectives on Culture, Society, Nature and Technology]. Oslo: Ad Notam Gyldendal.

Spar, D. 1998. The spotlight on the bottom line, *Foreign Affairs*, 13 March 1998.

Wæhre, K. 2002. *Miljø som Image. Bordet Fanger?* [Environment as Image. A Selfulfilling Effect?]. Trondheim: NTNU (hovedoppgave ved Psykologisk Institutt).

Zadek, S. 2001. *The Civil Corporation: The New Economy of Corporate Citizenship.* London: Earthscan Publications.

Paper II

Hagen, Ø. (2003/2006). Individuality and collectivity in modern companies: Toward a cultureless organization? In Saksvik, P.Ø. & Nytrø, K. (eds.): *Ny personalpsykologi for et arbeidsliv i endring. Nye perspektiver på samspillet organisasjon og menneske* [New personnel psychology for a changing work life. New perspectives on the relationship between organization and the individual] (pp. 94-119/109-134). Oslo: Cappelen Akademisk Forlag (2nd edition in 2006). (The paper is translated from Norwegian to English. Original title: "Individualitet og kollektivitet i moderne verksemder: Mot den kulturlause organisasjon?").

Individuality and collectivity in modern companies: Toward a cultureless organization?

Øivind Hagen

The concept of organizational culture has been developed with the traditional factory and the manufacturing company as a model. The typical factory was distinguished by stability, predictability, standardization, collectivity and mass production – attributes that reflect an industry-based economy characterized by a surplus in demand. In light of this, organizational culture was understood as a common work practice and the factor that allowed the company to achieve its production goals.

Such an approach to organizational culture becomes problematic when analysing modern companies that are adapted to a knowledge-based economy characterized by a surplus in supply and where immaterial and symbolic aspects of products have become an important competitive factor. The key characteristics of modern companies are individualized employees, the absence of stability, less predictability, and a greater demand for change and radical innovation processes. Does this mean that the concept of organizational culture has become obsolete and is no longer useful for understanding and developing modern companies? What is a possible alternative to the understanding of organizational culture as a collective production practice?

In this chapter, we will critically examine the way in which the concept of culture has been dealt with in organizational psychology with regard to commercial organizations. We will do this by looking more closely at the contexts in which the concept arose, how it has been operationalized, where it has its roots, what criticisms it has faced and, finally, what the alternative is to the dominant approach. The implication of the discussion is that characteristics of modern companies demand a shift from the approach of viewing organizational culture as a permanent, collective behavioural pattern toward viewing culture as a looser, more emotional and symbolic bond to an organization. This means a criticism of the dominant functionalistic approach to organizational culture, but at the same time we will see that certain elements of this way of thinking can still be useful for understanding modern organizations.

Organizations as cultures

A tool for changing companies

Since early in the 1980s, organizational culture has been developed into a popular concept and an analytical tool for understanding and developing organizations. The concept is taken from anthropology, where culture has been used to understand and describe foreign peoples and groups that are different from us. The implications of using the concept of culture in an organizational setting are that companies, like exotic tribes and nations, will over time develop their own unique rituals, languages, behaviour patterns, and ways of seeing both themselves and their surroundings (Frost et al., 1985).

American consultants and academics with practical orientations were the first to use the concept of culture in the organizational setting. The metaphor – viewing organizations as cultures – was developed in order to change and improve organizations. Two books, *In Search of Excellence* (Peters & Waterman, 1982) and *Corporate Cultures* (Deal & Kennedy, 1982), became essential to this early use of the concept. Here, the link between financial performance and organizational culture was made explicit (Alvesson, 1993; Bang, 1990). The first half of the 1980s was a phase in the economy when American companies were increasingly losing in the competition against Japanese industry. The explanation given was that the Japanese companies were influenced by other norms, values, and mindsets – they had better corporate cultures than their American competitors (Pasqale & Athos, 1981). Organizational culture should be developed into a tool for regaining that which had been lost to Japanese competitors (Alvesson, 1993).

If we view the instrumental approach to organizational culture in a historical perspective, there is a long tradition within American science of thinking about theoretical concepts in a practical and useful way. Within behaviourism, a psychology of learning arose in the 1950s for improving and measuring processes of learning (Skinner, 1976). The psychologist Chris Argyris and the philosopher Donald Schön (Argyris & Schön, 1996) developed *action science* from the 1970s onward, as a critique of traditional science, which they thought was too theoretically oriented, too distant from people's daily lives, and barely suited to practical problem solving. The utility focus is also characteristic of organizational psychology, since it has been tightly linked to the field of practice. Theory has rarely been developed for theory's sake, but to have practical value in daily organizational work.

In the wake of this, a functionalist and utility-focused perspective of organizational culture was developed early in the 1980s, as a variable that managers and external consultants

should basically be able to control and manipulate by performing the right organizational tactics.

Culture as the company's ability for economic achievement

A functionalist conceptualization

The American Edgar Schein is perhaps the one who has developed the most comprehensive conceptual framework for organizational culture within the functionalist tradition (Schein, 1985, 1992). Schein is a professor in organizational culture at the elite university MIT and also regularly works as a consultant, mostly for American corporations. He has a clear focus on leadership in his treatment of the concept of organizational culture and argues that leadership is about influencing and changing culture in order to adapt organizations to their surroundings. His assumptions are based on theory about development processes in small working groups. His philosophy has its roots in Lewin's (1952) classic experimentation with group processes (T-groups) and action research in the United States directly following World War II, and Argyris and Schön's (1996) theories on organizational learning. What characterizes this tradition is precisely its proximity to the field of practice – a field of practice based on experiences from manufacturing companies adapted to an industry-based economy.

Schein defines organizational culture as:

> A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptations and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems (Schein, 1992:12).

What Schein says is that, for a commercial organization, organizational culture involves problem solving related to adaptation to the market and economic survival, and that internal integration is a mean to achieve this. In other words, culture is what enables a defined and delimited group to deal with external and internal changes.

Schein divides organizational culture into three different levels that mutually influence each other. These are *artifacts*, *values*, and *basic assumptions*. Artifacts are the organization's constructed physical and social environments. These are elements that can be observed and quantified, and that can only be understood and interpreted in light of the two deeper levels of organizational culture. Examples of artifacts would be dress codes, the way in which people speak to each other, and the roles men and women have in an organization. Values are opinions of how something should be. Such values become apparent when a group has to decide between

different alternatives that involve scarce resources. The prevailing values in an organization will reflect what is important and who holds the power. Organizational culture will develop in the tension between the values of individual persons and groups, and Schein argues that managers can influence organizational culture by expressing their own values. He argues for this without problematizing phenomena such as informal structure and power, and Schein has been criticized for putting too much emphasis on the value of formal management with regard to who has the greatest influence on culture.

Values originate in basic assumptions, which form the deepest and least accessible level of organizational culture. Basic assumptions are solutions to the group's problems that have worked for such a long period of time that they are taken for granted and have become partially unconscious for its members. Basic assumptions are answers to basic questions linked to the group's existence. Examples of such questions are what is genuine and true, how should a person relate to nature, what does it mean to be people, and how should people relate to each other? Schein (1992) argues that a cultural analysis should be able to say something about the organization's relationship to these types of basic questions, and that it is only through knowledge of this deepest level that an investigator can claim to understand a culture.

An individual becomes part of a culture through a process of gradual socialization into the three levels of Schein's model. In the first phase, the new employee will focus on what needs to happen so that s/he will not stand out from the others. In this introductory phase, this means becoming familiar with the artifacts of the group and becoming a part of them. Within anthropology, the knowledge that is required in order not to stand out as "different" is described as *local knowledge* (Geertz, 1983). The next phase is related to identification. Here, the individual becomes familiar with and incorporates the values of the group into his/her own by way of remaining in the organization. The last phase in the socialization process involves internalization. In this stage, the individual is in the process of becoming a part of the group, and the group's way of doing things becomes taken for granted and natural. Here, the individual has absorbed the group's basic assumptions (Fischer & Sortland, 2001).

Organizational culture in a manufacturing company

An example from the industrial company "The Offshore Company" may exemplify the three levels of organizational culture, the connections between them, and how the concept of culture can be useful for understanding change processes in manufacturing companies (Hagen, 1997). "The Offshore Company" began as a mechanical workshop directed toward the shipping industry, but shifted its activities toward offshore activities when the oil industry took off early

in the 1970s. At the same time as the analysis of the culture was carried out in the middle of the 1990s, the management of "The Offshore Company" began a change process whereby the goal was to create an organization characterized by more independence and creativity at all levels, as a response to the NORSOK evaluation of the offshore branch. The evaluation of the "Norwegian shelf's competitive position" (NORSOK) in 1995 concluded that there was a need for debureaucratization at all levels in the offshore industry, in order to improve its competitive strength and to adapt the different actors in the industry to prospects of lower oil prices.

"The Offshore Company" was established by a technically oriented inventor directly after the Second World War. He formed a small group of loyal young men around himself, and the operation was eventually taken over by his sons, as well as two of his most loyal workers. The basic assumptions of "The Offshore Company" can be described by the collective term *production-directed action orientation.* A production-directed action orientation has to do with the fact that the founding group, and eventually the organization that grew from it, became greatly proactive with regard to production processes and technical challenges. Over time, the group developed a pragmatic attitude toward the material and concrete aspects. The attitude that dominated the group can be described by the following statement: "All technical problems can be solved if we are only smart enough and work hard enough." This stance is apparent in values like "the product shall be delivered by the deadline in perfect condition, no matter what happens", "what you get done is more important than how you do it", and "whatever works, goes". At the same time, this has led to a corresponding passivity with regard to organizational questions and the more abstract aspects of the company's activities such as, for example, organizational development.

This is expressed in different ways through the artifacts of the organization. First, it has given the organization an ability to make decisions rapidly. The organization maintains and reinforces the production-directed action orientation in that those who keep going and get things done are those who make a career in the company. There is also a certain impatience in the company which causes it to succeed in dealing with urgent projects and technical challenges. One of the side effects of the impatience is that the company struggles with change and development processes characterized by a lack of immediate and concrete feedback, and which only over time improve qualitative aspects, such as identification with the company and job satisfaction.

The production-directed action orientation became visible during the process of cultural mapping. During the interviews with various actors in the company, the interviewees were asked to describe the organization as if it were an animal. Unsurprisingly, quick animals, such

as tigers, deer, cats, and cheetahs were proposed. Observing how the interviewees, especially managers, answered the questions was particularly interesting. The question is abstract, and it could be believed that the interviewees would take some time and reflect over the question. However, almost without exception, a response was given before the entire question had been asked. Reflection and argumentation came after the answer had been given. The act of answering seemed to be more important than the way in which a person decided to answer.

Not unexpectedly, the change process and the management's attempt at stimulating more independence and creativity in the organization was met by resistance that could be explained by cultural traits like paternalistic management styles, lack of organizational knowledge, and emphasis on the finished products rather than the process.

The example shows how Schein's (1992) conceptual framework is useful for understanding culture in a traditional, manufacturing company adapted to the industry-based economy. It is precisely here where the problem with a functionalist approach to organizational culture lies: The theorizing is based on the factory as the organizational unit and the industry-based economy.

The empirical basis for the concept of culture

The industry-based economy

Several aspects of the functionalist approach to organizational culture indicate that it uses the traditional factory as its starting point for theorizing. As previously mentioned, the reason that interest in the concept arose early in the 1980s was to explain why Japanese manufacturing companies were successful in the competition with the American companies (Alvesson, 1993). Further, through his conviction that managers can influence and change culture, Schein (1992) shows that he locates his theoretical roots in hierarchical organizational thought and the factory, where the managers are viewed as being superior to the other members of the organization. The functionalist conception of culture is also based on the belief that organizations are clearly bounded human systems where culture develops within a group with clear criteria for membership – which is also a distinctive trait of the factory (Hosking & Morley, 1991).

The factory and the manufacturing company were the engine in the industry-based economy. These types of organizational units were specialized and extremely effective in the mass production of consumer goods in a market characterized by a steadily increasing demand for goods (Skorstad, 2002). Economic growth had been an enduring trait in Western societies from the Second World War until the oil crisis and economic stagnation during the first half of the 1970s. The most important production factors in this industry-based economy were capital

and labour, and the value creation was first and foremost linked to the production process of goods (Amdam et al., 2001).

The challenge for manufacturing companies in a growing economy was to produce enough, rather than coming up with new products and creating a market for them. This led to long and predictable production series and organizational principles characterized by routines, standardization, and stability (Hagen & Steiro, 2001). The key words for working conditions in the factory were physical meetings, clear boundaries, collective focus, hierarchical divide between management and workers, and internally focused communication. These are central elements that influenced how organizational culture was conceptualized within the functionalist approach.

Characteristic traits of the factory

Factories and manufacturing companies are built up around physical capital. Large investments in production sites and mechanical production equipment are vital aspects of such companies. This means that a large proportion of the employees must be physically present where the capital is placed in order to participate in the production process and sell their labour. Since membership of the organization is based on presence, it is easy to see who is inside and who is outside – the organization has clearly definable boundaries. In this context, organizational culture, in line with the conceptual framework of Schein (1992), is formed from the solutions that people collectively experience are effective for solving the problems that concern them. In other words, organizational culture becomes the shared practice that develops within the work community.

If we look at the smallest unit within the cultural development processes in this type of company – the skilled worker – he is (historically speaking, this person has been a man) socialized into his trade from an early age. His training usually took place in the company, first through an apprenticeship contract, and later an apprenticeship examination that resulted in a certificate of apprenticeship. The terms of employment were long-lasting and typically lifelong rather than fragmented (Beck, 2000; Sennett, 1998). The individual person was thereby socialized into an organizational culture over a long period of time, and usually from a young age, when he had hardly been influenced by experiences from other organizations. Also the management side was characterized by stability and longevity. The criteria for management positions were often length of service and seniority – the reward system in hierarchical organizations is precisely based on an expectation of loyalty from the individual, with the opportunity for climbing up the hierarchy as a favour in return from the organization. In this

way, many managers have the same comprehensive socialization into the culture as the skilled workers.

The working environment in traditional industrial companies was characterized by a collective focus, especially within existing subcultural groups (for example men vs. women, managers vs. operators), something that has provided a fertile ground for cultural development. The social community and group belonging have been described as a compensation for and buffer against work characterized by monotony, routines, and alienation (Thorsrud & Emery, 1970). Identity and belonging have, to a large degree, been linked to the working group or to the level in the company at which a person has played a part. Lysgaard (1961) described this phenomenon with the term *the workers' collective*. The workers' collective is the perception that employees at lower levels of an (industrial) company develop over time of being in the same situation and constituting a community. The workers' collective functions like a social buffer against management and the technical–economic system's demands for rationality and effectiveness. This buffer is an informal system of norms that, among other things, provides collective guides to what is a fair day's work and how one should behave toward management. Concepts that reflect the hierarchical divisions of traditional manufacturing companies are "white collar workers" and "blue collar workers", and "thinkers" and "doers". At the same time that these concepts reveal the conditions for the development of subcultural divisions within industrial companies – and thereby the growth of several cultures within the same organization, they also make apparent the collective orientation within these subcategories that has characterized traditional industrial companies.

These dichotomous categories are an expression of the division between, on the one hand, planning and strategic work, and on other hand, the manual and physical work that has characterized traditional industrial companies. As a member of that kind of organization, a person falls into either one or the other of these two categories, and that person's scope for action is limited by the norms and values that define and distinguish these collectives. This limits the opportunities for moving between the different levels of a company. If a person is socialized into one of the categories, that person usually becomes stigmatized as being part of that particular group by the rest of the collective. This results in little room for individual focus. The collective and the group are viewed as more important than the individual person (Lysgaard, 1961).

One aspect of the hierarchical structure that characterized traditional manufacturing companies is the fact that communication at the lower level has been inwardly focused. External contact with customers and the market is something that a minority of managers and the

marketing department at higher levels attended to. At lower levels of the organization, the culture therefore developed within a virtually closed system, where managers have functioned as channels for contact with customers and the market. As Schein (1992) argues, this enabled managers to influence the culture, since they practically had the monopoly on introducing impulses from customers and the market into the cultural development process.

Companies as entities

The fact that the traditional factory as a research unit has made its mark on organization theory is demonstrated by the central role of the *entitative perspective*. An entity is something that has an existence in itself and that is conscious of its own identity. This requires clear boundaries between the entity and its surroundings. A typical example is an individual who, over time, develops a unique personality that is clearly identified by both the surroundings and the person himself.

Hosking and Morley (1991) argue that the majority of organization theory is based on the idea of organizations as entities. They claim that the entitative perspective in organizational theory rests on the following conditions: organizations have clear boundaries and criteria for membership, the organizational whole has an identity that is recognized by its members and by others, the entity has clearly defined objectives that are carried out through a stable structure, and organizations and surroundings are separate entities that are in a relation of exchange, where the organization captures impulses from the surroundings, translates them and reacts back toward the surroundings. These are characteristic of the conditions on which Schein (1992) and the functionalist tradition base their approach to organizational culture, and are hardly descriptive of modern companies, as we will see.

The well-known problem of culture

Creativity, change, and learning

The functionalist approach to organizational culture has been exposed to both internal and external criticism. Within the tradition, well-known challenges linked to organizational culture have been raised, while the external critique has been of a more fundamental character. The key words for well-known challenges linked to organizational culture, and which are discussed explicitly within the functionalist tradition, are creativity, learning, and change. The more fundamental critique has been related to the strong position of the entitative perspective, the absence of symbolic aspects, and the central roles assigned to managers.

As demonstrated, organizational culture is understood as consisting of solutions that manifest themselves within a group when it deals repeatedly with the same issues over time. This turns organizational culture into a shared basis of experience or a solution space that instructs the members of the group on how to solve new problems. The advantage of having such a shared register of solutions is that it provides predictability, and it helps the organization to handle rapidly problems that resemble previously resolved problems. As shown previously, standardization, predictability, and routines have been central organizational principles for mass production units. For a new employee, functioning well on the job will involve learning as many as possible of the automatic response strategies in the shortest possible time, in order to become a part of the collective memory of the organization.

The problem with culture as pre-programmed solutions (Hofstede, 1993) is that it can restrict creativity and the ability to solve new problems, or to find new and better solutions to old problems. When there are well-established routines and truths for how things should be done, these can lock both the individual person and the collective into certain patterns. How strong the cultural norms are will depend on the length of an organization's shared history, how many groups and individual persons identify with the prevailing culture, and how deeply rooted the culture is in the individual person (Louis, 1985).

Argyris and Schön (1996) depict the challenges linked to the static and conserving effect of culture through the concepts of *single-* and *double-loop learning*. Single-loop learning is characterized by attempts to solve and define old and new problems using existing methods and conceptual frameworks. The set of possible solutions is defined within the prevailing values and fundamental attitudes in the organizational culture. A strong and established culture will have a clearly defined set of possible solutions. This may restrict change, learning, and creativity. Phenomena such as group thinking and the pressure to conform can help explain why an organization locks itself into a single-loop learning pattern. The pressure to conform is the pressure a group exercises toward an individual person, so that the individual will conform to the prevailing norms within the group. Too much focus on conformity under shared norms can negatively affect the ability to view problems from different perspectives. Group-thinking is descriptive of groups that are not able to utilize the diversity and creativity of the group. The reasons for group-thinking can be time pressure, authoritarian leadership, a strong feeling that "it is us against them", an exaggerated belief in one's own abilities, or pressure to conform (Janis, 1972).

Double-loop learning involves going outside the established conceptual and methodological framework of the culture. This involves reformulating as well as thinking in an

entirely new way about a problem, and demands the ability to pose critical questions regarding one's own values and basic assumptions. Since the basic assumptions and, to some extent, values have the quality of being taken for granted and typically become unconscious for the members of the organization themselves, it can be difficult to question them. Therefore, fundamental cultural change and radical innovation processes usually happen during crises. Crises are characterized by basic assumptions that come to the surface when situations arise that expose these assumptions as dysfunctional. Thus, organizations with strong cultures will often not be able to change and reach the double-loop learning process before they experience a crisis (Argyris & Schön, 1996; Schein, 1992).

Stability and equilibrium

Schein (1992) explains the difficulties in changing organizational culture and reaching double-loop learning by the fact that culture creates order and predictability. Culture becomes a filter or a lens that systematizes a chaotic world, and in this way has an anxiety-reducing effect. The cultural lens helps the members of the organization filter out the information and the topics that are viewed as important and especially sift out the things that are viewed as less central. Even when the glasses offer a distorted picture of the world and the organization's place in it, it can be difficult to change perspectives because this involves a phase of anxiety and uncertainty. The members of the organization will often cling to the dysfunctional cultural solutions because, despite everything, they are better than no solutions, and because a change in basic assumptions is viewed as being connected with chaos and angst.

The perspective on change in organizational culture within the functionalist tradition is influenced by Lewin's (1951, 1952) model of organizational change. In the early post-war economy, Lewin described organizational change as a gradual process where social systems are first unfrozen and made ready for change, then the changes are carried out, and finally the system is refrozen and stabilized. According to Lewin, this was the essence of every process of organizational development. The implications of this view are that companies are mostly in balance with their surroundings, and that they must occasionally be adjusted in order to maintain this balance. As we can see, such a perspective on change is a product of an economy characterized by predictability and growth. Schein (1992) also views change in organizational culture as an exceptional state.

These well-known problems with organizational culture become even clearer in light of the characteristics of modern companies.

11

Modern companies

The post-industrial economy

Modern companies are a product of the *post-industrial economy*. As the concept implies, this regards what comes after the industry-based economy (Bell, 1973; Castells, 1996). The concept is both misleading and useful at the same time. It is misleading because industry production and mass consumption are still important parts of the economy (Matthews et al., 2000). At the same time, it is a useful concept because an increasing proportion of the employment in Western economies is linked to branches other than industry, and particularly because production factors other than capital and labour have become central (Drucker, 1993; Skorstad, 2002).

The post-industrial economy is different from the industrial-based economy in that it is characterized by a surplus in supply and increased competition between producers. There are differing opinions about when the transition started. The important events are, among other things, the oil crisis in the early 1970s – with the subsequent recession in the economy and (increased) unemployment, the development within information and communication technology in the 1980s – made visible by the proliferation of the personal computer and the development of the Internet in the 1990s, and political liberalization from the 1980s and beyond (Hagen, 2002; Hagen & Steiro, 2001).

The technological development has also led to the automatization and standardization of production processes. One side of this is that the divide between different products has decreased with regard to physical, material, and functional qualities. Thus, what separates products from each other and shapes preferences is something other than the functional quality of the products, which can include additional dimensions like service, customer support, and the message the product signalizes. Customized production directed toward different consumer groups, rather than standardized mass production toward a homogeneous market, is a part of this development.

In line with this, production factors such as knowledge, information, and creativity have become increasingly important, and have led to a shift in the shape of the value chain. Now, the links before and after the physical production of a product, *product development* and *marketing* and *branding*, have become more important. This is apparent in the fact that well-known, traditional industrial corporations including Ford and General Motors, where the value has customarily been linked to the production processes and the physical capital, outsource sectors of production in order to focus more on the activities of product development and branding (Hagen, 2002; Olins, 2000).

One characteristic of the post-industrial society is the tendency toward *individualization* (Giddens, 1996; Beck, 2000). Who a person is and how a person wants to live are the results of personal choice rather than traditions, customs, and the social context into which a person is born. Education and employment become a central part of such processes of identity construction. Changing jobs and variations in job relations – in contrast to the loyalty and lifelong employment typical of previous times – are an important aspect of this process. This deviates from the collective orientation in the industrial society and has consequences for the culture of modern companies.

Culture in modern companies

Increased competition and customer sensitivity lead to a greater need for innovation, change, and creativity. Where capital and labour were previously the most important contributing factors in long and stable production series, it is now knowledge, creativity, and flexibility that are more crucial in dealing with increased complexity, less predictability, and a demand for frequent changes. This leaves less space for freezing organizational culture in the way that Lewin (1951, 1952) and those who advocate the functionalist approach argue. Modern companies must live with more disorder and less oversight than traditional, manufacturing companies. A looser cultural connection thus becomes a means for tackling frequent demands for change. This can be seen in trends like the dismantling of rigid hierarchical structures, more use of temporary project organizing, and more responsibilities being left to the individual person (Skorstad, 2002; Røvik, 1998). If we compare the traditional factory with modern companies, the latter would seem more chaotic and at the same time more capable of adapting to unstable surroundings. The disadvantage of this is that it can provide fertile ground for a lack of cooperation and increasing levels of conflict (Sørensen & Grimsmo, 2001).

Individualization, together with increasing complexity and fewer industrial jobs, are important reasons for the professionalization of work-life. Professionalization, in the form of a long, formal theoretical education, results in many employees being socialized into a profession before they enter into a job. This creates other kinds of conditions for socialization into an organizational culture than those that exist for young apprentices in traditional manufacturing businesses. Job identity is usually associated just as much with education and profession as with the organization where a person eventually gains employment. This contributes to making modern companies with greatly professionalized labour looser in form than traditional industrial companies. Strong vocational or professional affiliations could and would be a common source

of conflict in an environment where different specialists are dependent on working together (Sørensen & Grimsmo, 2001).

An expression of individualization, and an attempt at creating businesses that are skilful in dealing with change, is the idea of forming companies to resemble a *market* (Davis & Meyer, 1998). Davis and Meyer argue that companies are excessively regulated by rules and authority, and that this is not in accordance with a market that strongly requires flexibility and competence in adapting. The solution for creating companies that are easily adaptable is to organize them as a free market where the individual employee is his/her own "knowledge company" who sells or rents out his/her own labour at a market price. The problem with this arrangement is that the company can be both too unstable and too anarchistic. Davis and Meyer answer this objection by stating that businesses must reflect the environment they are a part of as much as possible in order to be able to adapt. They claim that the very absence of stability and rapid changes are what characterize the economy. Therefore, the goal is to create businesses that are chaotic enough to adapt rapidly to changes, while they are also stable enough to retain people who are able to adapt to such a system. The amount of room there is for the collective focus and culture in such a system is an open-ended question. Still, this approach is interesting in that it is an expression of the individualization and the departure from the idea of organizations as stable and predictable systems.

Since the physical capital has a less vital place in many modern companies, a person does not necessarily need to be present at work in order to be working. Technology provides both more scope for faceless communication than in the past, and connection to data networks from places other than the physical workplace. This, together with greater acceptance of following individual paths, means that organizations are not necessarily only physical meeting places, but also coordinating units for actors with different forms of attachment and connections to the company. Thus, culture does not merely arise through physical encounters and shared problem-solving.

Even those people who are present in the company do not necessarily communicate internally with the other employees. High complexity and greater ambiguity make closer customer contact prevalent in all segments of the organization. Contact with the outside world is no longer limited to managers or the marketing department. This means that modern companies can be referred to as *turned inside out* in comparison with traditional, manufacturing companies (Andersen, 2003). For individual employees, more of the communication can be directed toward external partners than internal colleagues. Culture in these types of organizations is rarely the product of what happens within a closed group, as described in Schein's (1992) model. This is

one of the points in the fundamental critique of the functionalist treatment of the concept of culture.

Basic critiques of the concept of culture

The entitative perspective, symbols, and leaders

Simultaneous to the growth of the post-industrial economy and new organizational principles, a more basic critique of the functionalist treatment of the concept of culture has arisen (Alvesson, 1993; Hatch, 1993; Schultz, 1995). This critique has come from researchers outside the established functionalist paradigm, with a more theoretical approach to the concept of culture. The question they pose is not necessarily how the concept of culture can be used to develop and change organizations, but what alternative understandings the cultural metaphor can provide for organization theory. As an extension of this, less focus is directed at the role culture plays in economic survival, and more on how culture becomes a part of the identity-forming process of the individual person. While the functionalist treatment of the concept of culture has its roots in American organization theory, the critique of it is rooted in European organization theory (Alvesson, 1993; Burell & Morgan, 1979). The essence of the critique is related to the central role of the entitative perspective within the functionalist approach, the absence of symbolic aspects, and the degree to which leaders can manipulate and control organizational culture.

The critique against the entitative perspective is based on the claim that the boundaries between the organization and its surroundings are more ambiguous than what Schein (1992) and those who advocate the functionalist approach argue. Organizations are open and complex systems where it may be difficult to say who is inside and who is outside. People and information flow between the sometimes ambiguous organizational borders, and culture does not arise in a hermetically sealed group where the managers have sole contact with the outside world. In other words, modern organizations are not well-defined entities with a clear collective understanding of identity, who the members are, and what the goal of the company is (Hosking & Morley, 1991).

Another aspect that has been criticized focuses on the fact that culture is not merely an instrument for the survival of the company. To the individual person, culture is decisive for individual and collective sensemaking. Being a member of an organization is not merely about contributing to the survival of the company. There is more in the exchange between the individual and the organization than the sale of labour with economic benefits as payment. Work and belonging to an organization also play a vital role in the identity formation of the individual. As an extension of this, there has been a focus on the role organizational symbols

play in the cultural development processes. Hatch (1993) broadens Schein's model of culture (artifacts, values, and basic assumptions) with a fourth element she calls *symbols*. Symbols are artifacts that gain meaning beyond their functional and physical aspects. In other words, symbols are artifacts that become the object of intense interpretation processes, and that are attributed shared and unique understandings within a culture. Organizational culture as a common interpretation of symbols has a looser arrangement than organizational culture as a shared practice and behavioural patterns.

A final aspect is related to the crucial role Schein (1992) and the functionalist theoreticians put on leaders ability to influence organizational culture. Here, it is disputed that formal leaders are the only and principal definers of culture and cultural development (Alveson, 1993; Schultz, 1995). One argument is that organizations are political systems where different actors, like managers, struggle for influence and power. A formal position does not automatically greatly influence culture, in the way that the functionalist tradition argues. Another argument is that the functionalist tradition does not communicate the duality in the relationship between management and culture. Leaders can, to a certain degree, affect culture, but culture also has an effect on leaders and influences what they are able to do. Like other organizational artifacts, leaders become symbols and are thereby objects of interpretation for the employees. These interpretation processes are not necessarily manipulated and controlled as easily as is argued by the functionalist tradition.

What then is the alternative to the functionalist approach to culture?

Towards a cultureless organization?

Core elements of the concept of organization

We have seen that the concept of culture has been used in the organizational context in order to understand the connection between organizing and economic achievement. The theory that grew as a result of developing the metaphor in such a functionalist direction was based on manufacturing companies and the traditional factory as the organizational model. Such an approach to culture is problematic for several reasons. Compared with the traditional factory, modern companies are, as mentioned, characterized by more intense competition, less predictability, individualization, professionalization, and outward communication at all levels. The demands placed on modern organizations for change, innovation, and learning thereby become greater than the demands placed on traditional, manufacturing companies, which were adapted to an economy characterized by a surplus in demand. The functionalist concept of

culture is therefore not appropriate for understanding and developing modern companies. Are we therefore moving toward cultureless organizations?

A "cultureless organization" sounds like a meaningless combination of concepts. Culture is usually linked to concepts such as organizing, order, and predictability. If there is no culture in a company, then there is no organization. If we were to look at the opposite of culture and organizing, we would see chaos, anarchy, and a lack of coordinated interaction – conditions that organizing and cultural development prevent. The core of the concept of culture rests precisely on coordinated interaction and a form of mutual connection. Organizing things into groups and doing things together take place because the group has a number of qualities that separate individuals do not have. In work groups, expectations of behaviour, norms, and values – elements that are all central to the concept of culture – will automatically develop over time.

The organizational and cultural development processes are visible in a working group's steps of development, according to Tuckman's (1965) description of this process. The absence of culture and organization is usually typical of the introductory phase of a newly established working group. In the initial stage, the situation is characterized by chaos and a lack of achievement because the members of the group are uncertain about how they should relate to each other. In this phase, situations will arise that force the group members to reflect, either as a community or individually, on the norms and values that ought to be applicable to the group. Only when such unwritten rules for work routines have established themselves can the group fully and entirely focus on the projects they need to perform.

Even consulting firms, which organizationally represent the total opposite of the traditional factory in that they contain a great degree of individuality, professionalization, and work among customers, are dependent upon physical meetings in order to retain a feeling of community. Since consultants usually work out among their customers and therefore have little time for cultural meetings during their working hours, their free time is often used for cultural development. Then, all kinds of events are arranged – from frequent parties, to diving courses, to gatherings for team-building in rafting and mountain-climbing. Unsurprisingly, this kind of working life is described as seductive and greedy. The job completely consumes a person in that s/he experiences self-actualization during working hours, while collectivity and community are developed during free time (Hochschild, 1997; Rasmussen, 1999).

This is the same logic on which Schein (1992) builds his theory of cultural development; small groups that share strong emotional experiences and build up a feeling of collective competency create invisible connections and bonds to each other. Such businesses also typically use substantial resources on intensive socialization phases of the new employees

in order to compensate for a lack of shared meeting places later. The worldwide consulting company Accenture sends its new employees on an introductory gathering for several weeks at its corporate headquarters in the United States in order to introduce what it means to be a consultant in the company, and to compensate for the lack of internal socializing later in the job – a good consultant should, of course, use his/her time out with customers (Hope, 1999).

Many consulting firms have an organizational form that closely approximates that which we described previously as a market-oriented business (Davis & Meyer, 1998). Consultants usually have individual sales requirements, and are dependent on selling their own abilities either in the external market or in the internal market, which is represented by the consulting firm itself, through working on its larger projects. The problem with this kind of organization can be to maintain the fellowship as each person focuses on his or her own activity. Traits like individualization and extremely autonomous employees can lead to a lack of mutual dependence between individual persons, which is a condition for organizing and the development of culture. Therefore, it can be difficult to see the distinction between a company that is entirely organized by market principles and a collection of single individuals. The loose connectedness of consulting firms are demonstrated by the fact that the consultants often become so involved in their customer companies that they end up gaining employment there (Hope, 1999).

From a community of practice to a community of symbols

While speaking of companies as cultureless diverges from the fundamental nature of the concept of organization, we have seen that a view on culture as shared behavioural patterns and established routines that develop in a clearly defined community is not necessarily appropriate for understanding modern companies. What concept of culture is useful for understanding contemporary organizations?

As previously demonstrated, automatization, standardization, outsourcing, and increased emphasis on product development and branding has made the production segment in the value chain less vital to modern companies. To borrow the words of Eriksen (2001), this is part of a shift in the basis of the economy "from things to signs". If we view this from the perspective of organizational culture, we can say that there is a need to change perspective from Schein's (1992) focus on physical artifacts to Hatch's (1993) focus on symbols. While culture in the industry-based economy and the traditional factory was related to gathering around physical capital in the form of shared behavioural patterns linked to material (production) processes, the assembly around immateriality becomes even more important in modern companies. While

culture in The Offshore Company arises in the daily encounters between operators in the workshop area, and draftsmen and engineers in the open office landscape, culture in Accenture has more to do with the training the consultants have received and the reflection on what it means to be an Accenture consultant.

An immaterial community of symbols will involve gathering around a form of higher abstraction in contrast to an assembly around physical artifacts, articulated values, and shared behavioural expectations. Examples of such higher abstractions can be a *business idea*, *a product philosophy*, or a *brand name*. A business idea or a product philosophy is the basic thought or vision upon which the company is built. This can be the answer to the question of what role a company should play in a wider context, beyond simply being a commercial actor whose goal is to generate a profit. The answer to such a question will be linked to what makes it meaningful for individual persons and groups to be a part of a company (Dahl, Hagen & Larssæther, 2003). The degree to which one is aware of such issues will vary between different organizations. Several researchers argue that awareness on such issues in a company is fundamental for long term survival and ability to handle major changes (Geus, 1997; Collins & Porras, 1996).

Brand names play on the connection between the concrete and the abstract, and the associations made to the material aspect, either in the form of the organization or product (Klein, 2001). This is related to the fact that a product in the post-industrial economy is no longer merely a product, but also a brand that should be able to situate both those who have produced the product and those who purchase it in a greater context. In other words, brands should be able to give both the producer and the consumer the identity they desire. If the producer manages to appeal to the consumers' emotions, this can distinguish the product from others and create a form of loyalty and connection to the product. This is a part of a development where an increasing number of the commercial values in companies are linked to immaterial aspects, such as image, reputation, identity, and values that the company and its products are associated with – in contrast to the industry-based economy where value was primarily linked to the company's physical capital (Hagen, 2002).

Thus far, branding has been considered in relation to customers and the company's external market. An increased focus on the symbolic and immaterial aspects of cultural development processes makes it possible for branding also to be directed toward a company's own employees – the company's internal market. Also, for the employees, the picture that is drafted to situate the company and its product in a larger context, and especially the relationship between this picture and the employees' own experience of the company, is central to their

19

identification with the company and the degree to which they become a part of organizational culture. This involves forming credible connections between culture and the brand to members of the organization who have first-hand knowledge of what the organization actually stands for and does. The condition for cultural development trough branding is that it involves those employees who constitute the community of symbols and *are* the culture. This includes more people than merely leaders and marketing people, as was the case in the traditional factory.

Conclusion

Culture, as a gathering around symbols which are the objects of shared processes of interpretation, will be looser in form than a collective based on shared, concrete, and visible behavioural patterns. The advantage of shifting view of culture as the community of practice to a community of symbols is that it refutes the critique of traditional approaches to the concept related to learning, creativity, and change. Organizations with a looser connection become less rigid and can more easily turn around when there is a need for change. In a sometimes chaotic diversity gathered around an abstract business idea, product philosophy, or brand, it will also become easier to develop alternative ways of conducting business than in a disciplined and uniform group concentrated around programmed solutions. The disadvantages are that individuals must live with a lack of routines and more disorder and conflicts than in the traditional, manufacturing company.

However, this does not mean that modern companies are cultureless organizations. Rather, they are organizations where culture is expressed in other ways, and where there is more individual leeway.

References

Alvesson, M. (1993). *Cultural Perspectives on Organizations*. New York: Cambridge University Press.

Amdam, R.P., Gran, H., Hansen, S.O. & Sogner, K. (2001). *Markedsøkonomiens Utvikling.* [The Development of the Market-Economy]. Bergen: Fagbokforlaget.

Andersen, L. (2003). *Det Nye Arbeidslivet. Organisering av Kunnskapsintensivt Arbeid.* [The New Work-Life. Organizing Knowledge Intensive Work]. Trondheim: SINTEF Teknologiledelse IFIM (STF38 A03504).

Argyris, C. & Schön, D. (1996). *Organizational Learning II: Theory, Method, and Practice*. Reading, Mass.: Addison-Wesley.

Bang, H. (1990). *Organisasjonskultur*. [Organizational Culture]. Oslo: Tano.

Beck, U. (2000). *The Brave New World of Work.* Cambridge: Polity Press.

Bell, D. (1973). *The Coming of the Postindustrial Society*. New York: Basic Books.

Burell, G. & Morgan, G. (1979). *Sociological Paradigms and Organizational Analysis*. London: Heinemann Educational Books.

Castells, B. (1996). *The Rise of the Network Society*. Oxford: Blackwell.

Collins, J.C. & Porras, J.I. (1996). *Built to Last: Successful Habits of Visionary Companies*. London: Century Business.

Dahl, T., Hagen, Ø. & Larssæther, S. (2003). *Om å Bygge Miljøkultur. En Læringshistorie fra Stolprodusenten HÅGs Arbeid med Ytre Miljø.* [On Building Environmental Culture. A Learning Story of HÅG's Work with the External Environment]. Trondheim: SINTEF Teknologiledelse IFIM (STF38 A03509).

Davis, S. & Meyer, C. (1998). *Blur: The Speed of Change in the Connected Economy*. Reading, Mass.: Addison-Wesley.

Deal, T. & Kennedy, A. (1982). *Corporate Cultures: The Rites and Rituals of Corporate Life*. Reading Mass.: Addison-Wesley.

Drucker, P.F. (1993). *Post-Capitalist Society.* Oxford: Butterworth-Heinemann.

Eriksen, T.H. (2001). *Øyeblikkets Tyranni. Rask og Langsom Tid i Informasjonsalderen*. [The Tyranny of the Moment. Fast and Slow Time in the Information Age]. Oslo: Aschehoug.

Fischer, G. & Sortland, N. (2001*). Innføring i Organisasjonspsykologi*. [Introduction to Organizational Psychology]. Oslo: Tano.

Frost, P.J., Moore, L.F., Louis, M.F. & Lundberg, C.C. (Eds.) (1985). *Organizational Culture.* Newbury Park: Sage.

Geertz, C. (1983). *Local Knowledge: Further Essays in Interpretive Antrophology*. New York: Basic Books.

Geus, A.D. (1997). *The Living Company: Growth, Learning and Longevity in Business*. London: Nicholas Brealy Publishing.

Giddens, A. (1996). *Modernitet og Selvidentitet: Selvet og Samfundet under Senmoderniteten*. [Modernity and Self-Identity: Self and Society in the Late Modern Age]. København: Hans Reitzels Forlag.

Hagen, Ø. (2002). *Mot et etisk marked?* [Towards an ethical market?] In Forseth, U. & Rasmussen, B. (eds.), Arbeid for Livet. [Work for Life]. Oslo: Gyldendal.

Hagen, Ø. (1997). *Produksjonsretta Handlingsorientering og Endringsprosessar.* [Production-Directed Action Orientation and Change Processes]. Trondheim: NTNU (hovudoppgåve Psykologisk institutt).

Hagen, Ø. & Steiro, T. (2001). Kunnskapsøkonomien – gamal vin på ny flaske? [The knowledge economy – old wine in new bottles?]. *Magma – Tidsskrift for Økonomi og Ledelse* [Magma – Journal of Economy and Management], 4, pp. 83–95.

Hatch, M.J. (1993). The dynamics of organizational culture. *Academy of Management Review,* 18, pp. 657–693.

Hochschild, A.R. (1997). *The Time Bind: When Work Becomes Home and Home Becomes Work.* New York: Metropolitan Books.

Hofstede, G. (1993). *Kulturer og Organisasjoner.* [Cultures and Organizations]. Oslo: Bedriftsøkonomens Forlag.

Hope, K.L. (1999). – *Og Bakom Ligg Metoden: Konstruksjon av Kultur i IKT-konsulentselskap.* [– And Behind Lies the Method: Construction of Culture in ICT-Consulting Companies]. Trondheim: Senter for teknologi og samfunn, NTNU, Rapport/STS; nr. 45.

Hosking, D. & Morley, I. (1991). *A Social Psychology of Organising. People, Process and Context*. Hertfordshire: Prentice Hall.

Janis, I.L. (1972). *Victims of Groupthink: A Psychological Study of Foreign-Policy Decisions and Fiascoes.* Atlanta: Houghton Mifflin.

Klein, N. (2001). *No Logo – Med Merkevareterroristene i Siktet.* [No Logo – Taking Aim at the Brand Bully]. Oslo: Forlaget Oktober.

Lewin, K. (1951). *Field Theory in Social Science*. New York: Harper and Row.

Lewin, K. (1952). Group decision and social change. In Swanson, G.E., Newcomb, T.N. & Hartley, E.L. (eds.). *Reading in Social Psychology*. New York: Holt.

Louis, M.R. (1985). *An Investigator's Guide to Workplace Culture.* Beverly Hills: Sage Publications.

Lysgaard, S. (1961). *Arbeiderkollektivet.* [The Worker's Collective]. Oslo: Universitetsforlaget.

Matthews, E. et al. (2000). *The Weight of Nations: Material Outflows from Industrial Economies.* World Resource Institute (WRI)/London: The Eurospan Group.

Olins, W. (2000). How brands are taking over the corporation. In Schultz, M., Hatch, M.J. & Larsen, M.H. (eds), *The Expressive Organization: Linking Identity, Reputation and the Corporate Brand.* New York: Oxford University Press.

Pasqale, R.T. & Athos, A.G. (1981). *The Art of Japanese Management.* New York: Simon and Schuster.

Peters, T. & Waterman Jr., R. (1982). *In Search of Excellence.* New York: Harper and Row.

Rasmussen, B. (1999). *Organisering av Kunnskapsproduksjon: Grenseløse Jobber og Grådige Organisasjoner?* [Organizing Knowledge-Production: Boundaryless Jobs and Greedy Organizations?]. Trondheim: SINTEF Teknologiledelse (KUNNE nedtegnelser, 11/99).

Røvik, A. (1998). *Moderne Organisasjoner: Trender i Organisasjonstenkningen ved Tusenårsskiftet.* [Modern Organizations: Trends in Organizational Ideas at the Millennium]. Bergen: Fagbokforlaget.

Schein, E. (1985). *Organizational Culture and Leadership.* San Francisco: Jossey-Bass.

Schein, E. (1992). *Organizational Culture.* San Francisco: Jossey-Bass (2nd edition).

Schultz, M. (1995). *On Studying Organizational Cultures: Diagnosis and Understanding.* Berlin: W. de Gruyter.

Sennett, R. (1998). *The Corrosion of Character. The Personal Consequences of Work in the New Capitalism.* New York: W.W. Norton & Company.

Skinner, B.F. (1976). *About Behaviorism.* New York: Vintage.

Skorstad, E. (2002). *Organisasjonsformer. Kontinuitet eller Forandring?* [Organizations. Continuity or Change?]. Oslo: Gyldendal Akademisk.

Sørensen, B.Å. & Grimsmo, A.A. (2001). *Varme og Kalde Konflikter i Det Nye Arbeidslivet.* [Warm and Cold Conflicts in the New Worklife]. Oslo: Tiden.

Thorsrud, E. & Emery, F.E. (1970). *Mot en Ny Bedriftsorganisasjon.* [Towards a New Organization]. Oslo: Tanum.

Tuckman, B.W. (1965). Developmental sequence in small groups. *Psychological Bulletin*, 63, pp. 384–389.

Paper III

Hagen, Ø. (2008b). Driving environmental innovation with corporate storytelling. Is radical innovation possible without incoherence? *International Journal of Innovation and Sustainable Development,* 3(3/4), 217-233.

Paper IV

Hagen, Ø. (2008a). Seduced by their proactive image? On using auto-communication to enhance CSR. *Corporate Reputation Review,* 11(2), 130-144.