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MEDIATING IDENTITY: A STUDY OF MEDIA INFLUENCE ON ORGANIZATIONAL IDENTITY CONSTRUCTION IN A CELEBRITY FIRM

ABSTRACT

This paper reports a longitudinal field study on the effects of positive media coverage on the re-construction of organizational identity. The study highlights how intense positive coverage – to the point of turning an organization into a 'celebrity' – influences both the way members understand their organization (sensemaking effect) and the gratification they derive from its positive representation (self-enhancement effect). Our findings suggest that positive media representations foster members' alignment around an emergent new understanding of what their organization is. Over time, however, celebrity may 'captivate' members' organizational identity beliefs and understandings, and impede further identity work as media persist in the replication of representations that differ from members' experienced reality, but are too appealing to them to be publicly contradicted.

Keywords: organizational identity, celebrity, media reputation, sensemaking, sensegiving, self-enhancement, strategic change

INTRODUCTION

In the mid 1990s, Oticon A/S, a Danish producer of hearing aids, emerged as the epitome of organizational innovation. From its establishment in 1904 until the mid 1980s, Oticon had been a profitable, discreet and largely unknown company. In the late 1980s, the introduction by competitors of new smaller hearing devices to be placed in the ear, as opposed to Oticon's larger behind-the-ear instruments, caused substantial loss of the market share and led managers to conclude that a radical change was needed to survive.

The process of change began in 1989 with the arrival of a new CEO, Lars Kolind, who, two years later articulated a new vision entitled, 'Think the Unthinkable.' He also devised a new organizational form which he named the 'Spaghetti Organization.' As Kolind publicly declared:

> We realized that our company functioned not because of our organization, but in spite of it. This clearly had to change, and I saw no other solution except to discontinue the concept of a formal organization. So, we threw it all away, and we introduced something new – which has been named 'the Spaghetti Organization.' (Lars Kolind in Gould, 1994, p. 10, emphasis added)

His plan caught immediate and overwhelming media attention[1]:

> The paperless office. The paperless company. The transparent organization. The multi-functional employee. The mobile office. The daily job exchange. It all sounded like a promised experiment when Politiken talked to the CEO of the hearing instrument provider Oticon, Lars Kolind, in August … The American TV station CNN has visited and recently broadcasted a six-minute feature on 'the company of the future' – in prime time TV. English-language newspapers have also portrayed the company and last week, British BBC ran a feature on the brave Danes in Hellerup. (*Politiken*, December 26, 1991)

High levels of public attention and enthusiastic media coverage made of Oticon a 'celebrity firm' (Rindova et al., 2006). In the following years, several national and international management scholars visited the company to investigate its peculiar project-based structure and organizational arrangement (Foss, 2003; Kjærgaard, 2004; Lovas and Ghoshal, 2000; Morsing, 1995; Peters, 1992; Ravasi and Verona, 2001). Less attention, however, was given to the fact that the implementation of these changes required members to construct new understandings of their organization and of its core and distinctive features, thus creating a new organizational identity (Albert and Whetten, 1985) embodied in the notion of the Spaghetti Organization.

Identity re-construction, understood as the articulation of a new conceptualization of the organization that is understood and accepted by its members, is central to radical strategic change (Gioia and Chittipeddi, 1991; Gioia et al., 1994). Past studies have observed how organizational leaders may promote identity re-construction through the projection of organizational images depicting a desired new identity (Gioia and Thomas, 1996; Rindova et al., forthcoming). These images are expected to align members' understandings with leaders' aspirations. Past research, however, also shows how overt attempts to alter members' identity beliefs and understandings frequently encounter resistance (Humphreys and Brown, 2002; Nag et al., 2007). This is especially true in cases of radical, or 'substitutive' changes, rather than incremental or 'additive' changes (Corley and Gioia, 2004), and little is known about what induces members to embrace radically new conceptualizations of their organization.

Previous research on Oticon has pointed at the role of positive media coverage in facilitating identity re-construction in an early stage of the process (Morsing, 1999; Rindova et al.,

forthcoming). This observation is consistent with past studies suggesting that news media act as a 'mirror,' to which members respond by constantly comparing their own beliefs with the images they see refracted in it, and by engaging in actions aimed at countering images that they perceive as undesirable (e.g. Dutton and Dukerich, 1991; Elsbach and Kramer, 1996). Less is known, however, about how the influence of the media evolves as a result of the interaction between the organization and the media. In addition, and more specifically, we still know very little about the potential and critical influence of enduring positive media coverage on identity re-construction.

We believe that the importance of addressing these issues is twofold. From a theoretical standpoint, the intensification of news media coverage of the corporate world (Chouliaraki and Morsing, 2009; Kjær and Langer, 2005) suggest the need to improve our theoretical understanding of how media representations influence organizational identity. Doing so will produce a more detailed account and understanding of the cues that members of an organization draw upon in order to make (new) sense of what their organization is and stands for. From a practical point of view, research on this topic will serve to develop an understanding of how news media may support or interfere with organizational leaders' attempts to encourage change in organizational identity to support new organizational strategies.

In order to address the questions outlined above, we carried out a longitudinal field study investigating how news media influenced the re-construction of Oticon's organizational identity between 1990 and 2000. Given the limited theory and empirical evidence about the interaction between media reporting and identity (re)construction, we used grounded-theory building to inductively develop a framework that relates positive media representations of the organization to the sensemaking and sensegiving processes carried out by organizational members as they re-construct an understanding of the identity of their organization over time. Our findings contribute to the established debate on the construction of organizational identities, as well as to fledgling research on celebrity firms.

THEORETICAL BACKGROUND

Media representations and the construction of celebrity firms

The relatively recent emergence of the business press with the corporation as its core subject (Kjær, 2009; Kjær and Langer, 2005) has intensified the critical influence of the news media on corporations (Carroll, 2010). By selectively reporting information and disseminating interpretations about organizations, news media exercise considerable influence on how organizations are known and made sense of by their external audiences (Deephouse, 2000; Rindova et al., 2007; Einwiller, Carroll and Korn, 2010). Scholars generally refer to these externally produced representations of organizations and their actions as 'refracted' images (Carroll, 2008; Rindova, 1997), and have convincingly argued that the media and the images that they produce may serve as an important resource for reputation building (Deephouse, 2000).

In particular, it has recently been observed how, through intense and dramatized coverage, media play a central role in the construction of 'celebrity firms,' defined as business organizations that subsequently attract a high level of public attention, and generate positive emotional responses from stakeholder audiences (Rindova et al., 2006). Early work on celebrity firms has focused on the influence of the media on external audiences' perceptions of and disposition towards an organization, and has observed how the acquisition of celebrity is of particular strategic and economic value to the organization (Fombrun and van Riel, 2003; Pfarrer, Pollock and Rindova, forthcoming). Related research suggests that organizational celebrity is also likely to

have a considerable influence on internal members and on their degree of identification (Christensen, 1997; Christensen and Cheney, 2000). However, little is known about how, over time, celebrity – and, more generally, positive media coverage – influences members' understanding of and disposition towards their organization (Chouliaraki and Morsing, 2009).

Media representations and organizational identity

Media representation and organizational sensemaking. A social constructionist perspective on organizational identity suggests that members draw on relatively shared understandings about central and distinctive features of their organization to give meaning to their work experience (Gioia, 1998). Research in this tradition has examined how members develop collective understandings of their organization and how these understandings affect organizational changes (e.g. Corley and Gioia, 2004; Fiol, 1991) and strategic decisions (e.g. Gioia and Thomas, 1996). Collectively, these studies show how organizational identities result from the interaction of multiple actors, across professional groups (e.g. Glynn, 2000; Pratt and Rafaeli, 1997) and hierarchical levels (e.g. Corley and Gioia, 2004; Fiol, 2002) who attempt to shape the meaning construction of others – to 'give sense' (Gioia and Chittipeddi, 1991, p. 442) – in order to gather consensus around their preferred conceptualization of the organizational reality.

While most research on the construction of organizational identities has focused on intra-organizational interactions, a number of studies has highlighted the interplay of multiple claims made by leaders, members *and* external audiences about the identity of the organization (e.g. Coupland and Brown, 2004; Dutton and Dukerich, 1991; Gioia and Thomas, 1996; Hatch and Schultz, 1997; Morsing, 1999). These studies indicate how members are pressured to question their understanding of the organization by the increased public visibility and by the intensification of media coverage and scrutiny. Images refracted by the media are among the various cues that members draw upon as they construct – or re-construct – an understanding of what their organization is and stands for (e.g. Dutton and Dukerich, 1991; Morsing, 1999). News media act as 'mirrors' – feeding back external interpretations about an organization's actions – and may bring members to reflect upon and possibly revise, i.e., make new sense of, their organizational identity (Dutton and Dukerich, 1991). Morsing's (1999) study of organizational changes at Oticon shows how organizational leaders may proactively attempt to manipulate the media in order to exert normative pressures on employees to embrace a new organizational identity. Morsing's study, however, focuses on the early stage of the process, and therefore falls short of providing a comprehensive account of how positive media representations influence identity (re)construction in organizations.

Media representations and members' needs for self enhancement. A central tenet of sensemaking theory is that members' efforts to make and give sense of their organizational reality is influenced by their need to preserve a positive self-concept (Dutton and Dukerich, 1991; Weick, 1995, p. 20-23) – that is, by their need for self-enhancement (Steele, 1988). Organizational members tend to engage in active responses to counter representations that they perceive as incongruent with their identity beliefs and aspirations (Elsbach and Kramer, 1996), insofar as they perceive unfavorable media representations of their organizations as a 'threat' to their personal self-concept (Tajfel, 1978).

Social identity theory posits that individuals construct an understanding of who they are, based on multiple group affiliations or 'social identities' (Tajfel, 1985). To the extent that individuals perceive a given affiliation as relevant to their self-concept – i.e. when they 'identify'

with a group or organization – their self-concept will be affected by the social regard in which the group is held (Ashforth and Mael, 1989). Attractive organizational images are then likely to enhance the self-concept of members and strengthen the degree to which they identify with the organization (Dutton et al., 1994).

This observation implies that media representations emphasizing socially undesirable features (Dutton and Dukerich, 1991) or negating what members perceive as core and distinctive features (Elsbach and Kramer, 1996) threaten not only the image of the organization, but also the very self-concepts of its members. These events, then, are likely to trigger responses aimed at making and/or giving sense to the organization in ways that preserve the social regard of the organization and, by extension, the self-concept of its members (Elsbach and Kramer, 1996; Ginzel et al., 1993).

News media, however, may also report stories that cast an organization in an overly positive – rather than negative – light and that may enhance its social regard (Carroll, 2010; Rindova et al., 2006), rather than threaten its image. Yet, although it is generally assumed that members tend to be gratified by association with positively regarded groups or organizations (Cialdini et al., 1976), little is known about how members respond to extremely positive media representations, such as those that turn an organization into a 'celebrity' (Rindova et al., 2006), and about how these representations affect deliberate attempts to re-construct members' understandings of their organization.

METHODOLOGY

Our investigation combined longitudinal case analysis (Yin, 1994) with grounded-theory building (Glaser and Strauss, 1967). This methodology is coherent with a social constructionist approach to the study of organizational identities (see Cornelissen, 2006; Ravasi and Schultz, 2006), and it is appropriate to our theory elaboration efforts (Lee, 1999, p. 43).

Research Setting

In order to explore how news media influence identity reconstruction, we selected the already introduced case of Oticon, as a 'revelatory' setting (Yin, 1994). Considering the fundamental role of the media in the construction and maintenance of organizational celebrity (Rindova et al., 2006), we expected the case of a 'celebrity firm' to facilitate the investigation of social dynamics that may also occur - albeit less visibly and intensely - in less 'extreme' cases of positive media coverage.

Our study focused on the ten-year period that followed Kolind's attempt to introduce radical changes in the organization, summarized by the notion of the 'Spaghetti Organization.' These changes included the introduction of a project-based organization based on the abolishment of formal hierarchies and departmental structures, the relocation into open-space offices with no fixed work place for the individual, the replacement of all paper documents with an electronic infrastructure, and the encouragement to all employees to use their skills creatively rather than worry about hierarchical or departmental positions (Morsing, 1995).

Previous research on Oticon has documented the important role played by the news media in facilitating the implementation of Kolind's plan in an early stage of the change process (Morsing, 1995). The strong attention of the media, however, persisted throughout the 1990s, even after the company had deliberately de-emphasized references to the Spaghetti Organization in its

communication. This observation pointed to the opportunity for an extension of Morsing's analysis over a longer period of time, in order to build on her initial insight, and to explore in more depth the long-term effects of the influence of positive media coverage on deliberate attempts to promote a change in organizational identity.

Data Collection

Our study started as two separate research projects, which later converged into a joint investigation. Two of us had studied organizational identity construction at Oticon at different points in time. Discovering that insights from both studies pointed to the influence of news media on the construction of organizational identity, we decided to integrate, compare and further elaborate our observations. We merged our respective databases (interview transcripts, diary notes, corporate communication data, internal documents and annual reports, etc.) and gathered additional data (such as media coverage of Oticon throughout the period of observation) to pursue specific lines of inquiry. Altogether our data collection covered the period 1990 – 2000, with two intense periods of direct observation at the beginning and at the end of the period. In the time between the two periods, one of us maintained frequent contact with the organization. Overall, data sources included direct observation, semi-structured interviews and informal conversations, archival documents, and media articles (see Table 1).

Insert Table 1 about here

Data Analysis

Data analysis was carried out in four broad sequential steps summarized below.

Step 1. Longitudinal reconstruction of events. In a preliminary step, we merged and analyzed data collected from direct observation, interviews and archival documents to trace a chronological description of Oticon's history in the period covered by our study (1990 -2000). This initial step ensured that the subsequent more fine-grained analysis would properly place emerging interpretations of the observed process within its historical and organizational context.

Step 2. Analysis of media coverage. In a second step, we tracked how national and international media portrayed Oticon throughout the ten-year period of observation. Following recommendations for the systematic coding of textual data (Locke, 2001), two of us independently analyzed each article, highlighting and coding fragments of text that specifically referred to presentations of the organization and its features. These fragments were provisionally coded with terms and phrases that closely reflected the original wording. Following multiple re-readings of our database, we gradually combined these preliminary codes into first-order categories. For instance, the preliminary codes 'revolution in management thinking,' 'brave new business philosophy,' and 'organizational experiment' were gathered into the first-order category 'portrayal of the organization as protagonist of unconventional actions.' Occasional inconsistencies across coders were solved through discussion and re-coding of data to reach agreement (Jensen, 2002). In a further round of coding, first-order categories were then tentatively combined into fewer, broader second-order categories. At this stage, conceptual work on celebrity firms (Rindova et al., 2006) provided us with helpful references to define second-order categories in terms that were theoretically relevant to our research question

Step 3. Analysis of members' response. In a following step, we focused on semi-structured interviews and field notes from informal conversations – a body of text that reflected members'

evolving interpretations of organizational changes, as well as responses to how these changes had been reported by the media. Again, two of us independently searched these texts for relevant passages that referred to how members interpreted their organization and to how they responded to how it was portrayed by the media. In this case, passages were provisionally coded with in-vivo terms and phrases used by our informants, and were later combined into first-order categories induced by the researchers, but that could still be considered meaningful to the informants (Nag et al., 2007). For instance, in-vivo codes such as the Spaghetti Organization being 'a utopian vision,' 'detached from reality' and 'different from what the organization is now' were combined into the first-order category 'perception of discrepancy between new managerial claims and members' current experiences.' To ensure robustness of analysis, codes that were not supported strongly by evidence collected across multiple informants were dropped (Corbin and Strauss, 1990, p. 7). Again, discrepancies were solved through discussion and mutual agreement.

In a further round of coding, we tentatively grouped first-order categories into broader second-order categories that described in more theoretical terms how members responded to media representations. Reference to past research on organizational identity and identification brought us to distinguish between categories that referred to how members made sense of their organization (collectively referred to as the 'sensemaking effect' of media) and categories that referred to the influence of media representations on members' need for self-enhancement (collectively referred to as the 'self-enhancement effect').

Step 4. Developing the grounded model. As second-order categories emerged from our analysis, we turned to axial coding (Strauss and Corbin, 1998, p. 123) to uncover relationships among these categories and to produce an integrated theoretical account of the influence of positive media coverage on organizational identity construction. Chronological tables helped us establish the sequence of events between 1990 and 2000. At this stage, the temporal decomposition into three periods provided an opportunity to structure process data and examine linkages between observations in different periods (Langley, 1999). For each period, second order codes emerging from steps 2 and 3 where merged into broader aggregate dimensions describing how the interaction between members and the media affected organizational identity (see Figure 1 for a summary of the data structure). Following Locke (2001, p. 76), we 'tested' alternative conceptual frames until we assembled our categories into an overarching process model fitting our evidence. The interpretative framework that emerged is presented in the next section.

Insert Figure 1 about here

FINDINGS

In this section, we first outline our emerging framework, the core elements of which are summarized in Table 2.

Table 2 about here

In the subsequent sub-sections, following common prescriptions for qualitative research (Eisenhardt and Graebner, 2007), we intertwine a detailed narrative of our observations with theoretical reflections to articulate our account of how positive media coverage influences the re-construction of organizational identity. Selected quotes supporting our emerging framework are

reported in Tables 3, 4 and 5.

Tables 3, 4 and 5 about here

A summary of our emerging framework

As illustrated in Figure 2, at Oticon the re-construction process was triggered by the projection by organizational leaders of a new conceptualization of the organization, embodied in the notion of the Spaghetti Organization.

Figure 2 about here

In the beginning of the re-construction process, the new conceptualization mostly reflected managers' aspirations: its implications on organizational policies and practices were unclear, and members still perceived a discrepancy between it and their organizational reality. Enthusiastic media reports soon garnered internal support and aligned members' beliefs and actions with the public portrayals of the organization. The result of this process was the *co-enactment of an emergent organizational identity* reflected in the fact that at the end of the first phase, both media and members seemed to accept a common understanding of the organization emerging from the interaction between media representations and members' communications and actions. In this phase, extensive and positive media coverage 'amplified' managerial aspirations. Exposure to public attention and the need to engage in the explanation of the new identity to external audiences, brought members to gradually reduce cognitive dissonance between their understandings and managerial aspirations ('sensemaking whilst sensegiving'). Positive media coverage also increased members' commitment to the enactment of a new identity that gratified their need for self-enhancement ('celebrity seduction').

In a second phase, the content of media representations subtly changed, as the new organizational identity was embedded in organizational policies and practices, and the new strategy began to display its results. Members and media engaged in an ongoing *re-confirmation of the organizational identity*, as they periodically reassured one another of the validity of their understanding and representation of the organization. The popular representation of the Spaghetti Organization that had brought celebrity to the company was substantiated with more detailed narratives and claimed evidence of the goodness of the new features ('identity reinforcement'). The coincidence between media representations and members' experienced reality brought both sides to engage in the exchange of narratives and representations that facilitated the consolidation of current understandings, and brought members to 'bask in reflected glory' (Cialdini et al., 1976).

Eventually, however, the influence of celebrity seemed to result in the *'captivation' of the organizational identity*. Over time, changes in internal policies and practices brought members' daily experiences to become gradually detached from the principles embodied in the – still widely popular – notion of Spaghetti Organization ('erosion of sensemaking'). In this phase, the news media kept associating the organization with past stories and referents that had made Oticon popular, therefore replicating what was by then a 'simulated identity' – that is, a representation of an organization which did not correspond any longer with members' daily experiences and perceptions. The persisting appeal of the Spaghetti Organization, however, made managers and

staff reluctant to openly deny media representations that gratified their need for self-enhancement, and to engage in open debate aimed at reconciling the official corporate narrative with members' experiences of their daily working life ('celebrity addiction').

Phase 1. 1990-1991: The Co-Enactment of an Emergent Identity

The basic idea of the turnaround plan, presented by the newly appointed CEO, Lars Kolind, to the rest of the organization on April 18, 1990, was in stark contrast to the 'old Oticon.' Managers and organizational members were explicitly encouraged to break existing norms, to think 'wild' and independently. Control and rules were to be replaced with delegation of authority. Most importantly, the turnaround was not exclusive to the research and development department, but included all staff in the corporate headquarters.

The role of the media: Amplification of desired identity. By addressing their demand for 'novelty, originality, and the ongoing delivery of news about business' (Rindova et al., 2006, p. 52), the revolutionary ideas embodied in Kolind's aspirations attracted attention from journalists from all major newspapers and magazines in Denmark, soon followed by the international press.

In this initial phase, news media widely acclaimed the originality of Kolind's ideas and portrayed Oticon's hitherto unrealized changes as 'a revolution.' As exemplified by this quote, emphasis on the magnitude of organizational change was frequently associated with the articulation of core and distinguishing elements of the Spaghetti Organization, such as the shift from a hierarchical to a project-based structure (see Table 3 for additional evidence):

> Oticon is about to start an experiment of enormous dimensions. On Thursday, Oticon will turn norms of how to manage a company up-side-down. (...) 'We try to change from a hierarchy of commands into a hierarchy of tasks. Here projects, management and employees are thoroughly entangled. This is what we address as the Spaghetti Organization. (*Politiken*, August 4, 1991)

Consistent with extant theory of organizational celebrity (Rindova et al., 2006), the unconventional ideas embodied in the Spaghetti Organization elicited intense positive media coverage, endowing the desired – but not yet realized – new identity with social recognition.

The plan itself was not implemented in practice until 15 months later, after the company had relocated to a new open-space office building in August 1991. The new physical surroundings brought appealing, controversial and visible features, such as rolling trolleys representing mobile individual work spaces, a transparent paper shredder on the first floor running through the canteen at the ground floor, and locked elevators ensuring that dialogue would happen on the open stairways, that fed further enthusiastic media coverage.

The response of members (1): Sensemaking whilst sensegiving. The increasing media attention and publicity initially created internal tensions because the representation of the Spaghetti Organization popularized by the media did not correspond (yet) to the everyday life experienced by Oticon's employees. The discrepancy between Kolind's desired identity and members' current understandings and daily experiences broke down shared meanings about the organization (Fiol, 2002) and generated a condition of 'identity ambiguity' (Corley and Gioia, 2004) that required members to re-construct their understanding of the organization, that is, to 'make new sense' of it. How the Spaghetti Organization would be implemented was still unclear. Several members, however, acknowledged that Kolind's audacious public statement had opened up the possibility

for people to participate to make the general notion of the Spaghetti Organization meaningful for organizational practices and policies, as remarked by one of our informants:

Lars is miles away from the organizational reality. He thinks the vision is reality already, because he stated it. It is not. But things are changing. However, I am looking forward to be able to speak my mind and come up with my ideas for organizational changes (Financial officer 1, June 1991).

While the new identity was still far from being implemented, the increasing popularity of the organization put members in the condition of having to illustrate it and explain it to external audiences. Exposure to media attention was strengthened by Kolind's decision to invite members to speak to the press themselves. Our informants reported how as media coverage intensified, even family members and friends started inquiring about the Spaghetti Organization. In all these circumstances, members were required to 'give sense' to the upcoming changes by articulating the fundamental elements of the new organizational identity (see Table 3). Exposure to intense and positive media attention subtly pushed Oticon members towards 'speaking themselves into' the new identity elaborated by the top managers.

The response of members (2): Celebrity seduction. Not everyone, however, immediately embraced the new identity. The initial reactions to Kolind's announcements, gathered by one of the authors while engaged in field work, were mixed. Some members were intrigued, some were afraid, and some were skeptical. Some described the new identity popularized by the media as 'utopian' and 'abstract' (see Table 3). However, as the attention of the national and international media intensified, members' attitudes towards the Spaghetti Organization seemed to slowly change. The unexpected popularity of the company spurred a sense of pride and enthusiasm among employees, as reflected in the words of another employee:

> I am proud to say I work in Oticon. Whenever I am at a dinner party, everyone always asks me questions about Oticon. They want to know about Lars and everything, It is a new experience to find yourself in the middle of everything (R&D employee 2, December 1991)

Whether members fundamentally agreed with the Spaghetti or not, they became increasingly concerned about how Oticon was represented by the media. This new attitude, generally considered to be a core manifestation of organizational identification (Ashforth and Mael, 1989), brought them to carefully modulate their public declarations to consistently support the positive image being constructed by the media (see Table 3 for examples). In fact, some members found themselves in situations where they publicly praised the Spaghetti Organization to an extent that they had not anticipated themselves doing (see Table 3). This change in belief took some members by surprise:

> I have to admit that I have been a little surprised by my own reactions lately, since I regard myself a skeptic towards the spaghetti. As a matter of fact, after my talk this afternoon about the Spaghetti vision to the group of managers from a business club, they asked me if all my Oticon colleagues are just as excited about the Spaghetti Organization as I am (Project manager 4, October 1991)

Overwhelming positive attention, then, seemed to gratify members' need for self-enhancement, and convince otherwise skeptical members to enthusiastically commit to the Spaghetti Organization. 'Seduced' by the increasing media coverage, employees eventually

reached a point of no return, after which no one mentioned the idea of sticking to the 'old Oticon' anymore.

Media-member dynamics: Co-enactment of emergent identity. Past research has observed how members tend to counter media representations that diverge from their identity beliefs or aspirations (Dutton and Dukerich, 1991; Elsbach and Kramer, 1996). Even in the case of Oticon, members largely perceived media portrayals as misrepresentations of their current organizational identity. However, the positive connotation of these misrepresentations and the associated popularity did not lead to efforts aimed at restoring 'correct' representations – as shown in previous research – but eventually induced members to show consistent support for an organizational identity which enjoyed high social regard hence gratified their need for self-enhancement.

In this early stage of the process, a high level of public attention and positive emotional response associated with organizational celebrity provided managers with a salient symbolic resource for identity construction. The positive social recognition garnered by the new identity, and the processes that were triggered as members themselves were interviewed and portrayed by the media eventually stimulated convergence between how the organization was envisioned by its leaders, how it was represented by the media, and how it was described by its members. The result was the joint enactment of what was initially an aspiration – albeit an unconventional and attractive one – of organizational leaders which gradually became an 'emergent' new identity.

Phase 2: 1992 – 1997: Re-Confirmation of Current Identity

At Oticon, the tension between top management's idea of the Spaghetti Organization as refracted in the media and the everyday experiences of organizational members eased and eventually disappeared in 1992. In the years that followed the implementation of the Spaghetti Organization, Oticon witnessed increased productivity and creativity among organizational members, culminating in some important product releases. In 1995, revenues had increased 100% and profit had increased tenfold compared to 1990. Members experienced that the Spaghetti organization gradually changed from a 'utopian vision' to an organizational reality, and Oticon became the recipient of an unprecedented number of unsolicited job applications, as well as a number of prizes and awards, such as an award for being the 'most innovative company of the year' in 1992 by the Danish Minister of Industry and Commerce.

The role of the media: Identity reinforcement. In this period, the media consolidated the way in which they had represented the organization in previous years. The frequency with which Oticon was mentioned in the media increased dramatically. Compared to the previous two years, for instance, articles in the Danish leading financial newspaper *Børsen* increased fivefold. The new labels coined by Kolind to describe the new identity – the Spaghetti Organization, the paperless company, the knowledge-based company, etc. – came to be used routinely by the media to characterize the organization. The implementation of the changes gave the press new stories to enrich their portrayal of the organization and further elaborate its distinctive features (see Table 4 for further examples):

The vision was realized. The designation of occupations are gone, regular seats in offices have disappeared and have been replaced by small tables on wheels which can be moved round in the organization, because flexibility demands mobility (*Politiken*, June 1, 1992).

These narratives were in part renditions of stories presented to the press by the CEO, who was always available to the press and who was partly responsible for the interaction with a

number of different managers and employees. As the Spaghetti Organization started to display its effects, news media increasingly emphasized superior organizational performance and associated it with the new distinctive features, presenting Oticon as an ideal model of modern management. Further, the media diffused news about various social acknowledgements of the uniqueness and distinctiveness of the new features, coming from academics, awards, etc. (see Table 4).

The response of members (1): Consolidation of current understandings. Inside Oticon, this period was characterized by the gradual development of a belief that the claims about the Spaghetti Organization were now truly lived, and the associated norms were soon assimilated by the employees (see Table 4). As one of our informants observed:

Maybe the spaghetti was very abstract and many of us were skeptic, but that seems so long ago. I don't even think of the old times any more. We ARE the Spaghetti Organization and this is how we think (Project Manager 1, June 1995)

The Spaghetti vocabulary was widely used both inside the organization and for representing the company to outsiders. Members now recognized themselves in the 'mirror' of the media, and they consistently expressed consensus for the new identity. Openness and trust, for instance, were praised as being important organizational characteristics, and were described as that which differentiated Oticon from other workplaces. Employees experienced actually implementing innovation in their jobs and create new opportunities for themselves and the company. They felt continuously encouraged to propose new ideas and projects that they were willing to take responsibility for, and expressed increased satisfaction for their jobs (see Table 4 for selected quotes).

The response of members (2). Basking in reflected glory. The ever-increasing popularity of the organization continued to be a source of pride, as remarked by one of our informants:

I go out to a dinner party, and I know for sure that most of the other guests will want me to tell: 'What is it like to work in the Spaghetti Organization? Is it true that no one has a boss? (Secretary 5, June 1992)

The 1992 annual report boasted how during the year, 'over 100 pages of information about Oticon appeared in the newspapers and magazines and more than 5000 people visited the organization and attended lectures on the company.' A few years later in an informal conversation, a human resource manager proudly admitted that Oticon could 'pick and choose among the best candidates in the country; they all want to work for Oticon.'

Indeed, during this period, we had the possibility of attending several passionate presentations delivered by Oticon's employees to different audiences. As the celebrity of Oticon did not seem to wane, members enjoyed the moment of stardom by 'basking in the reflected glory' (Cialdini et al., 1976) of their organization.

Media-member dynamics: Identity re-confirmation. In this second phase, our observations show a dynamic interaction between media and members. As Kolind invited the media into the organization to interview members, the positive representations that followed were refracted to the members, reassuring them about the goodness of the new identity, and inducing them to reconfirm the Spaghetti narrative by eagerly telling more stories about the Spaghetti Organization to the interested audiences.

Previous research has emphasized the role of media in acting as a 'mirror,' and how the albeit imperfect images portrayed in this mirror can trigger members' reflection about who they *really* are as an organization. What we observed in this stage could be more effectively

described as a 'double mirror,' where members and media narratives mutually fed on each other and converged in reconfirming a commonly accepted – and upheld – understanding of the organization. In this way, the mirroring principle – like in a mirroring cabinet – led to 'endless' self-reassuring between media and members, and to the increasing alignment between organizational claims and understandings, and media representations.

Phase 3: 1998-2000: Inertial Reproduction of Simulated Identity

In April 1998, after ten years as CEO, Lars Kolind left Oticon. He was succeeded by Niels Jacobsen, who, since 1992, had been co-director with a special focus on finance. In this period, several of the structures and practices that had characterized the early days of the Spaghetti Organization were partially abandoned. These changes were described metaphorically by a dissatisfied project manager as moving the organization from 'spaghetti' to 'ravioli – stiffened in small, fat units (Morsing, 1998).' In part, these changes had already been carried out in the last few months of Kolind's tenure; they merely intensified after his departure.

*The role of the media: Replication of simulated identity***.** Even in the late nineties, the interest of news media in Oticon remained strong. A high number of articles about life in the Spaghetti Organization kept appearing in the press[2]. For the most part, however, these articles replicated old stories, and described organizational structures, processes, and values which were increasingly detached from organizational reality. Nevertheless, journalists kept referring to Oticon as the Spaghetti Organization or the paperless company, and celebrating its distinctive organizational arrangements. Also, the name of Oticon was still associated with Lars Kolind, and the name of Kolind to Oticon, long after his departure from the company. In other words, articles seemed to cling to past identity referents – unique and distinctive labels, personalities, structures, values, etc. – over which the celebrity of the organization had been built, regardless of their current veracity (see Table 5 for examples).

In this period, articles emphasized the long-lasting legacy of Oticon on managerial practice and organizational design (see Table 5). Stories were no longer about actual incidents or new decisions or practices, but replicated a crystallized image of the Spaghetti Organization as an icon for creativity and innovation, having exerted 'enormous influence (*Berlingske Nyhedsmagasin*, October 8, 1999)' or 'formed a school (*Børsen*, 14 January 2000).' Over time, the Spaghetti Organization seemed to have turned into a 'news icon' (Bennett and Lawrence, 1995, p. 20): an image too strong to be overshadowed by a more mundane narrative about a well-functioning and successful organization, and too attractive to risk being verified in reality. Borrowing from Baudrillard (1983), who uses the term 'simulation' to indicate the substitution of signs for what is real, we argue that, as the images projected by the organization and refracted by the news media no longer corresponded to organizational reality, the result was the inertial replication of a 'simulated' identity, an autonomous image referring exclusively to itself (Christensen et al., 2008).

The response of members (1): Erosion of sensemaking. In this period, in contrast to the media's ongoing coverage and interest in the Spaghetti Organization, our informants reported the consistent perception of the gradual loss of some elements that had characterized the identity of the organization in recent years (see Table 5). We refer to this process as 'erosion of sensemaking,' as the perceived new discrepancy was not caused by a single shocking event (see Weick, 1995) but by the growing realization of an increasing dissonance between how the organization was communicated and represented, and members' daily experience.

While the media insisted on representing Oticon as a Spaghetti Organization, members

were unable to recognize this description internally. As one of our informants put it:

> The magic has gone. It has become a more ordinary workplace. Still providing really nice facilities and flexible work practices as well as opportunities to work with what you want to, but it has become more traditional … Of course we still have open-space offices and we can still move our shelves-on-wheels around, when we need to – but then that is it. (IT developer 5, November 1999).

Newcomers at Oticon expressed their surprise and annoyance about not finding the celebrated Spaghetti Organization they had come to work for:

I had waited six years for a position in this company, where I would fit in. So, I was disappointed. Nothing was really what they had been writing about (Marketing employee 3, June 1999).

Members displayed mixed feelings about the renewed ambiguity surrounding the organizational identity. Some were still proud of being part of an organization celebrated as unique (see Table 5). For others, the fact that the CEO did not publicly distance the organization from the Spaghetti image by introducing another alternative conceptualization was a source of frustration:

> It frustrates me as a communication person that management has not chosen to replace the somewhat misleading communication with a new, more true and fair view of the company in order to make a more gradual transition. Instead the lights have been turned off, so now there is no communication (PR Manager, October 1999).

Over time, an increasing number of members started to question the upheld identity as 'phony,' and nothing more than 'just talk.'

The response of members (2): Celebrity addiction. Despite its waning support for the Spaghetti Organization, the new top management did nothing to repudiate or change the way in which the organization was still represented by the media. People at Oticon were conscious of the attractiveness that the external recognition the Spaghetti Organization still enjoyed was able to exercise on potential new employees. As one of our informants remarked:

This is still a cool place to work and we receive tons of applications for vacant jobs – even for new engineers who are presently in high demand on the labor market (Project manager 10, October 1999).

Despite the changes and distinctive features of the Spaghetti Organization, and despite the widespread internal perceptions of discrepancy between the official claims and the everyday reality, the new top management refused to admit – to us and to the press – that 'anything has changed.' Afraid to lose the attention of the media, members were eager to keep feeding positive images of the organization to interested audiences, as exemplified in the words of one of our informants:

[After the change of top manager] I was afraid that the press would turn us down, but thankfully they are still very interested in talking to us and we still love to tell them about our great organization (Marketing employee 4, January 2000).

Yet, when asked to illustrate their organization, several members kept using narratives of the

‘old’ organization, as if – in order to preserve a positive self-concept – they had to deny recent changes in an act of ‘organizational self-deception.’

Media-member dynamics: Identity captivation. In an initial stage of the change process, positive media coverage had facilitated the enactment of an envisioned new identity. Later on, however, the persisting appeal of a conceptualization of the organization that did not correspond any longer to managers’ desires seemed to impede further development of the organizational identity. The story of the Spaghetti Organization had become an autonomous and powerful narrative, from which neither the media nor members seemed to be willing to publicly disengage.

The increasing gap between how Oticon was portrayed by the media and how it was experienced daily by its members resulted once again in widely perceived ambiguity about the identity of the organization. Yet, unlike the positive tension of the early days of the Spaghetti Organization, in this period the members reported their increasing frustration at the reluctance of managers in choosing between a celebrated past identity that they were not inclined to implement anymore and a yet-to-be-defined new identity that they were unwilling to articulate. The persisting celebration of the Spaghetti Organization carried out by the media seemed to have ‘captivated’ the organizational identity: a condition characterized by members’ ambivalent attitude towards media representations – which they perceived as no longer being truthful, but which still ensured them considerable social recognition – and characterized by members’ related inability to articulate new understandings to adapt to the current situation.

DISCUSSION AND IMPLICATIONS FOR FURTHER RESEARCH

Our longitudinal study of members’ response to media reports at Oticon shows how intense and positive media coverage, resulting in organizational celebrity (Rindova et al., 2006), influences both the way members understand their organization (sensemaking effect) and the gratification that they derive from their identification with it (self-enhancement effect). Further, our findings provide a systematic view of how these effects change over time, influencing identity re-construction in different ways. While prior research on identity construction has mainly focused on internal processes, our study extends the scope of understanding by showing how external forces may initially facilitate identity re-construction, but may also eventually impede further development.

Our study focused on the revelatory case of a celebrity firm. Theoretically, however, the sensemaking and self-enhancement effects we observed are not restricted to extreme cases such as Oticon, but may occur more generally in organizations whose actions are subjected to positive media coverage. We believe, therefore, that our research setting provided us with a unique opportunity to observe processes that, albeit less visibly, may occur in other organizations exposed to positive media coverage, and to highlight issues that call for additional research to further elucidate the mediation of organizational identities, as discussed in the remainder of this section.

Mediation and the construction of organizational identities

A first contribution of our study lies in the extension of Dutton and Dukerich’s (1991) original insight that members’ evolving conceptualizations of their organization are influenced by how they see it portrayed in the ‘mirror’ of external representations of the organization (Dutton and Dukerich, 1991). Our longitudinal study extends our understanding of the influence of the media in the re-construction of organizational identities, as it highlights the reciprocal sensemaking and sensegiving processes that foster the enactment of an emerging new conceptualization of the

organization and its inertial re-production even in the face of pressures for further adaptation.

In the past, focus on negative media coverage and threatening representations brought researchers to frame the relationship between an organization and its audiences mainly in terms of a reactive 'negotiation' over what managers consider to be an acceptable representation of the organization (see Ginzel et al., 1993). With a few exceptions (e.g. Gioia and Thomas, 1996; Morsing, 1999), past studies of identity construction have portrayed managers in a somewhat reactive role, responding to media representations only when they pose a threat to the image and the identity of the organization (Dutton and Dukerich, 1991; Elsbach and Kramer, 1996; Ravasi and Schultz, 2006). Insights from our study suggest instead that members and the media are constantly engaged in an ongoing co-creation of meaning that provides media with appealing newsworthy stories, and addresses members' needs for self-enhancement. Media representations, therefore, do not simply refract and diffuse pre-existing conceptualizations of an organization, but, to the extent that the organization is subjected to intense media coverage, they produce these very identities in a process of 'mediation' (Silverstone, 2005) – a dialectical notion emphasizing how identity construction emerges from the ongoing interaction between images projected by and about an organization and refracted by the media. If we accept this notion, then future research on identity construction should complement the investigation of internal struggles around established, disputed or emerging conceptualizations of an organization (see for instance Glynn, 2000; Humphreys and Brown, 2002) with an analysis of how identity claims and narratives reverberate on, draw on, or actively use media accounts of the organization. Additional insight may also come from more in-depth analysis of the different logics that underpin the engagement of the media in the construction of public portrayals of organizations and events (see Spicer and Sewell, forthcoming).

In this respect, our study shows how organizational leaders may actively try to take advantage of mediation processes to support deliberate attempts to re-construct organizational identity. Previous research has largely emphasized the cognitive processes associated with identity (re)constructions (e.g. Gioia and Thomas, 1996; Ravasi and Schultz, 2006; Rindova et al., forthcoming), suggesting that organizational leaders may stimulate identity change by crafting new images of the organization which are expected to bring about an alignment in members' identity beliefs and understandings to support strategic change (Gioia and Thomas, 1996, p. 398). How these new images are supposed to pull members into alignment, however, is less clear. Some new identities, such as the "Top Ten University" observed by Gioia and Thomas (1996), may be intrinsically motivating, as they imply the attainment of a higher status for the organization and its members. Not all organizational identities, however, intrinsically imply social stratification. Our study shows that organizational leaders may purposefully take advantage of positive media coverage to foster members' commitment to the enactment of a new identity that gratifies their need for self-enhancement because of the celebrity that it confers on the organization. Future empirical and theoretical efforts may analyze in greater depth the different strategies available to organizational leaders to make new identities not only more *understandable*, but also more *attractive* to members and/or the media.

More research is also needed on whether celebrity *per se* is sufficient to engender members' support to an emerging new identity, regardless of the actual changes associated to the conceptualization of the organization. At Oticon, the enactment of the new identity was facilitated by Kolind's engagement in substantial actions affecting members' daily experiences. Future research should investigate whether the process would unfold differently if bold new claims – such as, for instance, outstanding engagement in initiatives to prevent climate change or alleviate

poverty – were not followed by consistent managerial action.

Further, at Oticon, the new identity was eventually experienced as energizing and liberating, and members' appreciation for the Spaghetti Organization was not limited to the social recognition that it secured for the company. It is less clear whether and how the process would differ if the new identity implied restrictive or more demanding conditions for employees. We expect future comparative studies or the replication of our research in different settings to be able to shed more light on the specific contextual conditions affecting the influence of media on the re-construction of organizational identities.

Finally, we believe that our observations raise ethical considerations about the strategic use of media (and employees) in identity re-construction and organizational change. Further reflections are needed on how morally acceptable (and socially dangerous) it is to directly expose possibly unaware and unwilling members to the pressure of the media in order to implement organizational change engineered by top managers. Future research may inform and substantiate this debate by carrying out more in-depth investigations not only of the conditions that induce members to conform (or publicly resist) to leaders' narratives and the expectations of the media, but also the implications on members' emotional health and disposition towards the organization of persisting discrepancy between their experienced reality and the idealized narrative that they feel compelled to uphold in public interactions.

Organizational celebrity and identity construction

Early research on celebrity firms observed how an unconventional organizational identity is essential to attract a high level of exposure and intense emotional response (Rindova et al., 2006). Our study complements this line of inquiry by highlighting the effects of celebrity on how members make sense of their organization, and how they feel about their membership. In particular, our observations suggest how these effects may change over time – in a sort of 'celebrity life-cycle': whereby at an early stage celebrity may facilitate the enactment and reinforcement of an emerging new identity, and later on, celebrity may constrain further adaptation of the organizational identity.

The influence of members' addiction to corporate celebrity is new to our understanding of organizational identity construction. Our study shows how important such preoccupation with external representations and perceptions of the organization may become for members of celebrity firms as they come to depend on the constant praise and attention of media to gratify their need for self enhancement. Such dependence may potentially lead to self-absorption and to what Baudrillard has labeled 'narcissistic faithfulness' to one's own sign and to one's own formula (Baudrillard, 1988, p. 41). Prior studies have argued that celebrity-induced narcissism may lead to over-attribution and overconfidence in one's own abilities (Hayward et al. 2004), and to inertia in the face of changing market conditions (Hatch and Schultz, 2002). In our study, narcissistic faithfulness carries an interesting time effect as it suggests how, over time, members may become self-absorbed in the media's replication of past narratives, thus inhibiting further development of identity construction.

In this respect, our research points at the 'stickiness' of the apparently transient and ephemeral condition of celebrity, as over time media representations may turn the identity of an organization into a celebrated 'simulacrum' – that is an image without the substance or qualities of the original (Jameson, 1991) – supporting the persistence of a gap between image and identity (Baudrillard, 1988; Perniola, 1980). Persistent celebrity may make this 'simulated identity' sufficiently attractive to serve as a surface representation of the organization towards outside

audiences. Internally, however, this condition is likely to result in inhibited development of a new shared collective identity, and in the preservation of the persistent identity ambiguity of the organization.

Past research has observed how public admiration may cause members to feel 'imprisoned' since they cannot criticize the organization without criticizing themselves (Kunda, 1992). Our findings extend this line of thought by articulating how internal identity work may become somewhat 'paralyzed' by celebrity. All cultures use rituals and other forms of symbolic communication to remind its members – and external parties – about their fundamental values and collective identity (e.g. Geertz, 1973). At Oticon, at the end of our period of observation, these processes were inhibited as members were reluctant to replace a celebrated – but no longer 'real' – identity with a less glamorous one that was closer to their daily experience. In contrast to the extant conception of discrepancy between organizational image and identity as a gap in search of closure and alignment (Hatch and Schultz, 2000), our study suggests how celebrity may induce members to accept discrepancy and preserve a condition of identity ambiguity, not undermining the social recognition that they enjoy. Members may therefore find themselves simultaneously denying media representation of their identity, but still supporting it as being appealing.

Research on organizational celebrity, however, is still in its infancy and several issues remain open for further research. Futures studies, for instance, may want to investigate in more depth how organizations can cope with the captivating effect of external perceptions and representations, and adapt the very identity that made them popular to mutated environmental conditions without losing social recognition. The notion of 'adaptive instability' has been proposed to explain how organizations may periodically re-interpret formal claims in order to adapt their practices to changing environmental conditions (Gioia et al., 2000). Our observations indicate how collectively held and relatively established external images of an organization may constrain the adaptive process, and call for further reflections about whether and how the meaning of popular claims – such as those embodied in the Spaghetti Organization – can be effectively re-constructed in the interaction with the media, without losing their support.

More research is also needed on how CEO succession affects organizational celebrity and identity construction. A charismatic leader is considered as fundamental in attracting the attention of the press, and may play a central role in the narratives woven around the organization (Rindova et al., 2006). Indeed, research shows that CEOs themselves may become celebrities (Hayward et al., 2004). Less is known, however, about how the departure or replacement of highly visible and charismatic leaders may affect the way an organization is portrayed and the emotional responses this elicits. Insights from our study suggest that, thanks to the inertial replication of old stories, the influence of charismatic leaders on organizational celebrity is likely to persist for some time, even after their departure. Yet, the celebrated legacy of these leaders may also constrain the capacity of their successors to introduce further changes. Future research may investigate more specifically how newly hired CEOs of celebrity firms may balance the need to preserve celebrity with the will to modify organizational policies and practices.

Finally, it should be noted that our study focused on an organization that enjoyed tremendous popularity for several years. Future studies may want to investigate whether less glamorous, but still positive media coverage would have an effect on how members make sense of their organization, how they feel about their membership, or whether a minimum 'threshold of popularity' is to be reached before positive media coverage displays its effects on members' sensemaking and self-enhancement.

Media exposure, local articulation and organizational sensemaking

Finally, we believe that our study contributes to the understanding of organizational sensemaking in cases of change. In organizations, crises (Weick, 1988; Weick, 2010) and change (Maitlis and Sonenshein, 2010) are likely to trigger members' efforts at making sense of the situation. In these circumstances, organizational and personal identities are generally understood to drive members' interpretations and actions (Maitlis and Sonenshein, 2010). Yet, it has been proposed that radical organizational changes, and the confusion and ambiguity that these may ensue, also increase the likelihood that members engage in conscious reflections to make sense of the very identity of their organization (Albert and Whetten, 1985). Encouraging members to drop old identities and embrace a new understanding of the organization and of their identity within the organization then becomes crucial in order to enact the intended changes (Fiol, 2002).

Past studies have highlighted how, in these circumstances, top managers are expected to fill the main interpretive gaps (Corley and Gioia, 2004; Maitlis and Lawrence, 2007), while middle managers play an important role in filtering and complementing their sensegiving efforts (Balogun and Johnson, 2004; Rouleau and Balogun, forthcoming). Our study shows how organizational leaders may bypass middle managers, by having their message literally 'mediated' by the press, and then using the resulting visibility to stimulate local articulation in frontline employees.

According to sensemaking theory, verbalization is a fundamental part of the construction of meaning (Weick, 1995). At Oticon, engaging in a verbal account of their organization to external audiences helped members develop an understanding of it and gradually reduce the cognitive dissonance they had initially experienced, by aligning their understandings with the public portrayals of the organization (Weick, 1995). Indeed, some members remarked how explaining a still ambiguous identity to some external audience actually helped them make sense of it (Fiol, 2002; Livesey and Graham, 2007).

At Oticon, the attention and the emotional support conferred by celebrity encourage members to abandon old identities in order to embrace a more appealing organizational and social identity. In this respect, our study highlights a motivational trigger that has generally been overlooked by past research. More research, however is needed on the factors that, contrary to what is predicted by sensemaking theory (Weick, 1995), induce members to interpret ambiguous and confusing situations that are based on emerging, rather than established, notions of self and their organizations.

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TABLE 1. Overview of Data Sources

Data Source	What/Who	When
Archival documents	232 internal as well as external documents: annual reports and other communication tools, minutes from meetings, internal memos, strategic plans, vision statements, and other internal documents.	During the entire period
Direct observation	Field notes documenting accurately and completely: - participation in the daily life of the organization, and engagement in informal conversations with different people (staff, management team, directors), - observation of meetings and interactions between members, - observation and recording of stories, artefacts, office lay-out.	On average 2 full days a week during two periods: Dec 1990 – June 1993 Feb 1999 – July 2000 Constant off-site interaction between 1994 and 1998 186 informal conversations with 80 informants between 1990 and 2000
Semi-structured interviews	203 Semi-structured interviews with 114 informants: CEO (8), Top Management (16), Sales and Distribution (20), Project Managers (18), IT (8), Marketing (17), Finance (10), Business Development (22), Research & Development (26), Export (8), Sales and Production Service (10), Production (28), Human Resource (9), Oticon France (2), Oticon Sweden (1) On average, interviews lasted between one and two hours; each interview was taped and transcribed, and informants were asked to read through them to ensure accuracy.	Primarily conducted in the two periods of observation to elaborate on specific topics or investigate specific issues. - 109 interviews in the first period (Dec 1990-June 1993) - 94 interviews in Second period (Feb 1999-July 2000)
Media coverage	Press articles and videos featuring Oticon in the period of observation (1990-2000): 655 articles from Danish (Politiken, Børsen, Jyllandsposten and Berlingske Tidende, Berlingskes Nyhedsmagasin) and international newspapers/magazines (Der Spiegel, The Guardian, Newsweek, The New York Times, USA Today, Svenska Dagbladet), and the Danish (DR1 and DR) and international TV/radio (BBC and CNN)	Articles were gathered sporadically in the early phase of data collection. When media coverage emerged as a relevant explanatory construct, we carried out systematic search through the entire period (1990-2000).

TABLE 2. The Effect of Positive Media Coverage on Identity Re-construction

Phases	Media role	Sensemaking effect	Self-enhancement effect
Phase 1. Positive media coverage is congruent with leaders' aspirations, but discrepant from members' experienced reality.	Amplification of desired identity Repetition and diffusion of narratives reflecting desired (but yet to be realized) new understandings of the organization, and implicit endowment with social recognition.	Sensemaking while sensegiving Gradual closure of identity ambiguity, through repeated exposure to media representations and local articulation of new understandings.	Celebrity seduction Increasing commitmen to a new understanding of the organization, the social recognition o which satisfies members' needs for self-enhancement.
Phase 2. Positive media coverage is congruent with members' experienced reality.	Reinforcement of current identity Elaboration of fine-grained and realistic representations of organizational identity, and reinforcement of social recognition.	Consolidation of current understandings Increasing alignment between organizational claims, and members' beliefs and experienced reality.	'Basking in reflecte glory' Intense personal gratification and increasing identification of members, fostered by persisting organizational celebrity.
Phase 3. Positive media coverage is congruent with members' experience of past reality, but discrepant from current one.	Replication of simulated identity Inertial replication of an attractive, socially recognized representation of the organization that no longer corresponds to the perceived reality.	Erosion of sensemaking Increasing identity ambiguity, resulting from the perceived discrepancy between official claims supporting inertial media representations, and the experienced changes in organizational reality.	Celebrity addiction Persisting projectio of images that are perceived as untruthful, but that still grant social recognition to the organization and its members.

TABLE 3. Phase 1: Co-Enactment of Emergent Identity (1990-1991), selected evidence

Second-order categories	First-order categories and selected evidence
Amplification of desired identity	Exposure of the organization to large-scale public attention
	A quiet revolution. Managers from all over the world are paying attention
	large experiment with management and collaboration (Politiken, December 2
	Portrayal of the organization as protagonist of unconventional action
	The organizational revolution taking place at Oticon, one of the world's
	of hearing aids, is the stuff dreams are made of (Financial Times, Novemb
	Development of organizational 'character' (distinguishing elements of new
	identity)
	Think the unthinkable: Get rid of the lines of demarcation, make space in
	create an open floor plan and modernize the information system. These unt
	made by Oticon when its administration of 130 employees in August 19991 m
	soft drink factory in Hellerup. (Politiken, August 30, 1991)
Sensemaking whilst sensegiving	Perception of discrepancy between managerial claims, reflecting new aspir
	current experiences
	I simply think that the media's way of speaking about Oticon is too far a
	While it is certainly visionary and appealing, It is not trustworthy (Eng
	Engagement in the construction of new understandings
	Oticon's vision is being played out: the playground is marked, but we nee
	ourselves (Project manager 3, December 1991)
	Local articulation of emerging identity
	In the first few months out here we have had so many visitors and I have
	many times. About my job now. About Oticon. Sometimes I do not have a goo
	often I come to think of a good answer the next day (HR employee, October
Celebrity seduction	Gratification from unexpected celebrity
	Every time we are mentioned in the media, the article is put on the board
	It is as of a competition has begun: who will get the most media mention
	in the newspaper. It creates a lot of talk and fun (Engineer 1, November
	Increasing concern about media representations of the organization
	I was interviewed by this journalist and he quoted me for something which
	more negative than I intended to be. So, I had to call him and ask to quo
	before the paper was in print that night (Project manager 3, November 199
	Spontaneous display of public support for the new identity
	I believe I boasted a bit too much as I was interviewed the other day by
	got caught in the excitement and interest he showed for Oticon. Like he r
	a success. And so do I, of course (Project manager 2, October 1991)

TABLE 4. Phase 2: Identity Re-Confirmation (1992-1997), selected evidence

Second-order categories	First-order categories and selected evidence
Reinforcement of current identity	Elaboration of organizational character (clarification of distinguishing
	The vision was realized. The designation of occupations are gone, regula
	disappeared and have been replaced by small tables on wheels which can b
	organization, because flexibility demands mobility (Politiken, June 1, 1
	As professional borderlines were abolished and titles almost disappeared
	secretaries earning more than the previous engineer managers. This lead
	the trade union realized that this company looked at the performance rat
	(TV DR, November 1994).
	Association of new distinguishing features with organizational performan
	Oticon’s management principles would probably have been celebrated as “a
	experiment” of most people in Danish industry, had they not proven their
	latest financial report shows a net surplus on 88 mio. Danish kroner. 93
	production goes to export, for example to the US (Ringkjøbing Amts Dagbl
	Diffusion of signals of social recognition for the new identity
	Nomination in prestigious international business prize to Oticon’s uniqu
	work practices (Børsen, September 9, 1993)
Consolidation of current understandings	Appreciation of new identity features
	[The change] absolutely energized the entire company. All the expectatio
	organization released so much energy and so many ideas. This is the most
	have ever experienced (Researcher 4, August 1992)
	Assimilation of new identity beliefs
	During the time people are employed in Oticon, they are required to abso
	of Spaghetti and act responsibly, creatively and independently. (Secreta
‘Basking in reflected glory’	Enjoyment of organizational celebrity
	Can you believe it: I was interviewed by CNN and then found myself appea
	news. That was really something. It boosted my worth in the family (Eng
	Enthusiastic supportive behavior in multiple social settings
	Some of my acquaintances are really tired of Oticon … It’s Oticon, Otico
	it seems that I don’t talk about anything else. But I am proud of this o
	employee, April 1993)

TABLE 5. Phase 3: Identity Captivation (1998-2000), Selected evidence

Second-order categories	First-order categories and selected evidence
Replication of simulated identity	Persistent association with past identity referents
	Kolind provides a series of recipes of necessary competences and organiza
	encourages the creative potential. He has himself masterminded one at Oti
	spaghetti organization, where hierarchies are abolished and a more networ
	organization makes it possible for the many different kinds of talents am
	expression (Politiken, November 6, 2000)
	Establishment of organizational legacy
	Oticon has had an enormous influence on how companies have been designed
	thinks about management – not only in Denmark but in the whole world (Ber
	October 8, 1999)
Erosion of sensemaking	Perceived loss of identity referents
	What we miss from the old organization is the vision … The problem today
	gone (Sales and distribution employee 2, January 2000)
	Perceived discrepancy between current managerial claims and members' expe
	They still talk, but when push comes to shove it is all hot air. Much of
	evaporated lately (IT employee 3, September 1998)
	Discrepancy between newcomers' expectations and experience
	I am thrilled by the Spaghetti and I had read a lot about it in the media
	like a different reality. (Sales employee 3, November 1998)
Celebrity addiction	Persistent appeal of organizational image
	What attracted me and what still attracts many young people are the stori
	and fantastic Oticon is. I believe that is why there are so many highly q
	despite the low unemployment rate (Business development employee 4, Septe
	Persistent pride for social recognition
	Even though I know that we are not moving around that much anymore and th
	might be more adventurous than we are, I am still very proud to be an emp
	company (Export manager, October 1999)
	Projection of outdated organizational images
	When people ask me about Oticon, I keep telling all the old stories about
	they make me proud (Financial officer 3, January 2000)

FIGURE 1. Data Structure

FIGURE 2. The Effect of Positive Media Coverage on Identity Re-construction

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[1] The notion of ‘media’ generally refers to a broad range of mass communication materials. In this paper, we specifically focus on communication materials produced by journalism-based organizations, or ‘news media.’ It should be understood that whenever we use the term ‘media’ or ‘mediation’ we refer specifically to news media and to the mediation process (re)produced by them.

[2] In *Politiken*, for instance, the average number of articles per year decreased only slightly, from 12.1 between 1992 and 1997 to 10.3 between 1998 and 2000; in *Børsen*, it even increased from 13.3 (1992-1997) to 13.6 (1998.2000).

Aggregate theoretical constructs
(Media-member interaction)

Second-order codes
(Media role)

Second-order codes (Members’ response)

First-order codes (Members’ response)

First-order codes (Media role)

Perceived discrepancy between new managerial claims and members’ experiences
Members’ engagement in the construction of new understandings
Local articulation of emerging identity

Exposure of the organization to large scale public attention
Portrayal of the organization as protagonist of unconventional action
Development of organizational character

Amplification of desired new identity

Co-enactment of emerging identity

Gratification from unexpected popularity
Rising concern about media representations
Spontaneous public support for the new identity

Celebrity seduction

Enjoyment of organizational celebrity

Enthusiastic support in multiple social settings

Appreciation of new identity features
Assimilation of identity beliefs

Re-confirmation of current identity

Reinforcement of current identity

Elaboration of organizational character
Association of new distinguishing features with organizational performance
Diffusion of signals of social recognition for the new identity

Consolidation of current understandings

Basking in reflected glory

Persistent association with past identity referents
Establishment of organizational legacy

Replication of simulated identity

Identity captivation

Perceived loss of identity referents
Perceived discrepancy between current managerial claims and experienced reality
Discrepancy between newcomers' expectations and experience

Celebrity addiction

Erosion of sensemaking

Persistent appeal of organizational image
Persistent pride for social recognition
Projection of outdated images

Sensemaking whilst sensegiving

Phase 3. Identity Captivation

Media:

. Replication of simulated identity

Members:

. Erosion of sensemaking

. Celebrity addiction

Phase 2. Reconfirmation of current identity

Media:

. Reinforcement of current identity

Members:

. Consolidation of current understandings

. Basking in reflected glory

Projection of
desired new identity

Phase 1. Co-enactment of emergent identity

Media:

. Amplification of new desired identity

Members:

. Sensemaking whilst sensegiving

. Celebrity seduction