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A resource-based framework for strategically managing identity

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Abstract

Purpose – The purpose of this paper is to blend a resource-based view of the firm with the 5R Model of Organizational Identity Processes to offer a new Strategic Identity Management Framework to help organizations uncover, analyze and optimize their identity as a resource for creating sustainable competitive advantage.

Design/methodology/approach – This conceptual paper relied upon an examination of literature about sustainable competitive advantage, the resource-based view of the firm and the 5R Model of Organizational Identity Processes.

Findings – Synergies were found between the VRIO model and the 5R Model of Organizational Identity Processes. A new Strategic Identity Management Framework was created and a case study was used to illustrate its application.

Research limitations/implications – Research is needed to validate, confirm and extend the use and application of the new framework within organizations.

Practical implications – The framework is anticipated to be particularly useful for middle managers because they are tasked with translating high-level strategies into action and leading lower level employees toward enacting the new or adapted identity claims.

Originality/value – Although ample organizational identity research exists, a framework for assessing identity claims for the purpose of achieving competitive advantage was lacking.

Keywords Strategy, Resource-based view, Organizational identity, Identity work, Framework

Paper type Conceptual paper

1. Introduction

Organizations in the current business environment face unprecedented degrees of global competition, ongoing market turbulence, currency fluctuation and devaluation as well as threats from existing and potential competitors. Various inside-out and outside-in approaches have been offered to help organizations achieve advantages relative to their competitors and to sustain these advantages over the long term (de Guimarães *et al.*, 2017).

Of the various approaches, one of the most common inside-out approaches is the resource-based view (RBV) of the firm popularized by Barney's (1991, 1995) VRIO framework, while Porter's (1980) five-forces model is one of the most common outside-in approaches. Yet, as researchers have pointed out, each approach has limitations, such as Porter's problematic assumptions regarding the stability of industry environments and Barney's (1991, 1995) assumptions regarding the heterogeneity of firms and the immobility of resources. These assumptions do not stand up well in the current era of constant change and technological advancement. Furthermore, some researchers question whether competitive advantage can ever be sustainable (D'Aveni *et al.*, 2010).

Given the conditions of hypercompetition, rapid change, unpredictability of sustaining a competitive advantage, and limitations of existing approaches to creating even a temporary competitive advantage, it is necessary to reexamine intangible and less mobile resources of firms and to leverage these for competitive advantage. One such resource is organizational

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identity, which refers to "who" an organization "is" and which is reflected in identity claims about what is central, distinctive, and enduring about the firm (van Rekom *et al.*, 2008).

This paper blends RBV (Barney, 1995) with Rockwell's (2016) 5R Model of Organizational Identity Processes to offer a new Strategic Identity Management Framework for creating sustainable competitive advantage through ongoing identity monitoring and adjustment. Overholt (1997) noted that the companies that remain successful under turbulent market conditions institutionalize adaptability such that they "master the paradox of creating a stable environment for continual change" (p. 22). He referred to such firms as flexible organizations, explaining they create new strategies to allow their adaptation to emergent market realities. In turn, shifts are required throughout the organization in concert with the new strategies. This places organizational change practitioners as key players in organizations' quest for competitive advantage. This paper's examination of RBV (Barney, 1995), Rockwell's (2016) 5R Model of Organizational Identity Processes and the proposed Strategic Identity Management Framework contributes to the discussion and practice regarding organization change practitioners' role in creating competitive advantage.

The next section examines concepts of sustainable competitive advantage, followed by a discussion of the RBV of the firm and the VRIO model. The 5R Model of Organizational Identity Processes is then introduced and its applications for creating sustainable competitive advantage are considered. Finally, a new Strategic Identity Management Framework is presented and its use is illustrated on a published case study (Tompkins, 2010).

2. Sustainable competitive advantage

Sustainable competitive advantage occurs when a company consistently achieves superior performance, often characterized as differentiation of products and above-average financial performance, compared to other companies competing in the same marketplace (Becker and Huselid, 2006; Huang *et al.*, 2015). Consequently, competitive advantage aids the organization in increasing market share and promoting its long-term success and survival. Barney (1991) described sustainable competitive advantage as conditions when a firm "is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of these strategies" (p. 102).

Performance measures related to competitive advantage include such things as product or service quality and profitability, return on investments, operational costs (Paladino, 2007), return on assets, return on equity and return on sales (Corbett and Claridge, 2002; Eriksena and Knudsen, 2003; Huang *et al.*, 2015).

A substantial body of research has been produced regarding competitive advantage – particularly regarding what leads to its sustainability. Authors have forwarded various theories to that end, including the company's dynamic capabilities (Easterby-Smith and Prieto, 2008; Macher and Mowery, 2009; Pandza and Thorpe, 2009), innovation (Barrett and Sexton, 2006), intellectual capital (Hsu and Wang, 2012) and human capital (Barney, 1991).

2.1 Forces affecting competitive advantage

Despite the importance of sustainable competitive advantage for the firm's short- and long-term performance, it is important to acknowledge that various studies and researchers have indicated that competitive advantages are subject to various forces and tend to subside or evaporate over time (D'Aveni *et al.*, 2010; Jacobsen, 1988; Mueller, 1986; Wiggins and Ruefli, 2002). Huang *et al.* (2015) referred to the unpredictability of sustaining a competitive advantage as the destruction assumption.

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Erosive factors acting on competitive advantage include market conditions such as technological advancement, hypercompetition and product lifecycles. These changes upset the equilibrium between competitors, potentially destroying a company's original competitive advantage that was based on its original market structure (Wiggins and Ruefli, 2005). For example, introduction of the iPhone in 2007 disrupted the mobile communications market, forever changing the concept of the smartphone and sending competitors scrambling to introduce their own versions (Cusi, 2007). In this way, a pattern of creative destruction occurs within industries as technological discontinuities (Schumpeter, 1934) upset the balance between industry competitors.

In hypercompetitive industries, factors such as frequent new entrants, imitation by competitors and introduction of substitutes result in a fast-paced environment where jockeying among players make competitive advantages transient, despite a given firm's initially superior economic performance (D'Aveni, 1994). One such example is Orbitz's challenges in the online travel booking industry. Despite $11bn in annual bookings as of 2010, it failed to establish leadership in any single category and continued to struggle with competition from Expedia and Priceline (Karp, 2012).

Short product lifecycles similarly erode competitive advantage, as the short path to market means that firms must continually innovate to sustain an advantage. Dedrick and Kraemer (1998) asserted that in such cases, only the leading firm possesses a temporary technology advantage and then loses any advantages over time due to the pressures produced from lower unit costs and long-term production. For example, the packaged food products industry in Japan features very short product lifecycles, where new products are launched nearly every week – and new chocolate and ice cream products are launched even more frequently (Ryall, 2015). This means that food companies need to continually innovate simply to maintain their current competitive positions.

Counterbalancing these destructive forces are protective factors that help lengthen the life of a firm's competitive advantage. One such factor is the firm's accumulation of resources during times of competitive advantage. For example, Huang *et al.* (2015) found in their survey of 165 firms from Taiwan's information and communication technology industry that respondent companies that acquired technological resources and capabilities during periods of short-term superior economic performance could reapply and reinvest these for the purpose of creating the next advantage, consistent with a dynamic capabilities perspective (Teece *et al.*, 1997) and RBV (Barney, 1991).

Moreover, resource-based strategies for creating ongoing advantage have been found to be superior to market power based strategies, which focus on manipulating the price of an item in the marketplace by influencing the level of supply, demand or both. Carr (1993) found over the long term that companies using a market power based strategy significantly underperformed their competitors that used a resource-based strategy.

Company size also is seen as serving a protective function, as larger firms are believed to be able to more steadily create new competitive advantages through their larger set of resources and more complex structures (Avermaete *et al.*, 2004; Triguero *et al.*, 2013; Traill and Meulenberg, 2002).

2.2 Creating advantage

Competitive advantage is believed to arise from two primary mechanisms – external market position and related strategies (Porter, 1980) and internal resources and capabilities of the firm (Barney, 1991). Although Porter and Barney tend to focus on one orientation (external vs internal), other researchers have argued that creating sustainable competitive advantage relies upon the use of complementary internal and external approaches along with isolation mechanisms that prevent competitors from neutralizing their higher performance (Besanko *et al.*, 2013).

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The external view of competitive advantage focuses on achieving superior performance through strong market positions (Caves and Porter, 1977; Porter, 1980). The subsequent position of privilege may enable the company to create entry barriers or industry structures (e.g. oligopolies) that help sustain its advantage (Huang *et al.*, 2015). Importantly, this type of competitive advantage will persist only so long as the equilibrium is maintained within the industry. Technological advancements, hypercompetition and other disruptions will result in creative destruction that erode advantage (D'Aveni, 1994; Schumpeter, 1934).

Porter's (1980) five forces model is perhaps one of the most popular frameworks for understanding market-based strategies for competitive advantage. He asserts that by examining five market forces of industry competition, potential entrants, supplier power, buyer power and substitute products, firms can determine how to best position themselves in the market and create entry barriers for the purpose of sustaining competitive advantage. Entry barriers are mechanisms that help deter potential entrants and protect market share (Dess *et al.*, 1990; Porter, 1980) and economic returns (Porter, 1980; Robinson and McDougall, 2001). Such mechanisms include economies of scale and other cost disadvantages, capital requirements, differentiated products, access to distribution channels and government policy (Porter, 1980; Siegfried and Evans, 1994).

Barney (1991) indicated that "firms obtain sustained competitive advantages by implementing strategies that exploit their internal strengths, through responding to environmental opportunities, while neutralizing external threats and avoiding internal weaknesses" (p. 99). Barney (1991) offered the VRIO framework to suggest that resources and capabilities that are valuable, rare, inimitable and organizationally leveraged can achieve a sustainable competitive advantage. He further asserts that a temporary competitive advantage may be achieved when the firm possesses resources or capabilities that are only valuable and rare. In this event, the competitive advantage would erode once competitors emulate the resource. Grant (1991) added that organizations that possess rare capabilities and resources may leverage them as part of a differentiation strategy when competing in the marketplace. The next section more deeply discusses RBV, the internal approach to creating sustainable competitive advantage.

3. RBV of the firm

RBV emerged in the 1980s and 1990s as an inside-out approach to achieving competitive advantage. Key works in this arena include Wernerfelt's (1984) "The Resource-Based View of the Firm," Prahalad and Hamel's (1990) "The Core Competence of the Corporation," Barney's (1991) "Firm Resources and Sustained Competitive Advantage," and others, although Barney (1991) is credited with formalizing the theory. The central tenet of RBV is that organizations need to look inward to identify sources of competitive advantage.

According to RBV, the firm possesses tangible and intangible capabilities and resources. Tangible assets include physical assets such as land, buildings, machinery, equipment and capital. Intangible assets include nonphysical assets owned by the company, such as brand reputation, trademarks and intellectual property. Barney (1991) defined firm resources as "all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness" (p. 101). He offered the following classifications (Barney, 1995):

(1) Financial resources: debt, equity and retained earnings, among others.

(2) Physical resources: machines, manufacturing facilities and buildings used as part of operations.

(3) Human resources: experience, knowledge, judgment, risk taking propensity and wisdom of individuals associated with a firm.

(4) Organizational resources: history, relationships, trust, organizational culture, formal reporting structure, explicit management control systems and compensation policies.

Resources act as inputs into the firm's production process, and include such things as capital and equipment, employee skills and patents (Wernerfelt, 1984).

Several assumptions underlie RBV and merit acknowledgment here. Beyond the rather commonly held assumptions that firms are aimed at maximizing profits and managers within these firms are boundedly rational, per Barney (1991), RBV rests upon assumptions of resource heterogeneity (firms in competition with each other may possess disparate collections of resources) and resource immobility (resources are not highly mobile between these firms, meaning the differences may persist). Critically, the assumptions underlying RBV propose possibilities rather than certainties – that is, instead of suggesting that all firms are uniquely and strategically different all of the time, "these assumptions suggest that some firms, some of the time, may possess resources that enable them to more effectively develop and implement strategies than other firms, and that these resource differences can last" (Barney and Arikan, 2001, p. 141).

Without diversity in organizations' capabilities and resources, opportunities for strategizy and competition would be reduced. Accordingly, RBV assumes that companies leverage their unique bundles of resources to achieve competitive advantage. Moreover, resource immobility hampers competitors' abilities to replicate rival resources and strategies, thus enhancing competitive advantage. Brand equity, proprietary processes, knowledge and other intellectual property are examples of intangible resources that typically are immobile.

Heterogeneity relies upon mechanisms of the scarcity and non-substitutability of firm resources (Barney, 1991). Scarcity occurs when demand for a resource exceeds its supply. Non-substitutability occurs when "no other resources can enable a firm to conceive of and implement the same strategies as efficiently or effectively as the original resource" (Barney and Arikan, 2001, p. 141). Immobility, in turn, relies on mechanisms of inelastic supply, meaning that more of a particular resource cannot be made available, despite increased demand. A firm's resources may vary in the extent to which they are scarce, non-substitutable and inelastic in supply, thus influencing resource heterogeneity and immobility among competing firms.

3.1 The VRIO model

Barney (1991) offered a process map for evaluating each capability or resource to determine whether it offers the possibility for competitive advantage (see Figure 1). Evaluating each resource requires asking four questions:

(1) Is the resource valuable? Valuable resources enable organizations to enhance the value they offer to customers by allowing organizations to exploit opportunities and/or neutralize threats in their environment. Valuable resources also tend to allow organizations to increase their efficiency and effectiveness, charge increased prices or decrease production costs (Crook *et al.*, 2008). Resources that are not valuable (e.g. they do not enhance value to customers) produce a competitive disadvantage.

(2) Is the resource rare? Rare resources are those that only one or a few companies can acquire. If the resource is not rare (i.e. many competitors have it), the result is competitive parity.

(3) Is the resource costly to imitate? Resources are costly to imitate when competitors need to invest substantial time, resources, and/or capital to produce a similar or substitute resource. A resource that is valuable and rare but rather easy to imitate gives the company only a temporary competitive advantage while its rivals get up to speed.

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(4) Is the firm organized to capture the resource's value? Finally, the company enjoys a sustainable competitive advantage only if it exploits its valuable, rare and inimitable resource. Firms can exploit the advantages afforded by a resource through its formal reporting structure, explicit management control systems, compensation policies and other features (Barney, 1995).

RBV researchers assert that companies that possess valuable, rare, inimitable and organizationally leveraged resources attain sustained competitive advantage (Barney, 1991; Rumelt, 1984, 1991; Wernerfelt, 1984). Resources that are not valuable pose a competitive disadvantage, while those that are valuable but not rare offer competitive parity. Competitive advantage begins to emerge with valuable and rare resources, but because they are not costly to imitate, the competitive advantage disappears once competitors catch up. Thus, it is only when resources are valuable, rare, costly to imitate and organizationally leveraged that a sustained competitive advantage emerges. Based on this framework, it follows that physical resources, which can be rather easily bought in the market, often result in little advantage to firms in the long run because rivals can obtain identical assets.

In contrast, intangible resources like brand reputation, experience, judgment, knowledge and relationships are built over time, cannot be bought and thus are rare and not easily imitable (if at all) by rivals (Tucker *et al.*, 1996). Accordingly, intangible resources – and aligning intangible and internal capabilities with competitive strategy – are considered the main source of sustainable competitive advantage (Barney, 1991; Tucker *et al.*, 1996).

Lado and Wilson (1994) maintained that organizational competencies, defined as "all firm-specific assets, knowledge, skills, and capabilities embedded in the organization's structure, technology, processes, and interpersonal (and intergroup) relationships," are the central driver of sustainable competitive advantage (p. 702). They classified these competencies as input-based (physical and nonphysical attributes that enable production), transformation-based (organizational capabilities such as innovation, culture, and learning involved in turning inputs into outputs), and output-based (knowledge-based, invisible strategic assets, such as reputation, quality and customer loyalty).

However, aligned with the final evaluation criterion concerning the organization, it is critical to care for and protect those resources that are believed to be valuable, rare and inimitable and to effectively leverage them to achieve an advantage. The need for organizations to negotiate additional concerns en route to achieving sustainable competitive advantage has led to criticisms of the model.

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3.2 Criticisms and limitations

A chief criticism of RBV is that its internal focus on resources tends to ignore or omit the role of other influential factors that also influence a company's competitive advantage.

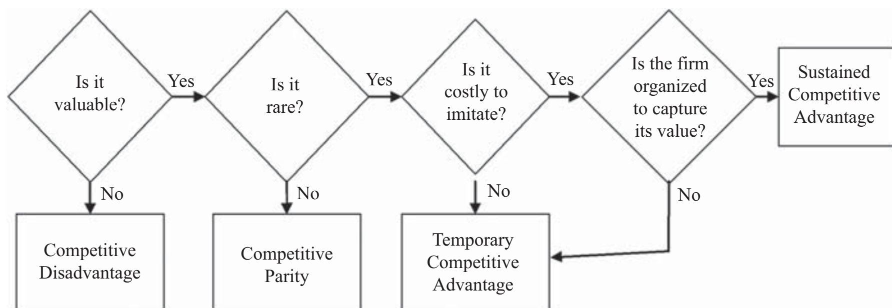

Figure 1.
Applying a resource-based view of the firm

Various authors have suggested that effectively leveraging firm resources requires effective navigation of industry forces and the utilization of appropriate organizational strategies (D'Aveni *et al.*, 2010; Hansen and Wernerfelt, 1989; Rumelt, 1991). Some of these authors maintained that organizational actions influence firm profit rates more than industry factors (Hansen and Wernerfelt, 1989; Rumelt, 1991). For example, firms that have achieved strategic advantage through valuable and rare resources can erect barriers to imitation, including historical conditions, causal ambiguity, uncertain imitability and social complexity (Barney, 1995).

During times of temporary competitive advantage, firms also may need to focus on accumulating capital that can then be reinvested for the purpose of creating the next temporary competitive advantage. This is particularly necessary in disruptive environments that require ongoing innovation and hefty investments to respond to intense competition (D'Aveni *et al.*, 2010).

Organizations also need to be able to adapt to context changes in their pursuit of competitive advantage. Teece *et al.* (1997) explain that this ability is called dynamic capacity, and it is made possible through the interaction of resources and competencies. Context also includes the organization's decisions regarding how they interact with competitors and other stakeholders (Araujo *et al.*, 2003).

More recently, corporate scandals and market upheavals have placed pressure on firms to pursue profit and competitive advantage in ways that honor principles of environmental sustainability and social responsibility (De Guimarães *et al.*, 2017; Dorion *et al.*, 2015; Ghoul *et al.*, 2011; Lo and Sheu, 2007; Moneva *et al.*, 2007). Specific approaches include the use of renewable natural resources and reducing environmental impact (Kolk, 2003; Roy *et al.*, 2001; Severo *et al.*, 2015), ensuring quality of life for local populations (Agrawal, 2001) and philanthropy (Porter and Kramer, 1999). Incorporating these concerns can lead to sustainable competitive advantage by reducing the inputs and consequent costs during production or increasing employee morale and commitment by enhancing employees' quality of life (Severo *et al.*, 2015).

A second criticism is that the RBV perspective is grounded in ideas that firms are heterogeneous and factors are imperfectly mobile among firms (Barney and Clark, 2007; Foss and Knudsen, 2003). These assumptions become problematic in the current era where accelerating technological change, globalization, transorganizational collaboration and the availability of highly skilled labor mean that resources are increasingly mobile and accessible to firms worldwide (Beechler and Javidan, 2007; Lavie, 2006; Parey and Waldinger, 2011). For example, open source code, licensing agreements and other forms of interorganizational alliances have markedly leveled the playing field in many industries (Chesbrough, 2003). In light of these conditions, some researchers suggest that competitive advantage will emerge from dynamically reconfiguring resources over time rather than from the resources themselves (Fiol, 2001; Teece *et al.*, 1997). Huang *et al.* (2015) further argue that both industry-based and resource-based perspectives are needed to explain the creation of competitive advantage.

The criticisms and limitations of RBV indicate that while resources play a role in an organization's quest for competitive advantage, it is necessary for firms to actively leverage and adapt their resources with respect to internal and external pressures to effectively utilize them to achieve competitive advantage. The next section examines the 5R Model of Organizational Identity Processes, which offers a means for organizations to adapt its identity – a highly idiosyncratic resource – in response to internal and externals pressures.

4. 5R model of organizational identity processes

Organizational identity refers to "who" we are as an organization. Ample research and theory has been forwarded related to organizational identity (Corley *et al.*, 2006; Elstak,

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2008; Ravasi and Schultz, 2006; van Rekom *et al.*, 2008; Whetten, 2006). Organizational identity is defined as who we are and consist of identity claims that reflect the organization's central, distinctive, and enduring characteristics (Whetten, 2006). Each identity claim needs to meet all three criteria, meaning it has to be central, distinctive and enduring to the organization. The challenge in definition an organization's identity is that different stakeholders perceive and conceive of the same organization differently. It follows that organizations may be viewed as having multiple identities, depending on the perspective taken (Pratt and Foreman, 2000).

Organizational identity plays an important role in the firm's survival and performance, as a compelling identity can help attract the participation, support and loyalty of organization members, stakeholders and other constituents (Ashforth and Mael, 1989) and increase the organization's access to resources (Pfeffer and Salancik, 1978). Moreover, threats to the organization's identity can compromise its legitimacy, in turn, placing at risk its access to financial and human capital as well as other resources and advantages. It follows that organizations have a strategic interest in establishing and maintaining a positive identity that its important stakeholders agree on. Clarifying and maintaining organizational identity reflects the organization's effort at self-preservation (Czarniawska-Joerges, 1997).

Cornelissen (2006) offered a typology of organizational identity perspectives, highlighting three paradigms that explain how identity emerges. These include the social actor paradigm, which suggests that an organization's identity reflects its material characteristics; the social constructionist paradigm, which suggests that identity acts as a tool of cognitive framing; and the linguistic-discursive paradigm, which posits that identity is the result of a continuously narrated argument. Rockwell (2016) integrated these perspectives to outline four forces within the organization that serve to assert and negotiate the identity of the organization:

(1) Identity claims communicated by organizational leadership and management in an effort to shape organizational members' conceptions of what is central, enduring and distinctive to the organization (Whetten and Mackey, 2002).

(2) Sense-making interactions and interpretations of organization members and stakeholders (Cornelissen, 2006). Collectively, these shared understandings form broad agreements about "who" the organization is and what qualities are core, distinctive and enduring. These understandings become self-reinforcing because they continue to shape successive perceptions, behaviors and experiences.

(3) Language, in the form of metaphors, storytelling, categorizations, labels and names as well as power and political plays (Ran and Duimering, 2007). This process involves ongoing narration that creates, adjusts, affirms and rejects various interpretations.

(4) Bodily experiences related to the organization (e.g. the organization's surrounding external environment, its furnishings and decor, office ambiance) that provide conscious and subconscious cues about the organization. Harquail and King (2010) referred to this stream of information as organization members' embodied cognition.

These four forces reflect different perspectives about how organizational identity is formed and sustained. Together, these perspectives reveal the multifaceted way this phenomenon is discovered or created, understood and propagated across members. Hatch and Schultz (2008) added that organizational identity is dynamic rather than static, in that stakeholders constantly reassess and reconstruct the characteristics of an organization.

4.1 The model

Based on a review of literature and case studies, Rockwell (2016) created what he called the 5R Model of Organizational Identity Processes. Although the model was originally created

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as a framework for helping organizations avoid stagnation and death during times of decline, the model is applicable to other situations when organizations want to leverage their identity for the purpose of enhancing performance.

Rockwell's (2016) model relies upon the assumption that organizational identity simultaneously reflects qualities of being both enduring (Whetten, 2006) and malleable (Gioia and Thomas, 1996; Gioia *et al.*, 2000; Hatch and Schultz, 2008). In turn, the 5R Model hinges upon the idea that stakeholders constantly reassess and reconstruct the characteristics of an organization – specifically, its identity (Rockwell, 2016). As a result, stakeholders internal and external to the organization enact self-fulfilling prophecies about the organization that reinforce and accelerate what could be rather momentary events. For example, in times of natural organizational decline, managers' perceptions and actions result in accelerating and assuring organizational death (Edwards *et al.*, 2002). Additionally, the 5R Model rests on the assumption that identity claims are anchored and reinforced within the organization to varying strengths (Rockwell, 2013, 2016). It follows that less reinforced claims may be vulnerable to extinction, while strongly reinforced claims may require substantial effort to eradicate (Kahneman *et al.*, 1991). A third assumption is that identity claims are differentially aligned with the organization's strategy at any given time (Rockwell, 2016). Thus, a given claim may oppose or support the strategy.

The model begins with concepts of attribute strength and alignment effort needed. Rockwell (2016) explained that core identity attributes are subject to varying levels of reinforcement and attention. Over time, some attributes atrophy and diminish in strength, while others remain strong and active in members' thoughts and behaviors. He referred to this concept as Attribute Strength. It follows that it will take varying amounts of effort to align these core attributes with a revisited or revised identity. For example, a profoundly atrophied but critical attribute may require substantial effort to rebuild and sustain, whereas a strong and active attribute may require relatively little effort to sustain because members are already fully enacting it. At the same time, a deeply entrenched attribute that undermines organizational success may require significant effort to unlearn, whereas an already atrophied attribute may require little effort to erase from the organization's identity. He referred to this concept as alignment effort needed: in other words, how much effort is required to bring the collection of identity attributes (where some are atrophied and some are strong) into alignment with the identity needed for success?

The two axes of attribute strength and alignment effort needed give rise to five social processes members engage in related to organizational identity in times of organizational change. Rockwell (2016) called these processes retiring, reclaiming, reaffirming, regenerating and reimagining (see Figure 2). Each process involves a different set of interpretations and actions regarding the organization's identity traits.

In retiring, organizational attributes and identity claims that are active in the organization and within the leaders' and members' organizational consciousness but which hamper or do not support the organization's success should be released from the organization's identity and sense of who it is. Effectively retiring core organizational traits can require a great deal of unlearning (Kahneman *et al.*, 1991). For example, an organization may need to retire its focus on older business models in favor of cultivating attributes and identity claims consistent with emerging models and technologies.

In reclaiming, organizational traits that were "lost" in the sense of being forgotten or abandoned by organization members but which still remain intact are recalled, restated and carried forward in an unchanged manner. For example, organizations may need call forth seemingly forgotten values and leverage them to inspire and focus employee behavior.

In reaffirming, organizational traits that are still within the leaders' and members' organizational consciousness and that remain relevant for propelling the organization forward are reasserted and carried forward in an unchanged manner. This type of identity

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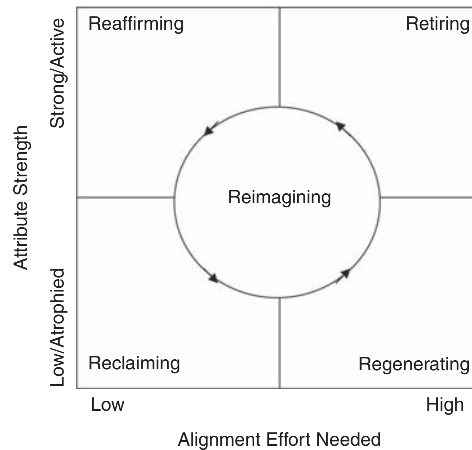

Figure 2.
The 5R model of organizational identity processes

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work may be most applicable in times of identity threat – that is, when external constituents assert that the organization does not exemplify an identity attribute considered core by the organization. One example is reaffirming an organization's social mission in the wake of criticism or unanticipated events.

In regenerating, organizational traits that remain vital for the organization's future but were "lost" in the sense of atrophying or being forgotten or abandoned by organization members are restored and recreated. Regenerating can require a substantial amount of effort from organizational members to effectively accomplish, as it involves determining those attributes needing restoration, directing resources and attention to relabel and reframe those, and creating a wraparound linguistic and visceral experience that supports their recreation. It is in regenerating that identity elasticity (Kreiner *et al.*, 2015) may be most evident. Organizations may need regeneration to reinstitute core service lines or approaches that have been neglected.

In reimagining, central organizational traits may have atrophied, been forgotten or abandoned, or may remain active in leaders' and members' organizational consciousness. What signifies an organizational trait in need of reimagination is that the trait in a new form is vital for the organization's future. Therefore, organization members may go through a process of reclaiming, retiring, regenerating and reaffirming certain aspects of the trait, in addition to creating entirely new forms of the trait, as needed. Organizations requiring reimagination may include those moving into new strategic areas or attempting to serve new customers.

The five social processes of retiring, reclaiming, reaffirming, regenerating and reimagination requires an integrative effort of sense-making, sense-giving and sense-exchanging among leaders and members (Alvesson and Empson, 2006; Czarniawska-Joerges, 1997; Edwards *et al.*, 2002; Ran and Golden, 2011; Ravasi and Schultz, 2006; Scott and Lane, 2000). In doing so, it is important to create an organizational environment consistent with and supportive of identity claims that support turnaround, so that members' embodied cognition of their organization's identity is consistent with the intended direction (Harquail and King, 2010). In this way, organization members' attention and experiences in the organization are managed in a more intentional and positive way to promote self-fulfilling prophecies consistent with success.

Organizational narratives also are deliberately constructed and enacted to support the intended identity shifts. For example, nostalgic narratives that idealize the past can help rekindle members' excitement about how things used to be for the purpose of reinstating,

reaffirming or regenerating specific identity claims. Postalgic narratives are useful for retiring unhelpful identity claims. Central to the 5R model are ideas that identity is elastic (Kreiner *et al.*, 2015) and that, consequently, identity work is ongoing (Schultz *et al.*, 2012) and produces a sense of coherence and distinctiveness among members (Sveningsson and Alvesson, 2003). These ideas have several implications for using identity to create sustainable competitive advantage.

4.2 Applications for creating sustainable competitive advantage

Organizational identity has the potential to align with the RBV perspective, as identity is an intangible resource of the firm that focuses on determining what is distinctive (and potentially inimitable) about the organization. Although some authors have begun to explore the link between identity and strategy, such as Corley (2004), who asserted that identity drives strategy and Whetten and Godfrey (1998), who concluded based on their findings that identity aids organizations in adapting to environmental changes, the specific linkages between identity and strategy remain underexplored (Ravasi and Phillips, 2011; Sillince, 2006). Sillince argued that identity could be a linchpin for harnessing stakeholder commitment to strategy implementation (Ashforth and Mael, 1989; Dutton and Dukerich, 1991; Scott and Lane, 2000).

At the same time, Ravasi and Phillips (2011) noted that shifting environmental conditions may require organizations to adapt their resources, activities and images to maintain performance. Such changes, however, can oppose members' conceptions of organizational identity, thus undermining the coherence and ultimate success of strategic efforts (Ashforth and Mael, 1996). Another stream of identity research indicates that members' views of identity bias organizational members when selecting strategic directions (Hoon and Jacobs, 2014; Dutton and Dukerich, 1991; Kogut and Zander, 1996) such that members resist changes that clash with their established beliefs about who the organization is (Nag *et al.*, 2007; Reger *et al.*, 1994). Because organizational identity can obstruct change efforts, managers need to shift members' conceptions of identity when needed to align identity with new organizational strategies or realities (Ravasi and Phillips, 2011).

What has not been explicitly discussed in identity research is whether the identity claims themselves result in a valuable, rare, inimitable and organizationally leveraged resource for the purpose of achieving competitive advantage. Although Rockwell's (2016) 5R Model discusses how to tune up or tone down specific identity claims, it does not address how to determine which claims require attention as a method of strategic management. This presents an opportunity to integrate the 5R Model with RBV into a framework for strategic identity management.

5. Strategic identity management framework

The concepts and models presented in this paper offer insights regarding how identity may be considered a resource and what may be done to leverage identity for competitive advantage. This section presents a strategic identity management framework that blends Rockwell's (2016) 5R Model of Organizational Identity Processes with Barney's VRIO framework.

5.1 The framework

The framework consists of three steps that address the discovery, evaluation and management of identity. The result is clarity regarding how each identity claim supports or detracts from competitive advantage, along with an action plan for adapting identity for the purpose of enhanced competitive performance.

Step 1: ascertain identity. In the first step, the focus is on uncovering the organization's identity. To do so, it is important to find explicit and tacit articulations of what has been central and distinctive to the organization over time. This may be accomplished by examining identity claims made by members and agents of the company documented in

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internal and external websites, legal documents, meeting minutes, strategic plans, employee handbooks and company brochures (Corley *et al.*, 2006); analyzing crises and "fork-in-the road strategic choices" (Rekom and Whetten, 2007, p. 22); reviewing externally produced documents such as media coverage; conducting interviews with organizational stakeholders; and capturing observable manifestations of identity within the organizational environment to ascertain members' embodied cognition of identity.

This discovery process is likely to generate a substantial volume of data. Like any other qualitative research effort, the identity data gathered then needs to be organized, coded, triangulated and validated using a number of steps in order to condense the data into a confirmable set of identity claims. Discussing the steps of qualitative analysis is beyond the scope of this article; however, the resulting list of claims tends to be a lengthy account of explicit and tacit claims that vary in strength.

Step 2: assess identity. Once the identity claims are determined, the second step is to evaluate them using a combination of Barney's (1995) VRIO framework and Rockwell's (2016) 5R model.

Consistent with the VRIO framework, the following questions may be used to evaluate each identity claim's contributions to competitive advantage:

(1) Does this identity claim add value by enabling us to exploit opportunities and/or neutralize threats?

(2) How many of our competitors also exhibit this identity claim?

(3) Do competitors without this identity claim face a cost disadvantage in duplicating or exhibiting an equivalent claim? (As noted by Gioia and Thomas (1996), creating and supporting an identity claim [e.g. being a "top 10" university] requires a considerable commitment of resources).

(4) Are we organized to exploit the full competitive potential of this identity claim?

Using this heuristic, identity claims may then be sorted into those that produce competitive disadvantage, competitive parity, temporary competitive advantage and sustainable competitive advantage.

Next, it is important to evaluate the strength of each identity claim, consistent with Rockwell's (2016) 5R Model of Organizational Identity Processes. The data collected in Step 1 will be helpful for determining the strength of each. For example, a claim exhibited in only one data source examined might be considered to be weaker than a claim that surfaces across various data sources.

Step 3: adjust identity. Combining the outputs of Steps 1 and 2 with Rockwell's (2016) 5R model will yield a list of identity claims organized into the following buckets:

(1) Identity disadvantages to retire. Identity claims that do not support the organization in exploiting opportunities and responding to threats may produce competitive disadvantage. It follows that these should be considered for retirement, meaning these claims need to be unlearned (Kahneman *et al.*, 1991) and released from the organization's identity and sense of who it is (Rockwell, 2016). Rockwell (2016) emphasized that retiring any identity claim is a very difficult endeavor that requires consistent and intensive effort over time. Therefore, reasonable expectations for retiring identity claims should be set concerning how many can be retired, over what time frame and with what resources.

(2) Identity parities to reimagine. Identity claims that are valuable but common across competitors should be reviewed to determine how they might be reimagined to increase their rarity. As Rockwell (2016) explained, identity claims requiring

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reimagination need to be created in a new form. Reimagination involves a finely tuned process of reclaiming, retiring, regenerating and reaffirming certain aspects of the claim, in addition to creating entirely new forms of the trait, as needed.

(3) Temporary identity advantages to reimagine. Identity claims that are valuable and rare but rather easy to duplicate or substitute create only temporary advantages. Therefore, these types of identity traits also may be in need of reimagination to best enhance competitive advantage. The reimagination process used for temporary identity advantages would be similar to the process used for identity parities.

(4) Sustainable identity advantages to protect. Identity claims that are valuable, rare, inimitable, and organizationally leveraged need to be reinforced, supported and protected to maintain their contribution to competitive advantage. Depending upon the strength of the attribute, protection may take the form of reclamation (recalling, restating, and carrying forward historical but abandoned claims); reaffirmation (reasserting and carrying forward current and active claims), or regeneration (restoring and recreating atrophied claims).

Consistent with the 5R model, the needed actions require an integrative effort of sense-making, sense-giving, and sense-exchanging through organizational dialogue and narratives as well as adaptation of the organizational environment to support identity adaptation. When these factors are carefully managed, members' attention and experiences in the organization are attuned to promote self-fulfilling prophecies consistent with sustainable competitive advantage.

This process is depicted in the 3A Strategic Identity Management Framework (see Figure 3). It is important to understand that strategic identity management is an ongoing process: That is, once an organization's identity is ascertained, assessed and adjusted,

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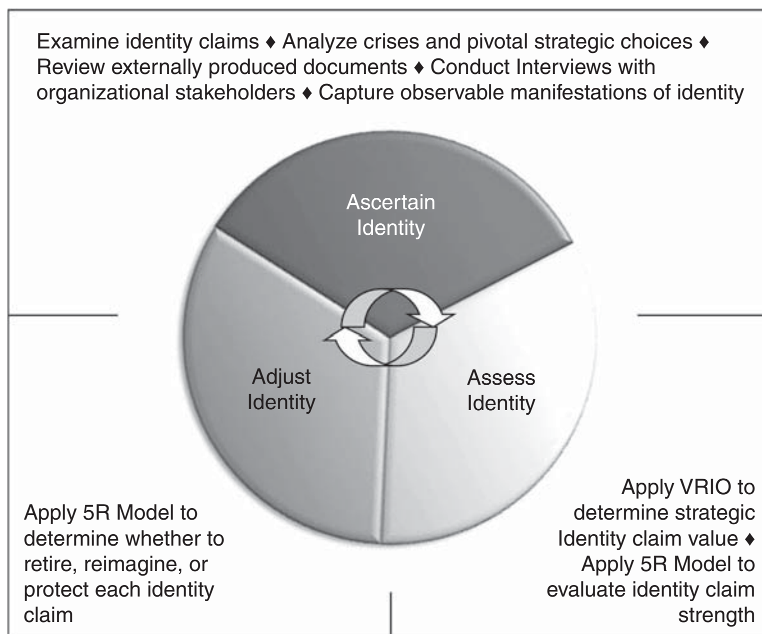

Figure 3.
3A strategic identity management framework

strategic identity management means that this cycle is repeated to continually monitor, evaluate and tweak identity for the purpose of sustaining an identity that can deliver competitive advantage.

5.2 Case study

This section applies the Strategic Identity Management Framework to a completed study of one organization's identity to demonstrate how the framework might be utilized. The following case is based on Tompkins' (2010) research involving a company founded in 1925 that warehouses and distributes frozen and refrigerated food products. This case was selected due to the systematic way in which the organization's identity was diagnosed and the clarity of the identity claims. Application of the framework to this case is intended to be illustrative of how the framework could be applied to test the framework in future studies. As with most case discussions, the following sections greatly simplify the situation for the purpose of illustrating how the Strategic Identity Management Framework can be applied. The reality of a consulting situation is likely to be highly nuanced, requiring skillful attention and consultation. Nonetheless, the steps of the Strategic Identity Management Framework have been applied as systematically as possible, given the extent of information provided by Tompkins (2010).

Step 1: identity discovery. Tompkins (2010) conducted a process of identity discovery that involved interviews with 11 organizational stakeholders about critical events and defining moments for the company, how these events were navigated, and what is central, distinct, and enduring about the company; review of company documents (e.g. company website, employee handbook, presentation on company branding initiative, employee survey responses); and her own observations made during a five-day training event and visits to company headquarters and two warehouse facilities. Based on this effort, she determined that five claims were strong and active in the organization (she did not seek to discover weak or dormant claims, which would be part of a comprehensive application of the Strategic Identity Management Framework):

- Claim 1: family owned and operated – the company was "based on a familial philosophy of integrity, dependability and respectful behavior toward all stakeholders" (Tompkins, 2010, p. 92).
- Claim 2: passionately adding value – the company claims to "passionately strive to add value for our customers, with innovative technology, customized distribution, accuracy, and timely response in crisis" (p. 97).
- Claim 3: unique in industry – the company claims to be "unique in food logistics, providing a continuum of cold storage, distribution, and logistical services to our customers" (p. 100).
- Claim 4: commitment to ethical values – the company claims to be "committed to ethical values and uncompromising customer service" (p. 104).
- Claim 5: a Christian company – Tompkins (2010) concluded based on her observations and review of documents that the final identity claim was being "a Christian company and thus stewards for the Lord's work" (p. 109).

Step 2: identity assessment. The second step in the framework is to evaluate these against the VRIO framework, as shown in Table I. Claim 1, family owned and operated, appears to be valuable based on Tompkins' (2010) reporting. One organization member noted that this quality "endeared employees and customers" (p. 93), suggesting that it enabled the company to take advantage of market opportunities. The company's chief executive further emphasized that their family-like attention to customers was necessary for business survival, further suggesting the value of this claim. Claim 1 also appears to be rare, as one

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Claim	Valuable?	Rare?	Inimitable?	Organizationally leveraged?	Determination
Claim 1: family owned and operated	Yes	Yes	Yes	Yes	Sustainable competitive advantage
Claim 2: passionately adding value	Yes	Yes	Yes	Yes	Sustainable competitive advantage
Claim 3: unique in industry	Yes	Yes	No		Temporary competitive advantage
Claim 4: commitment to ethical values	Yes	Yes	Yes	Yes	Sustainable competitive advantage
Claim 5: a Christian company	No				Competitive disadvantage

Table I. Evaluation of identity claims

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nonfamily board member noted, "There truly is 'a [company] personality, a [company] entity' that I've never seen anywhere" (p. 93). This claim also appears to be quite costly to imitate or substitute. Several organization members noted that being a family owned company allows them to focus on long-term gains even at the expense of short-term profits. Other privately owned companies may not be able to afford this focus, while publicly owned companies likely would not be allowed to sacrifice short-term profits. Claim 1 also appears to be organizationally leveraged, as evidenced in this story:

> During my tour of headquarters and [the founder's] former office, I noticed a family picture of four generations of fathers and sons. The CEO told me the story behind the picture. The company was competing for a customer contract against a difficult competitor. In bidding for the customer, the CEO wrote a letter from the point-of-view of his 2-year-old grandson – the fifth generation – saying, in effect, "We are family owned and operated and will remain consistent and dependable for you. If you award us your business, I – the 2-year-old – will sign the contract." The picture was taken at the contract signing, as the 2-year-old made an X on the contract, with his father, grandfather, and great-grandfather looking on. The customer was still with them. (p. 93)

Because Claim 1 is valuable, rare, inimitable and organizationally leveraged, it appears to offer sustainable competitive advantage.

Claim 2, passionately adding value, also appears to be valuable, rare, inimitable and organizationally leveraged, thus offering sustainable competitive advantage. Value and rarity is evidenced, for example, in that their homegrown computer technology that was distinct in the industry and enabled them to increase their order fulfillment accuracy and cater to customer needs. Moreover, one respondent "credited their correct deliveries for finally acquiring the entire distribution business for their largest customer" (Tompkins, 2010, p. 99). Although homegrown systems could be duplicated or substituted in time, this claim also referred to employees' intense passion for their work, which is even more difficult to imitate. Because passion and technology are completely integrated into their operations, this claim can be said to be organizationally leveraged.

Claim 3, unique in industry, appears to be a source of temporary competitive advantage due to its value and rarity. One company stakeholder noted that the company offers "simple to complex distribution arrangements for customers" (p. 101), greatly enhancing its ability to take advantage of market opportunities through offering a breadth of distribution. Moreover, another stakeholder explained, "We are unique in food logistics, providing a continuum of cold storage, distribution, and logistical services to our customers" (p. 100). Although one stakeholder reported, "I don't know […] any distributor that does all that we do […] in the different types of businesses," their operations could be replicated in time.

Claim 4, ethics, appears to be valuable, rare, inimitable, and organizationally leveraged, thus offering sustainable competitive advantage. Several company stakeholders shared a story that a bug in one of their software programs "resulted in overcharging their largest customer more than a million dollars over an 18-month period" (p. 105). Although no one at the customer discovered the error (and company stakeholders were certain the customer may never have), the company promptly and tactfully addressed the problem, paying the customer back over the course of more than a year. Their handling of the situation reportedly "solidified the relationship between the company and the customer" (p. 105), indicating the value of this claim. Additionally, the company maintains a so-called honor system with customers such that if they report a shortage in the delivery, the company takes them at their word. The company also does not allow profanity in its warehouses or special parking spaces for executives. These are examples of unique practices (indicating rarity) imbued into the way the company operates (indicating organization). Given that employees and leaders alike passionately embrace these principles, this claim also could be considered inimitable.

Claim 5, A Christian company, suggests some value but also substantial ways that it detracts from the company's ability to take advantage of opportunities and minimize threats. Although one company stakeholder noted that this claim results in "treating our people the right way and servicing our customers with a genuine heart […] [and] delight [ing] in providing excellent customer service" (p. 110), several stories also were shared that indicated misuse of company capital and resulting disruption and discord among the leaders and owners. For example, the current CEO "borrowed money from the business over several years to assist local charitable projects" without other leaders' or board members' knowledge (p. 111). It was only after the founder died in 2004 that the most recent project – a $7.5m loan to a local Christian school – was shared with all stakeholders. Although the board ultimately voted against the CEO's decision, his response was, "Well, you voted against me guys, but I've already got the money so it was a done deal" (p. 112). Although the CEO ultimately resolved his debt to the company and arranged a company charitable giving program where the company matches his personal giving, he acknowledges that this remains an area of tension in the family. From a strategic perspective, although this identity claim results in the company engaging in the philanthropy (which could enhance employees' and customers' perceptions of the firm), the ongoing tension it creates among the owners and leaders and the persistent and secretive, albeit temporary, diversion of funds toward pet projects over years could be seen as a net negative in terms of value to the company. As a result, this identity claim could be seen as creating a disadvantage.

Step 3: identity adjustment. The third step in the framework is to determine needed actions, based on each claim's strength and contribution to competitive advantage, as shown in Table II. Claims 1–4 were observable within the company and evident throughout company history, documents and member interviews. It follows that these identity claims could be considered to have high strength within the company. Claim 5 was strongly exhibited by the CEO; however, board members and other owners and leaders did not share the same sentiment, making the claim strength moderate, on balance.

Table II. Needed identity actions

Claim	Strength	Contribution	Needed action
Claim 1: family owned and operated	High	Sustainable competitive advantage	Protect
Claim 2: passionately adding value	High	Sustainable competitive advantage	Protect
Claim 3: unique in industry	High	Temporary competitive advantage	Reimagine
Claim 4: commitment to ethical values	High	Sustainable competitive advantage	Protect
Claim 5: a Christian company	Moderate	Competitive disadvantage	Retire

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Claims 1, 2 and 4 were determined (see Table I) to offer a sustainable competitive advantage; therefore, these claims need to be protected. Claim 3 was determined to offer only a temporary competitive advantage, which could evaporate once competitors develop the similar abilities to provide a continuum of cold storage, distribution and logistical services. This claim needs to be reimagined to bolster its inimitability.

Finally, Claim 5, despite the social good it appears to result in, was determined to produce a competitive disadvantage for the company. Therefore, while organization members can still express and participate in their faith, from a strategic standpoint, it appears beneficial to retire it as an identity claim. It is important to emphasize that the value of the Christian identity is in no way diminished at an individual level. However, strategically, it appears to make more sense for the individuals to be Christian but the company and its practices to be "agnostic."

Once the needed adjustment strategy has been determined for each identity claim, specific protection and change plans can be devised. In the case of the strong and advantageous claims at the company, protection may focus on reaffirmation, such as assuring that internal and organizational communications promote these aspects of identity. Leaders also could consider whether the full value of the identity claim is being exploited, continually evaluate its rarity compared to competitors, heighten the barriers to imitation, and assure that the claim is fully embedded within the organization's operations and ethos.

The temporary identity advantage of Unique in Industry, meanwhile, needs to be reimagined into a trait that is valuable, rare, inimitable, and organizationally leveraged. To do so will require visioning and strategy formulation activities. Once a desired future identity claim is articulated, the gap between the current claim and the desired future claim would be assessed, and specific activities would be planned to achieve the shift. It is anticipated that this process would include aspects of reclaiming, retiring, regenerating, and reaffirming certain aspects of the trait.

Finally, it will be necessary to retire Claim 5 from the company identity (but retain it within individuals' identities as each organization member desires). This is likely to be a sensitive topic for all stakeholders; therefore, care will need to be taken to explore alternatives to achieving a desirable outcome. Ultimately, retiring this claim from the company identity would likely include discontinuing or downplaying metaphors that support this claim, and shifting business processes to remove support for this claim.

6. Conclusion

Increasingly challenging, rapidly changing market conditions and have pressed organizations to continually seek ways to create and sustain competitive advantage. This paper presented a way to do so through the Strategic Identity Management Framework, based on Barney's (1995) VRIO framework and Rockwell's (2016) 5R Model of Organizational Identity Processes. The intention of the framework is to help organizations uncover, analyze and optimize their identity as a resource for creating sustainable competitive advantage. In doing so, this framework responds to the chief criticism of RBV that its internal focus on resources tends to ignore or omit the role of other influential factors that also influence a company's competitive advantage. Specifically, inclusion of identity processes acknowledge the role of industry forces (D'Aveni *et al.*, 2010; Hansen and Wernerfelt, 1989; Rumelt, 1991) and the role of organizational actions (specifically, stakeholder perceptions and actions as they influence identity and subsequent action; Hansen and Wernerfelt, 1989; Rumelt, 1991). Moreover, whereas critics question the assumption of resource immobility central to RBV given conditions of accelerating technological change, globalization, transorganizational collaboration and the availability of highly skilled labor (Beechler and Javidan, 2007; Lavie, 2006; Parey and Waldinger, 2011), a firm's identity remains highly idiosyncratic and less mobile than other resources, thus lending itself to analysis using the VRIO framework. Moreover, the Strategic

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Identity Management Framework offers an extension of the 5R Model to illustrate how identity can be systematically examined, assessed and adjusted for the purpose of supporting organizational strategy and achieving a sustainable competitive advantage.

At the same time, the Strategic Identity Management Framework has limitations, as does any model. In particular, this framework focuses on the role of identity in sustainable competitive advantage. Other factors that influence competitiveness are considered only to the extent they appear in the organization's identity. Moreover, although the framework was applied to a case for the purposes of demonstration, it is primarily theoretical at this point and requires application and research to validate, confirm and extend its uses and applications within organizations. It is anticipated that the framework might be particularly useful for middle managers because they act as intermediaries between senior leaders who tend to view identity as strategy and lower level employees who tend to view identity as culture (Corley, 2004). Moreover, middle managers are tasked with translating high-level strategies into action and leading lower level employees toward enacting the new or adapted identity claims. Researchers equally are encouraged to apply the framework and document its usability and outcomes. Through such concerted efforts of managers, consultants, and researchers, continued insights about identity's role in strategy are anticipated.

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