Chinese Corporate Identity

Chinese Corporate Identity represents the first study of economic restructuring in reform era China to apply the concepts of identity and corporate space, both of which have become increasingly relevant as foreign invested and Chinese ventures face complex operational and societal issues in the wake of globalization.

Peverelli uses his own theoretical framework to examine and detect multiple identities of Chinese enterprises within a larger, comprehensive organization theory. A host of practical case studies taken from Peverelli’s portfolio as a consultant help to illustrate this original theory, while providing a practical reference to the modern Chinese economy and Chinese management.

Chinese Corporate Identity will prove a valuable resource to academics working in organization theory, cultural anthropology, sociology, and business and economics. In addition, its supporting case studies will be of interest to consulting firms, foreign embassies and consulates in China.

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This study was conceived exactly ten years ago. In the rapidly changing competitive environment a genuine vogue for corporate identity emerged among Chinese enterprises. It struck me as an exciting topic for a study, but once I started collecting and analysing identity statements by Chinese companies, I found that I lacked a proper framework to observe and analyse.

My quest for a workable theory brought me in contact with Henk van Dongen and his group of researchers at Erasmus University Rotterdam. His model, which combined Karl Weick’s model of organizing, Paul Watzlawick’s theory of communication and elements of postmodern thinking from philosophers like Michel Foucault and Jacques Derrida, appealed to me and I first started applying it to my consulting practice, which consisted of helping my European clients co-operate better with their Chinese partners, to put it simply.

While working with the theory and its methodology, I also added some elements of my own, in particular the concept of ‘mental space’ introduced by the psycholinguist Gilles Fauconnier. My linguistic training in a previous life proved useful after all. The synergy created by theoretical work and consulting practice resulting in my book *Cognitive Space* (Peverelli 2000), with which I finally had the theoretical foundation to return to my favourite subject, which is the topic of this study.

This is an elusive text. In the beginning it may not be what you expect it to be, but after a while it may not be what you thought it to be in the beginning. Further on it may appear to you that you are reading the same thing over and over again, while yet further the repeated stories may strike you as different each time. By that time, I hope that you will start to realize that it is not my text that is elusive, but the processes in which Chinese corporate identity is constructed. This study is written in the way Chinese enterprises construct their identities. I hope that it will help academics as well as professionals regularly dealing with Chinese companies understand why they found it so hard to understand those companies. It explains how Chinese enterprises are products of more general Chinese modes of organizing and offers simple but highly effective methods to observe and understand those processes.
Although as a category this book is an academic study, it has been written like a story. Try to appreciate it in both ways simultaneously, while reading it.

A number of people have contributed to this study. I would first like to thank Henk van Dongen for his support, which was as elusive as this text. I guess I inherited this trait from him. Second in line are my clients. I have already mentioned them in the preface of Peverelli (2000), but they remain my most challenging discussion partners. I thank my wife for keeping up with me for more than two decades, in particular for enduring another period of writing. Although we have not known one another that long, I would like to mention Chan Kwok Bun here as well. We always have very limited time for our meetings, as we live on different parts of the globe, but I experience them as extremely inspiring. Some of the authors cited in this study have been suggested by him.

Peter J. Peverelli,
Delft, May 2005
Introduction

Chinese corporate identity

Rethinking identity

This is not a psychological study, but as one of the key terms, identity, of my subject matter is derived from psychology, I want to make a very short walk through the definitions of this term in mainstream social psychological literature.

According to my dictionary of psychology (Bergsma and van Petersen 2000), identity is the perception of personal unity, the conviction to remain unchanged and essentially the same. This definition depicts the formation of identity as one-way traffic. Identity seems to originate from within the person. This strikes me as highly unsatisfactory, as it would only make sense for us to construct an identity to distinguish us from ‘the others’. In other words, identity should have three aspects: how I perceive myself, how others perceive me and the interaction between those two.

Social psychology includes studies into the formation of identity of persons vis-à-vis social groups. These studies are generally referred to as ‘social identity theory’ (Hogg and Vaughn 1995: 328 ff.; Ashforth and Mael 1989). Such groups can be large groups such as nations or religions, or smaller groups like associations. Such groups provide members with a social identity:

a definition of who one is and a description and evaluation of what this entails. Social identities not only describe members but prescribe appropriate behaviour (that is, norms) for members.

(Hogg and Vaughn 1995: 329)

This definition seems to approach identity from exactly the opposite direction to my dictionary of psychology. Hogg and Vaughn seem to understand identity as bestowed onto the individual by the social group. It is one-way traffic once more. Ashforth and Mael show some awareness towards the bidirectionality of social identity by pointing out that it also provides a means to define others.
Haslam’s approach seems to make a serious effort in defining social identity in terms of two-way traffic (Haslam 2001: 27). According to Haslam,

Social identity theory was originally developed in an attempt to understand the psychological basis of intergroup discrimination. Why do group members malign other groups and what makes people so often believe that their own group is better than others?

(p. 27)

However, in the remainder of his chapter, Haslam does not go beyond describing how the identity formation of one group is dependent on the perception of the relation between that group and other groups. That process is still understood as taking place with that particular group. The ‘others’ are part of the sense-making process, but in the end it is still one-way traffic.

McCall and Simmons (1966) is an early attempt to define identity as a bidirectional process. They link identity of an actor to the role that actor develops vis-à-vis other actors as a result of social interaction (op. cit.: 142). Interaction is defined earlier in the book as:

Whenever a relationship of deterministic influence between two events cannot be resolved into a simple function of one but instead must be treated as a joint function, as a mutual or reciprocal influence, we have a case of interaction.

(op. cit.: 47)

My main problem with McCall and Simmons’ concept of identity is that in the end it still seems to be something actors ‘have’. It may be an outcome of interaction (as other such outcomes of interaction treated in this seminal study), but once identity has been constructed, it seems to be something static, something that is apart from the interaction. I seem to prefer a model of identity that can explain identity as a process, or, closer to the terminology used by McCall and Simmons: identity as part of the interaction instead of its result.

The first definition of identity construction that adopts a bidirectional process approach is Hatch and Schulz (2002). Although this is an article on organizational identity, the authors point out that there is no fundamental difference in the ways individuals and organizations construct their identities. Hatch and Schultz reason that the identity constructs of organizations as expressed through business cards, brochures, dressing style, etc., leave impressions on others. In a similar fashion, the identity constructs of other related parties will leave an impression on the own identity of an organization. They then conclude that:
organizational identity occurs as the result of a set of processes that continuously cycle within and between cultural self-understandings and images formed by organizational ‘others’.

(p. 390)

This definition is indeed much more dynamic than any definition of identity proposed before. However, it still seems to depart from individual identity constructs. Organizations (individuals) construct their own identity, while the individual identity constructs of others can affect the own identity process.

I believe that the main problem causing this one-way traffic type of definitions is that psychologists have so far regarded identity as an entity, something that exists out there. It seems that we can obtain a much richer definition of identity if we start perceiving it as an interactional process, i.e. identity as the construction of identity by the holder of the identity and the social-cognitive environment of which the holder is a member. Such a definition is richer in two directions:

1. it comprises the three aspects of identity: the holder of the identity, the environment in which the identity is constructed and the construction process;
2. it allows for a multiple definition of identity: an individual can be perceived has having multiple identities in multiple contexts.

Such a theoretical framework exists and I will introduce it further in this chapter. We first have to deal with one more core topic: ‘corporate identity’.

**Rethinking corporate identity**

Mainstream thinking on the subject of corporate identity seems to approximate the definition of identity as presented in my dictionary of psychology: the presumptions of an enterprise on what it is and how it wishes to be perceived by others. It is one-way traffic once more: the enterprise first constructs an ‘identity’ and then devises a strategy to promote it to its stakeholders. Moreover, a considerable part of the corporate identity writings is devoted to the material, visual, part of the identity like designing logos, writing promotional publications, etc. (e.g. Olins 1978; Albert and Whetten 1985).

The most frequently quoted definition of corporate identity is that proposed by Birkigt and Stadler in 1986:

**Corporate Identity ist die strategisch geplante und operativ eingesetzte Selbstdarstellung und Verhaltensweise eines Unternehmens nach innen und nach aussen auf Basis einer festgelegten**
Unternehmensphilosophie, einer langfristigen Unternehmenszielsetzung und eines definierten (Soll)-Images – mit dem Willen, alle Handlungsinstrumente des Unternehmens in einheitlichem Rahmen nach innen und aussen zur Darstellung zu bringen.

(Leu 1994: 14; van Riel 1996: 41)

All core terms in this definition evoke one-way traffic thinking: Selbstdarstellung, Unternehmensphilosophie, Unternehmenszielsetzung: it is the company that devises its identity. Moreover, it is a singular definition (in einheitlichem Rahmen) in the sense that it presumes that an enterprise has one identity that it wishes to promote in all contexts. Finally, it is a static definition. Once the identity of a company has been conceived, it exists and is promoted as an unchanging fact.

This definition does not work for me. Referring to my tentative definition of identity above, I miss two aspects in the definition by Birkigt and Stadler: the environment in which the identity is constructed and the process by which the identity is constructed by the enterprise in its interaction with the environment.

It is the aim of this study to formulate an entirely novel way of looking at the identity of enterprises. I intend to formulate a definition of corporate identity as a process of identity construction during the continuous interaction between the company and its social-cognitive context. I will show how corporate identity emerges from what the company wished to be and what its environment wishes it to be. Moreover, I will demonstrate that an enterprise develops multiple identities in multiple social-cognitive contexts.

**Corporate identity in a theory of organizing**

I believe that the main reason why the context of identity construction has been slighted in the mainstream literature on corporate identity is that the topic has been approached as a separate problem, as a field of academic research by itself. In this study I propose to perceive corporate identity as part of, and embedded in, a comprehensive theory of organizing. I have already used the term (social-cognitive) context a number of times in this introduction. Chapter 1 of this study will be devoted to the introduction of a theory of organizing in which this term is one of the core concepts.

Enterprises are organizations, they are constructed and continuously reconstructed in ongoing social interaction. In this sense, enterprises have no special status compared with other types of organizations. Instead of corporate identity, we may very well speak of organizational identity. Such a term would comprise corporate identity. However, we might even take this line of thinking one step further and presume that the identity is the organization. Organizations can be regarded as social-cognitive structures that only exist in that they are perceived as existing by a group of actors.
However, this introduction is not the proper place to go into this matter in detail. The main point I wish to state here is that we would be able to obtain a much more useful definition of corporate identity if we would cease to regard corporate identity as a separate field of study and would instead consider it part of a more general study of human organizing processes.

**Chinese corporate identity**

If we wish to study corporate identity, we need something to study. We need a corpus of enterprises and observe the processes that construct their identities. I have chosen Chinese enterprises as the sources for my cases in this study. This decision is motivated in two ways. One is a very obvious one. I have been advising Western companies in their co-operation with Chinese counterparts for almost two decades and have therefore accumulated a huge knowledge base regarding Chinese enterprises. I have described Chinese organizing processes before in previous publications (Peverelli 2000).

A more convincing reason for selecting Chinese corporate identity construction is that the concept of corporate identity has only been recently discovered in China. A number of developments in the Chinese economy of the past two decades have led to the ‘discovery’ of the notion of corporate identity:

1. As part of the gradual transition from a planned economy to a market economy, the large state-owned enterprises (SOEs), still the backbone of the economy, were gradually made responsible for their own profit and loss. The role of the State and its local representative organizations was changed from manager to owner. The leaders of SOEs were upgraded from agents of the State to real managers.
2. The smaller collective enterprises, enterprises established by local governments, underwent a similar change.
3. Several new types of enterprises appeared, including privately owned ones. Because of the recent establishment, these enterprises were managed in a more ‘managerial’ way than the older types from the start (for a thorough introduction of the current situation in this respect see Tang and Ward 2003: 132 ff.).

One consequence of these developments, that was especially hard to cope with by the leaders of the SOEs, was competition. Formerly, the economic planners of a city like Beijing would estimate the number of shoes needed annually in their own region and make sure that sufficient shoe-making capacity was available. Suppose that at the beginning of the planned economy three standard shoe factories were deemed necessary for meeting the shoe demand in Beijing, these would be spread evenly
over the urban area and named Beijing Nr 1 Shoe Factory, Beijing Nr 2 Shoe Factory and Beijing Nr 3 Shoe Factory. With the increase of the population, another factory would be needed at a certain point. This would be built and named ... All shoes would be purchased by a state trading company, which took care of the distribution of the products to the state-owned retailers.

In the new competitive environment, the leaders, now managers, of these enterprises suddenly realized that they needed to attract buyers, now referred to as consumers, to their particular shoes. The director of the Beijing Nr 1 Shoe Factory faced the problem of having to persuade those consumers to buy their shoes, rather than those of Nr 2.

While this problem involved a number of realms, such as marketing and strategy that were all rather new for the managers from the planned economy era, one aspect that is especially interesting is the discovery of corporate image as a means to distinguish, not only the products, but the entire enterprise, from its competitors. Not only the bureaucrats turned managers, but also the new generation of managers of companies established after the beginning of the economic reforms felt that ‘selecting’ (many of them literally spoke of ‘selecting’ an identity) a corporate identity was the foundation for long-term survival.

By the mid-1990s, the interest in corporate identity had grown into a genuine corporate identity vogue. Companies would use their identity in advertisements; national newspapers carried columns in which major corporations explained their CI (these Latin letters appeared in Chinese texts), etc.

Many of these stories seem quite similar at first sight, but closer inspection reveals a broad variety in cues, occasions, symbols, etc., that are used as building blocks of Chinese corporate sense-making. To mention only a few examples: some enterprises select features of the region in which they are situated, thus profiling themselves as being part of the local culture. Other companies use the story of the enterprise’s establishment as the main constituent of its culture. Yet others try to derive their identity from the type of technology used by the company.

A major impediment for Chinese companies trying to make sense of their identity, as well as for Western researchers attempting the same, is that they all try to craft singular, one-way traffic type, definitions of those identities. In imitation of mainstream Western corporate identity thinking, Chinese companies are trying to ‘design’, by themselves or with the aid of corporate identity specialists, identities of their own, spending considerable effort on the material corporate image, including logo, corporate colours, etc.

However, this type of identity does not provide information as to what the company is for its home region, its employees, its clients, etc. I contend that what a company believes itself to be is equally important for a complete understanding as what the company’s environment believes it to be.
The company’s management) may wish to profile itself in a certain way in a certain context, but other parties in that context also hold certain beliefs as to what the company is to them. I argue that neither is the identity of that company, but that the interaction between those two sets of beliefs constructs the identity. I would like to take this even one step further and propose that the interaction itself is part of the identity. Corporate identity is a process of constructing and continuously reconstructing the identity of an enterprise in a specific social-cognitive context.

In order to work out this tentative definition into a model of corporate identity, I will first introduce the more comprehensive organizing model in which this corporate identity definition should become an inextricable part.
1 Corporate identity in a theory of organizing

Identity in context

This text intends to study the identity of enterprises from an organizing perspective. In this chapter, I intend to show how a more useful definition of corporate identity can be reached by trying to craft such a definition as an organic part of a comprehensive model of human organizing processes. This model is based on social integration theory as formulated in Peverelli (2000) and regards an enterprise as a social-cognitive structure, produced and continuously reproduced in ongoing social interaction. It has a social element, the actors connected to the enterprise, and a cognitive element, the ideas, perceptions, causal models, ways of doing things, etc., shared by those actors in relation to the enterprise. This coarse formulation will probably be more confusing than clarifying, but I will introduce the model in more detail further in this chapter. The gist in this paragraph is to clarify that I regard an enterprise as a product, a construct, of social interaction. The enterprise is a story, told and continuously retold by the actors involved. These actors include people working for the enterprise, but also comprise other actors, usually referred to as stakeholders in mainstream management literature. The analysis of such stories will therefore be an important methodology employed in this study.

There are more of such social-cognitive structures than enterprises. The city of London is one and so is the province of Limburg in the Netherlands. FIFA is yet another example, but also a street gang making a certain neighbourhood of Chicago unsafe for a nocturnal stroll. Even your family is one. To summarize, all our social institutions, organizations, etc., can be regarded as stories that are continuously narrated by a certain group of actors.

Those stories consist of a main theme, a plot, various sub-themes, a certain perception of reality, particular symbols, etc. The actors pertaining to the structure tell their story to give themselves a place to exist, to specify the role they play, recognizable for actors not belonging to that particular structure. I have coined the term cognitive space to refer to such structures. This term is inspired by the dual meaning of the notion of
space. On one hand it provides a location, and on the other hand it puts a fence around that location, indicating what does and what does not belong to the location. In other words, the term space simultaneously refers to the location and its limits.

Now I am already coming closer to the link between my model of organizing and the topic of this study: corporate identity. I propose that the identity of a social-cognitive structure like an enterprise is the whole of the cognitive element. It is the cognitive element that creates coherence in the social element and at the same time makes the structure recognizable for actors not belonging to it.

If this was it, discussing corporate identity would be a simple matter. We actually may conclude that we do not need to discern a separate notion of corporate identity, as we already can refer to it as the cognitive element of the enterprise as a social-cognitive structure. However, the attempt to arrive at a definition of corporate identity we have initiated above already reveals that the identity of an enterprise is not only embedded in the cognitive element of that enterprise. It is also part of the cognitive elements of other social-cognitive structures. If we observe that the identity of an enterprise is not only recognized by its own actors, but also by those belonging to other such structures, we conclude that the identity is co-constructed by the latter. Identity is a bidirectional thing. Identity is apparently something that exceeds the limits of its owner. Your identity is useless unless it is also recognized by me and vice versa. Your identity is also part of mine and mine of yours. Apparently, identities of social-cognitive structures are created in a social-cognitive structure that is higher, or broader, than the individual structures. For the time being, I will refer to such a higher structure as a ‘context’. The identity of a social-cognitive structure, in our case an enterprise, is constructed in a certain context, which is itself also a social-cognitive structure, of which the enterprise acts as if it were an individual actor.

Adding the notion of context greatly enhances the descriptive power of the definition of corporate identity. We can now envision a particular enterprise as being part of a number of different contexts. In each context a different identity will be constructed. In other words, enterprises develop multiple identities in multiple contexts. Albert and Whetten’s seminal article (Albert and Whetten 1985) does speak of multiple identities, but fails to provide a proper definition of the different contexts in which such multiple identities are created. Moreover, Albert and Whetten are still defining the construction of organizational identity as a deliberate process.

The differences between various identity constructs do not have to be large, but even subtle differences can create confusion, or even conflicts, if the nature of the differences is not recognized by the actors involved. For example, Philips is based in Eindhoven, the capital of the province of Noord-Brabant of the Netherlands. When the company published its intent to move the corporate head office to Amsterdam, this met with
severe resistance, from the staff as well as other parties in Eindhoven, including the municipal government. The identities of Philips and Eindhoven were apparently so intertwined that moving the head office to Amsterdam was almost regarded as treason. The Board of Philips, however, consisting of people from various regions of the Netherlands or even beyond, failed to recognize this identity construct. In my model of organizing the Board is a social-cognitive structure of its own, referred to as social-cognitive configuration or simply: configuration (this term will be further defined below). Apparently, the regional aspect of the corporate identity of Philips as constructed by the Board was ‘the Netherlands’ rather than ‘Eindhoven’. The Board therefore wished to move the head office to Amsterdam, the nation’s capital, which is better known internationally than Eindhoven.

Summarizing, enterprises are social-cognitive constructs consisting of a social element and a cognitive element. The identity of an enterprise is the whole of the cognitive element with which the actors give themselves a place in society. It is also part of the cognitive element of other enterprises that are part of the same higher social-cognitive structure, called context. An individual enterprise can have multiple identities in multiple contexts. These are not yet hypotheses. In order to formulate hypotheses, I first need to formalize the above casual introduction of the organizing theory that I will use in the remainder of this text to study the various aspects of corporate identity.

A theory of social integration

Social integration theory draws heavily from the organizing theory of Karl Weick (Weick 1979, 1995, 2001). The central theme in Weick’s theory is that of sense-making. Actors constantly encounter situations that are multiply interpretable. They try to make sense of such situations by reducing the equivocality to one single interpretation. This reduction process takes place in social interaction between several actors. Actors will exchange information regarding a specific topic until they have reached a certain level of agreement. In this respect, Weick’s definition of interaction is close to the one proposed by McCall and Simmons (1966) quoted earlier. The achievement of this purpose is reflected by the degree to which the actors’ behaviour becomes interlocked. The interlocking of behaviour of actors in continuous social interaction is the basic definition of organizing in Weick’s theory.

Weick further observes that actors perform this interpretation retroactively. Actors first act [enactment] on previous experience, until they encounter an equivocal situation. At that moment, the process to reduce equivocality starts until a sufficient degree of non-equivocality has been attained.

Moreover, actors do not search for the best (most realistic, most true,
etc.) interpretation of that situation, but for the most plausible interpretation, i.e. the interpretation that suits the current context (the moment the interpretation takes place) of the actors best, is selected [selection].

As a result of the reduction, some possible meanings of the equivocal data will be rejected and some will be retained [retention]. The actors will then continue to act based on that interpretation, until more equivocality is met. This cycle of enactment → selection → retention is repeated endlessly. Actors build up a certain view of what the world is like based on the continuous process of sense-making. Weick refers to these views as cause maps. In the course of his sense-making, actor A may observe event Y and judge that it has been caused by event X. The next time event X occurs, A will presume (retroactive sense-making) that Y will follow. Consequently, if A wants to prevent Y from happening, A will try to avoid X. This will continue until something happens that runs counter to this part of A’s cause map (e.g. an event X happens without causing an event Y), at which moment A will revise this map.

Another key theme in Weick’s thinking is the notion of double interact, which was proposed to describe the sense-making process by actors in ongoing interaction. Actors who have to co-operate in performing a certain task will at first hold different interpretations of various aspects related to that task (equivocality). This equivocality will impede them to interlock their behaviour. During their initial interaction, the actors will exchange these interpretations and mutually adapt them until a common interpretation (regarding aspects essential to perform the task successfully) has been attained. If we wish to understand such interaction, it is insufficient to observe how B reacts to A. We also have to observe A’s reaction to B’s reaction to A. When actor A makes a statement to actor B, B can either affirm or deny A’s statement. Subsequently, A can accept or reject B’s reaction. This results in four possibilities as represented in Table 1.1.

Simple interacts are insufficient to assess the relation between A and B. If we know that B rejects A, we only know exactly that. However, if we also know that A in turn rejects B’s rejection, we know that the relation between A and B on that particular issue is one of independence. If A had accepted B’s rejection, the relation would have been one of conformity. Different outcomes of the double interact have different consequences for

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Source: Adapted from Weick 1979, p. 115.
the continuation of the interaction between A and B. Moreover, the double interact is also indispensable for the construction of identity of both A and B, i.e. what A is to B and B to A. Again, Weick’s analysis of interaction approaches the one drawn up by McCall and Simmons (1966). However, where McCall and Simmons stop at stating that interaction is ‘a joint function, as a mutual or reciprocal influence’ (McCall and Simmons 1966: 47), Weick elaborates on this concept by defining the double interact as the basic building block of social interaction.

Social interaction is an endless repetition of double interacts between actors. In the course of social interaction, actors will adjust their behaviour to their fellow actors, resulting in interlocked behaviour. Several consecutive cycles of interlocked behaviour constitute a collective structure, a pattern of collective behaviour, like regularly repeated activities in a company. A typical example of such a structure are the employees of a company who leave home every weekday to go to the place of work they share to do the things they do every working day, etc. Their collective sense-making of the world has crystallized in a number of shared daily routines, symbols of which they make sense of in similar ways, etc. That they do not have to make sense of what to do and why to do it every single workday makes life a lot easier for them and allows them to make more efficient use of their limited span of attention to make sense of whatever is not compliant with their expectations.

The last key notion from Weick’s theory to be mentioned is ‘partial inclusion’. Each actor will be part of several groups of actors with interlocked behaviours. The formation of such groups is a continuous process; groups form and disband. Actors enter groups, while others leave them. During an effort to stabilize his inclusion in a certain group, an individual actor may be forced to integrate more of himself into that group. This notion of inclusion seems to bear great importance to organizing processes, however it is not very well elaborated by Weick.

It was especially this aspect that H.J. Van Dongen and his associates have used as a starting point to enrich Weick’s theory. The most complete theoretical statement of their framework can be found in Van Dongen et al. (1996). The core theoretical notion of Van Dongen et al. is that of configuration. Configurations are groups of actors who, during continuous social interaction, have attained a similar interpretation of reality (compare Weick’s interlocked behaviour). This definition reflects the two aspects of configurations:

1. a social aspect: frequent, organized, social interaction (e.g. work-related meetings);
2. a cognitive aspect: similar interpretation of reality.

Reality is understood as having a constructed nature. Actors construct their (version of) reality via an ongoing process of social interaction. These
definitions of reality are never comprehensive theories comprising all aspects of reality. Actors only possess a limited span of attention. They will use this span to cover that part of reality that is essential; that which comes to the fore in the present context. Complex phenomena are reduced to simple, comprehensible, treatable facts (compare Weick’s reduction of equivocality). Reality is constructed using a set of construction rules. Actors apply these rules in a continuous process of reconstruction of reality.

Following Weick, Van Dongen et al. recognize that actors are simultaneously included in several configurations. However, they replace Weick’s term of ‘partial inclusion’ with the notion of ‘multiple inclusion’. Weick’s term seems to reflect the perception that actors divided their attention over a number of inclusions and is therefore never totally included in any one structure. Van Dongen’s term ‘multiple inclusion’ emphasizes that actors are included in several, theoretically indefinite, configurations. In each concrete occasion of social interaction, actors will tighten a shared inclusion, but they will also have access to other inclusions.

Van Dongen et al. regard Weick’s double interact as a useful tool in describing the interaction between two actors. However, its shortcoming is that it presupposes a dyadic relationship. This may explain why Weick has problems in elaborating his concept of partial inclusion. Van Dongen et al. introduce a third party into the relationship between two actors. Instead of dyadic relationships, they look at the relationship between actors as being tertial. This third refers to other inclusions of actors. During social interaction within a certain configuration, actors can bring elements of their other inclusions into that interaction. A particular actor can use a certain definition of reality in one context (configuration), but use another one in another context (configuration). Actors can draw from a multitude of inclusions and the nature of their relationship is different for each different third party.

The framework of Van Dongen et al. still has a number of shortcomings. The main issue could be called the macro–micro problem. A configuration is defined as a relatively small number of actors who frequently interact on a very specific subject. The problem is that it is virtually impossible (and probably undesirable) to define a set of criteria to determine when a group of actors is too large to be called a configuration. Actors form groups in various ways and of various sizes. Some of these groups, for example a national political party, can be quite large. Such a national political party consists of a relatively large number of people who do not all frequently interact. There are conventions, but these tend to be large and not all conventions are attended by all members. However, they are bound together by cognitive matter comparable with the cognitive element of a configuration. That cognitive matter is constructed in more or less the same fashion as is the case in a configuration. For example, a political party usually has its own magazine in which members exchange ideas.
One possible solution would be to expand the definition of configuration, but that would lead to such a broad definition that its explanatory power to clarify organizing processes would be harmed. We would like to have a notion akin to that of configuration that could be applied to the social aggregates described above.

Another conceptual flaw of the Van Dongen et al. model that is revealed in the political party example is that cognitive matter is not only constructed by actors in social interaction, but that social interaction between actors can also be stimulated by cognitive matter. To use an American example: Democrats from New York and those from San Francisco share some cognitive matter related to being Democrats, but may (and will) differ in the way New Yorkers differ in their world outlook from San Franciscans. New York Democrats may convene because they are Democrats, but seen from another perspective (third party) such a convention is also one of New Yorkers. To solve this problem I proposed the concept of cognitive space defined as: an association of any number of actors bound by a certain shared cognitive element. This definition may seem excessively complicated, as it could be simplified to: any number of actors bound by a certain shared cognitive element. However, such a definition seems to state that a cognitive space is ‘a number of actors’ with a certain attribute: ‘with a shared cognitive element’. By defining it as an association of a social element and a cognitive element the equal importance of both is better expressed.

As indicated in the introductory section of this chapter, I like the term space, because it refers to something that confines, but is broader than the notion of configuration. Space touches upon time as well as place, it refers to space in which interaction can take place, but simultaneously to the socially constructed limitations (impediments) of the interaction. Within a certain space, activities proceed according to the rules that hold in that space. It is like Weick’s bracketing: actors are unable to comprehend all cues that come to them from their environment and construct their version of reality using a selection of cues (Weick 1979: 113). Actors give meaning to their activities and agree on rules prescribing the ways how to act or not to act during interaction and consequently start regarding those meanings and rules as existing confinements of their actions (reification). However, contrary to the framework of Van Dongen et al., we believe that this not only holds for social cognitive configurations, but also for larger groups of actors, which we are now referring to as spaces. The cognitive element (cause maps, construction rules, etc.) of such spaces are less specific than within configurations. Moreover, spaces differ in their degree of specificity. Larger, more diffuse, spaces can comprise smaller, more specific, spaces, which will inherit the traits of the larger space, while adding some specific traits of their own. California is a space. San Francisco is a more specific version of the California space. In this framework, configurations are in fact very similar to spaces. This could be defined as small group of actors.
with frequent social interaction evolving around a strong specific cognitive element. As a special type of sub-space, configurations will inherit the cognitive and social traits of the space in which they are constructed and will add more specific ones pertaining to their particular configurations.

Spaces can also be regarded as potential triggers of organizing processes. We cannot only observe ongoing social interaction within a space, but once we understand the cognitive element of a particular space, we may attempt to predict possible social interaction that may take place, or could have taken place, as a consequence of the cognitive element of that space, including the way(s) such interaction could be initiated and developed. Such insight will be valuable for an in-depth understanding of organizing processes by organization theorists, social psychologists, sociologists, etc., but will also serve a number of practical purposes, such as analysis of and intervention in organizational problems, marketing research and feasibility studies. I will not elaborate this topic here, but will illustrate several uses of spaces as potentialities at several places in this study. My notion of space is also an excellent tool for tackling one of the core unsolved problems in the theory of social integration: the nature of what are called ‘organizations’ in everyday parlance (enterprises, associations, government institutions, etc.). Following Weick, Van Dongen et al. are weary of using nouns like ‘enterprise’, ‘association’, etc., because they refer to entities and easily lead to reification, the belief that enterprises, associations, etc., exist. They prefer the use of verbs, like ‘organizing’, which refer to processes. However, human language is not that well suited for ‘reification-free’ discourse. We are not only used to speak of ‘enterprises’ as if they exist, the structure of the Western languages forces us to refer to such products of social-cognitive interaction with nouns.

With our methodological tool of space, we now have a simple and elegant solution for this problem. Enterprises, associations, institutions, unions, clubs, etc., are spaces. An enterprise comprises a number of actors (the employees) who continuously reconstruct the enterprise in their daily routines. An enterprise also has a distinct cognitive aspect. Through the frequent social interaction employees of an enterprise share a certain cause map. Employees do certain activities in certain prescribed ways (construction rules). An important activity in enterprise spaces is the production of texts (brochures of the enterprise itself, or its products, magazines, annual reports, advertisements, etc.). Such texts serve a dual purpose: they present the space to the outside world and provide instructional material for the socialization of new employees.

Although I have described a space as having both a cognitive and a social element and have stated that those elements are mutually influencing, the cognitive element is stronger in a space than the social element. As sense-making, the reduction of equivocality, is the basic motor for human organizing processes, the influence of the cognitive element on the social element is stronger than the opposite. Once social activity has been
set off, it can in turn influence cognitive activity, which can again affect social activity, in a continuous double-helix-like process. Moreover, when we observe structures of large spaces comprising one or more sub-spaces, the former seem to have a strong cognitive element, while the social element is quite weak. Information, meanings, etc., are easy to spread to a high number of people through the various means of communication. However, within a large space, such as a province, opportunities for common intensive social activities diminish. Seen from this angle, we could put space and configuration on a sliding scale. On one end of that scale there are very large spaces, which are almost purely cognitive spaces (nation spaces may be tentatively taken as examples of such spaces). When we proceed to the other end of the scale, spaces get smaller in terms of numbers of actors and the social element becomes more elaborate. At a certain moment, not too far from the other end, we encounter spaces like enterprise spaces. Arriving at the opposite end, we find the social-cognitive configurations, or for short, configurations. There, the cognitive and the social element are equally strong.

The notion of (multiple) inclusion can be applied to cognitive space as it was applied to configurations by Van Dongen et al. A particular instance of social interaction will always take place in a specific social-cognitive context (space), but actors can access the cognitive elements of other spaces through their multiple inclusions (a graphic convention for clarifying spaces and multiple inclusions of actors in those spaces can be found in Peverelli 2000). Organizational researchers can employ a number of methods to detect cognitive spaces. Some of them will be introduced later in this chapter in a section that will be entirely dedicated to one method: narrative analysis.

**Back to contexts of identity**

Armed with the social integration model I can now try to formulate my main theses regarding (corporate) identity:

1 The identity of actors or an aggregate of actors is the way those actors or aggregate of actors make sense of themselves in interaction with other actors or aggregate of actors.
2 In the course of that interaction the identity of the other actors or aggregate of actors will also be constructed simultaneously.
3 As a social construct, the identity of an actor or aggregate of actors will be different in each different social-cognitive context.
4 As an aggregate of actors, an enterprise will obtain a different identity in each different social-cognitive context.

In the remainder of this study I will examine the social-cognitive contexts, the cognitive spaces in which enterprises operate and observe the
different processes of identity construction in those contexts. Such research can be initiated from two points of view:

- individual enterprises;
- types of contexts.

We can take an individual enterprise and look at the different identities it obtains in various contexts and we can take one type of context and observe the recurring aspects of corporate identity construction within that particular context. In this study I will do both, often using combination to emphasize the matrix nature of corporate identity.

**Narratology as methodology**

The most important research tool adopted in this study is the collection of a large number of stories related to a particular company and sort them in various ways according to different types of cognitive space. Stories are here used in the broadest possible meaning of the word and refer to company brochures, press releases, stories told within the company, newspaper articles, etc.

Stories give sense to people, their activities and the social institutions that are the products of their activities. When we would like to get to know a person better, we will ask him for his story. Facts and figures are often insufficient to explain a complicated matter, learning the story behind it will be far more explicative. For each of the case chapters (Chapters 3–7) I have constructed a corpus of texts. These texts can be searched with specialized software. A simple, but very useful tool is a concordance, a list of all contexts of a particular word, such as the name of the core company of that chapter. Once such a list has been created, we can observe the different ways in which that company is making sense in different social-cognitive contexts.

Story telling goes a long way back. Primitive cultures used stories to maintain contact with their ancestors and forge relations between the present and past generations, lacking a writing system and the proper media to retain hard copies of events. Identities of nations, cities, organizations, etc., are expressed in the form of stories (Boje et al. 2001: 132). In fact, organizations are so closely linked to their stories, that, from a constructionalist point of view, we could even state that our organizations are stories (see also Parker 2000: 81 ff.).

Stories tell us who we were and are important in organizations, what people do and why they do so. Stories inspire, motivate, explain causal relations between events as perceived within a particular context. In other words, stories are a powerful tool for the socialization of new members of an organization. This makes the analysis of stories an important part of the research methodology of social integration theory.
Organizational stories are also linked to actors outside their organization of origin. Such stories tell as much about the ‘them’ as they do about ‘us’, hence we may look upon organizational stories as mirrors reflecting the relationship between the organization and other organizations and actors. Moreover, stories do not stand alone. Each story is linked to a number of other stories, which are in turn linked to yet other ones, thus forming a network of related stories.

In line with the basic theoretical consideration explained above, stories should not be judged as being true or false. All stories express realities as constructed in the social-cognitive environment from which they originated. Stories can be functional and dysfunctional in the sense that functional stories facilitate social interaction, while dysfunctional stories discourage and sometimes even obstruct interaction.

In view of the above, it is not surprising that narrative analysis, the critical study of organizational stories, is more and more recognized as a valuable addition to our repertoire of tools for organizational research. A considerable part of the current writings on narrative analysis draws heavily from Derrida’s concept of deconstruction (Derrida 1976). Deconstructive reading of a story looks at the symbols embedded in the text and attempts to link them to what they represent in the perception of the author. It also tries to point out the opposite, that which is deliberately not represented in the story. Without assuming to provide an exhaustive treatment of deconstruction techniques, I will list a number of important aspects of deconstructive reading.

**Bipolar terms**

Bipolar terms, dichotomies, etc. are important objects of narrative research (Boje 2001: 23 ff.). Such bipolar terms are co-genetic (Van Dongen 1991: 50), one cannot be understood when separated from the other. A word like ‘correct’ can only be interpreted in comparison with its antonym ‘incorrect’. Moreover, the border between ‘correct’ and ‘incorrect’ is also constructed in each individual context. An action considered as ‘correct’ in one context, can be regarded as ‘incorrect’ in another. Whenever we encounter the term ‘correct’ in a narrative, we need to link it with ‘incorrect’ and we need to establish the location of the border between those bipolar terms in each of the contexts relevant to that particular narrative.

**Contextual links**

Stories are teeming with symbols referring to cognitive spaces relevant to the content of the story. Although a particular story will be the product of a specific social-cognitive context, it may (and will) contain a number of links to other contexts. They are contexts in which the authors of the story are included, but when such a symbol is hit by readers who are also included in
those contexts, those readers will recognize it intuitively. Moreover, readers may perceive certain symbols in a text as links to inclusions that are not shared by the authors of the story. Each time a story is read by a particular reader, it becomes a different story in the sense that the reader will interpret it from his/her own set of inclusions. In this respect the researcher is also a reader, who will be wary of not confusing his/her own inclusions with those of the author. The researcher of story telling will therefore have to discern three types of (references to) inclusions:

- those of the author(s);
- those of various intended readers;
- the researcher’s own inclusions.

The other voice

Stories can sometimes only be understood properly if we identify parties involved that are not specifically mentioned in the story. I will refer to such parties as the other voice, or in Boje’s terms, the rebel voice (2001: 25). For example, a company’s brochure may contain several strong statements regarding the company’s commitment to a clean environment. This could indicate that that particular company has been under attack from environmental organizations (administrative ones, pressure groups, etc.). Although those organizations may not be specifically mentioned in the brochure, they do play an important background role, as they could be envisioned by the corporate authors of the brochure as an important audience. The relation between the company and the external organization has thus influenced the production of the brochure. The other voice is embedded in the authors’ line of reasoning, choice of words, etc. I have included a Chinese example of such a hidden other voice in Peverelli (2001).

Variation is meaningful

Reduction is probably one of the greatest sins of modernist scholarship and one of the most frequent occasions for reduction is regarding various different forms of a term as being the same. For example, John, John Doe and Mr Doe are taken to refer to the same person. However, we can envision that John Doe would be the proper way of reference in one context, while Mr Doe would be more appropriate in another one. The choice to select one variety rather than another is significant.

This aspect is especially important for the study of the identity construction of Chinese enterprises. As will become clear in the following chapters, many Chinese companies adopt a number of different names in different contexts. For example, Chinese enterprises tend to include the name of their home location in their company name. A fruit juice manufacturer located in Sanmenxia (a city in Henan province) called Hubin often calls