

Abstract

Organizational identity refers to the central and enduring attributes of an organization that distinguish it from other organizations. Organizational members' collective perception of appropriateness and desirability of an organizational identity is referred to as its internal legitimacy.

In this dissertation, I focused on dual-identity organizations having one identity (dominant identity) internally more legitimate than the other identity (alternate identity). It is possible that in dual-identity organizations the dominant identity may marginalize or even eliminate the alternate identity. This may not be desirable in many contexts. In this dissertation, I studied how managers in dual-identity organizations can maintain and enhance the internal legitimacy of the alternate identity.

I adopted a qualitative approach and multiple case-study method for the dissertation. I collected data from four Indian software organizations attempting to simultaneously manage the software services business (dominant identity) and the software products business (alternate identity).

The findings indicate that top managers of dual-identity organizations were able to infuse the internal legitimacy for the alternate identity during the initial stage in the form of formal adoption, initial resource allocation, claiming support in the internal communications, and highlighting potential synergies. However, in order to sustain and enhance the internal legitimacy of the alternate identity, they needed to manage identity comparisons and collective justice perceptions inside dual-identity organizations.

The findings indicate that the top managers were able to achieve this by taking the following actions: (1) substantively separating the alternate identity from the dominant identity, (2) creating legitimate and diffused decoupling of the human resource practices applicable to the alternate group, and (3) creating substitute pragmatism outside the alternate group. With increase in the organizational size, the top managers needed to rely more on formalized and externalized mechanisms for the decoupling of human resource practices and the creation of substitute pragmatism.

The study contributes to the emerging literature on organizational identity and internal legitimacy. The study has implications for the following research streams: (1) product innovation, ambidexterity, and dynamic capabilities, (2) diversification, (3) institutional entrepreneurship, and (4) organizational subcultures. The study also contributes to the managerial practice in dual-identity organizations.