

Organizational Identity Threats During Leadership Succession

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Problem & Literature Review

As baby boomers enter their retirement years, a large number and variety of nonprofit organizations will need to find qualified leaders who can serve at their helms. A survey conducted by the United Way found that 45% of the executives in organizations they funded in New York City had intentions of leaving by 2009 (Kunreuther, 2005). Similarly, the Annie E. Casey Foundation found that 65% of those responding to a survey it conducted expected their organizations to go through a leadership transition during the same time period (Kunreuther, 2005). The impending transformation in leadership suggests that the nonprofit community is at a critical managerial crossroad. While it is important for organizations to identify the next generation of leaders, they also must attend to how the transition occurs, including making provisions for a smooth transfer of power from one leader to the next. Despite the significance of leadership succession, research on founder and leader transitions in the nonprofit sector is limited (Block & Rosenberg, 2002; Adams, 2005).

Managing succession and subsequent changes can prove difficult in all types of organizations, but they may be more complex for nonprofits given the centrality of mission and values (Rothschild-Whitt, 1979; Schein, 1985). Leadership transitions not only may disrupt routines, but also may be perceived as threats to core features of organizational identity. Organizational identity is the set of features that members understand to be central, distinctive, and enduring within their organization (Albert & Whetton, 1985). It signifies a collective sentiment about “who we are” that is rooted in the organization’s core values and beliefs (Corley et al., 2006; Gioia, 1998). In turn, these cognitive elements are externally expressed through organizational practices and procedures (Dutton & Dukerich, 1991).

An identity threat occurs when some members interpret events or situations as challenges or violations to what they believe are the organization’s central and distinctive features. Internal identity threats arise when the challenge is sparked by events occurring inside the organization,

such as an organizational change. One type of change that can give rise to an internal threat is leadership succession, particularly when the leader of the organization also is its founder.

Most founders have a particular vision in mind when they create their organizations, and they instill them with their views and values. The result is that founders shape their organization's identity by imprinting it with particular structures, practices, and values that staff members perceive as central and distinctive. Consequently, staff members may find the departure of the founder (and leaders, more generally) disconcerting, particularly when new leaders propose changes to practices that are central to their views of the organization's identity.

Methods

To understand how interpretations of identity affect the dynamics of leadership succession, we traced the history of Friends of the Earth (FoE) from its inception until the time when the founder formally severed ties with the organization. We conducted semi-structured interviews with fourteen board members, administrators, office staff, and directors of major projects and campaigns. We interviewed individuals who were affiliated with the organization when the transition was taking place and were involved in FoE's succession-related conflict.

Interview questions focused on features that were unique to the organization, individuals' views of how the organization was perceived by both members and outsiders, the ways in which they personally understood and responded to the succession process and what they thought the transition meant to the organization. Responses to these initial questions were used as a basis for probing the nature of the conflict between FoE's west and east coast offices. The interviews ranged in duration from 60 minutes to three hours, with the average interview lasting 90 minutes. All of the interviews were audio-taped and then transcribed.

We independently coded each interview for interpretations of organizational identity as expressed by statements about what made the organization unique and what features were

regarded as central. Next, we reevaluated the transcripts to determine whether these organizational features were perceived as being challenged during the succession process and what impact each respondent thought the new leadership would have on FoE's identity. To enhance validity, we triangulated across multiple interviews and verified interview data with articles in *Not Man Apart* (FoE newsletter), published newspaper reports, and materials contained in the archival collection for Friends of the Earth, housed at the University of Washington, Seattle.

Results

The data show that West coast staff members interpreted the proposed changes by FoE's new leadership as a threat to the constellation of features that comprised FoE's identity at its founding, particularly those related to environmental philosophy, tactical and issue plurality, decentralization, and staff member autonomy. Members thought they shared a similar view of "who they were" as an organization. However, as the new leadership attempted to implement its vision for the future, it became clear that not all staff members shared the same understanding of what made FoE, FoE and a protracted conflict ensued that undermined the organization.

The case of FoE illustrates that new leadership and the changes they propose may surface latent differences in understandings of identity and be interpreted as identity threats if individuals believe modifications will devalue features they regard as central and distinctive to their organizations. The case suggests it is incumbent on all leaders to be attentive to how the changes they propose may affect and be affected by organizational identity. Furthermore, boards of directors must consider the extent to which new leaders have a vision for the nonprofit that is similar to the one held by its members and whether the changes that new leaders propose will maintain or devalue the perceived core features of the organization.

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