Plans, Organizational Identity, and Mediating Spaces in Inter-organizational Relations

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Abstract

For companies, adopting initiatives of business relations is one method of survival in an economic environment, where there is an increasingly higher demand on strategic sharing of resources. Therefore, it is common for large companies to engage in plans to pursue their interests in inter-organizational relations among their distinct internal groups. However, in cases where engagement in such relations is imposed by decisions from above, the fact that sustainability of an inter-organizational relation depends upon the actions of those working within and adjacent to the relation is usually ignored.

Plans for melding two or more organizations into a business relation may require a radical revamping of the way "things get done," which indicates a significant shift in the prior identities of these organizations. Accordingly, the governance of a business relation—how the relation steers and is steered— is influenced by two important factors: a) the strength of the prior identities of the organizations in relation; and b) how closely their heritages are brought together through mediating spaces—socially, physically and informatically.

This paper proposes a framework of building sustainable inter-organizational relations based on representation of organizational identities and sensemaking. We ground our framework in a reflection of an ethnographic case study. This study describes the definition process for an IBM server product in the context of a new relation between two organizationally and geographically separated IBM groups with a prior history of competition. Figuring out what actions are meaningful in the building of a relation between organizations characterizes sensemaking in organizations. In our framework, we highlight the interplay among purpose, identity and mediating spaces as factors in sensemaking that takes place as organizations transform to engage in business relations.

Organizational participants try to make sense of what would be the appropriate set of actions in a new business relation from a background of prior experiences. For the relation to sustain itself, this process should lead key participants to identify with the legitimacy of the new organizational system as a whole as well as the legitimacy of the

[1] The first author would like to thank IBM Hardware Program Management and Microprocessor Development organizations for their support of this research.

other participants that take part in this system. Therefore, building inter-organizational relations is very much about formulating a shared identity from a set of multiple identities between the organizations in relation.

Our framework is based on the understanding that a shared identity takes form within social, physical and informatic mediating spaces. Consequently, proximity and distance between these spaces can lead to very different identities. Just as the sustainability of the relation can be enabled or disabled by the definition of roles and accountabilities, it can also be influenced through geographic proximity or remoteness, and the presence or absence of shared information artifacts.

Introduction

In the literature on business alliances, network-form organizations are usually presumed to be collections of autonomous companies that "plug-and-play" when they find common interests. However, despite the best intentions of the leaders that initiate these relations, they often fail, because the newly related organizations have different functions and missions and can each exhibit distinct organizational identities. Such difficulties are common even in the more controlled case of building new relations between previously distinct business units of a single, large, multinational and multidivisional company. For example, a team of product developers in Germany that continually refines the quality and features in engineering clearly has different dispositions and attitudes than the marketing team in Japan that focuses on building unity with their customer, or the consulting team in the United States that just wants to roll up their sleeves and "get it done." Such a large organization should itself be viewed as a network-form organization. When the organizational identity of two or more business units within the same corporate entity is sufficiently strong, navigation of the relations between those groups can be as difficult as—if not more difficult than—the relations between two or more firms.

The operations of a large multinational enterprise with distinct business units has often been based on an image where the corporate headquarters functions as the "brain of the firm" with each of the subsidiary divisions as arms and legs. This image, however, does not reflect the reality of day-to-day operations in a large business enterprise. Clearly, a centralized strategy function is attuned to the viability and competitiveness of the enterprise as a whole. The headquarters has the authority to re-channel resources from a business unit with a mature product into another unit that requires investment for emerging or growth opportunities. On the other hand, the implementation of shifting resources from one place to another may become disruptive for each business unit. In this case, leaders within each business unit need to mutually develop new conceptions of their joint future trajectory. They need to jointly determine the contributions to which their teams will commit. They also need to negotiate the productive deployment of existing skills and assets to pursue their joint trajectory. In realizing these joint activities, each business unit may go through a significant shift in the way it sees itself—in other words, it may need to transform its organizational identity.

In collaboration for technological innovation, setting a new direction is always a negotiation of the possible. Market leadership is often driven by an improvement or breakthrough in product innovation, which in turn requires existing technological competencies to be combined to create the new leading edge (Christiansen & Vendelø,

2003). Technological innovation is risky. Various parties must come together to develop a shared understanding of new market opportunities, the difficulty of their tasks to meet those opportunities, and the timing of a launch that will pre-empt the efforts of the competitors. These factors of tension commonly result in an atmosphere of uncertainty, ambiguity, and doubt. For this reason, leaders, who are involved in this inter-organizational context, need to accomplish two significant tasks through their communication activity across organizations. As they negotiate shared meaning between distinct organizations, they must represent the deep understanding and perspectives of their "home constituents" while they carry insights on responsibilities or constraints that come with the inter-organizational relation back home.

In the network-form organization, the longevity of inter-organizational relations can be intended only for the short term and can be limited to the scope of a single product. In a business environment, where technologies build on technologies and enterprises form clusters of alliances, however, the organization that "goes it alone" risks being shut out. For instance, in the world of information technologies, centering on Java as a programming language, or developing an Internet protocol starts as an alliance of enterprises with different interests and leads to the development of industry standards. Thus, a relation that starts with a three-year mutual interest can easily expand to a ten-year horizon if the alliance works out. On the other hand, for relations such as these to sustain themselves, participating organizations must recognize the legitimacy of other organizations involved in the relation. One organization can not dominate another for a long period of time before resentment develops. For the sustainable success of the inter-organizational relation, participating organizations need to create a shared identity for their collaborative activity beyond the pre-existing distinct identities of the organizations in the relation (Whetten & Godfrey, 1998).

We explore the importance and consequences of pre-existing and emerging organizational identities by means of a case study. The case comes from an ethnographic study examining the communication processes that took place between two organizations, as they re-established the meaning and terms of their relation within a multidivisional technology company. These two previously distinct development organizations, located thousands of miles away from each other, were chartered by a headquarters strategy group to define products and coordinate activities for a collaborative project. During the definition of the collaborative project, the lack of commonality in locations, social protocols, and knowledge between these organizations rapidly led to obstacles in the development of a shared organizational identity. Communication processes that were counter-productive to establishing a sustainable relationship were observed. The flow of communication between key participants broke down; participants acted defensively to protect their different group interests; and participants reverted to work practices based upon their experience of failed projects in the history of the company. These actions in the formative phases of the inter-organizational relation created a communicative environment where participants were continually faced with threatening behavior by others in the relation. This increased the inherent ambiguity of the communication between the participants and diminished their ability to make sense of their distinct roles in achieving their common goal. As a result, the accomplishment of the premise of their relation—the collaborative development of an innovative product—was deterred.

We argue that inattention to the process of transforming organizational identities in inter-organizational relations has significant impacts on the sustainability of mutual interests, and hence, the relation. Leaders establishing these relations need to guard against such symptoms that can derail progress towards achieving the premise of their collaboration. Participants involved in the formation of a new business relation need to understand how prior identities will be transformed not only at the organizational level, but also at the individual level. Participants would need to know how they fit into this new world. One step towards developing mutuality may be the investment in shared physical, social and/or informatic mediating spaces that facilitate organizational sensemaking. These mediating spaces are constructed through face-to-face and digital interactions during collaboration among organizational communities and hierarchies. Especially in situations where bringing people face-to-face has its challenges, access to the same pool of resources and common forums for community building and information exchange can improve shared understanding and reduce distortion or miscommunication among participants. In this light, the interplay between organizational identity and the design of mediating spaces in the context of governing inter-organizational relations presents a resourceful area in which research and practice can be furthered.

Ethnographic Case Study

This paper is based on an ethnographic case study of inter-organizational relations between two IBM development groups. The first author conducted a year-long ethnography in an IBM program management organization, between May 2001 and May 2002, during the definition of an IBM high-end server product—Royal Fleet PT+[2]. The construction of the case was based on observations of weekly project status meetings for Royal Fleet PT+, interviews, and surveys of documents like email notes, technical presentations for status meetings or customer briefings, and plan documents. Besides everyday interactions at the field site, the formal interview set included 30 open-ended interviews with a population ranging from design engineers to fourth line managers of development. Interviewees were chosen based on a focused sampling of organizational members who were directly or indirectly related to the hardware development of the server program family Royal Fleet, of which Royal Fleet PT+ was to be a new member. Shadowing the program manager who was responsible for the hardware development of Royal Fleet PT+ provided entry to meetings and introduction to organizational members to be interviewed. The question "Why is an organization with an explicit strategy and lots of resources having difficulty to achieve collaboration?" framed the development of the case.

Understanding organizational identity "in action" requires insight into how individuals' perspectives both shape and are shaped by context and history. Case study is the study of particularity and complexity of a single case to understand its activity within important circumstances (Stake, 1995). The qualitative case study provides researchers with the necessary narrative tools to present everyday phenomena in key episodes or testimonies, with the investigator's direct interpretation. In this way, this method provides a rich descriptive analysis of events. Therefore, the qualitative case study method allows

[2] All names used for products and product features as well as people and places in this text are pseudonyms.

researchers to examine processes evolving around organizational identity and its impact on organizational sensemaking in their contextual richness.

The Incident

In the fall of 2001, two geographically-dispersed organizations within IBM Systems Group were negotiating the definition of a product they were jointly developing. An engineering software team, in one site, had been designing a feature. They were trying to get this feature included in the first shipment of the product. Another engineering software team and the program management organization in the other site argued that this proposal was infeasible. Cross-site discussions about this topic gradually escalated between August 2001—when the product plan was announced—and October 2001. Leading members of the design team working on the new feature made moves to isolate non-cooperating parties by pulling high level development executives into the negotiations. A series of meetings among third and fourth-line managers and the senior vice president of development resulted in a four-day workshop in the site where the new feature was designed. Day-long sessions of technical presentations by the design teams from the two sites led to a decision to exclude the new feature from the definition of the product.

Plans: Where the Challenge Begins

The beginning point for this case study was a research proposal, which inquired for an in-depth understanding of "organizational complexity" that evolved around, what the organizational members called "the commonality initiative." This initiative aimed at the convergence of historically distinct IBM server brands to produce a common family of products fulfilling the broadest possible spectrum of customer requirements in the server market. The proposal presented "IBM's challenge" as follows:

> "IBM's customers find the multitude of options difficult to position and are prone to [the competitor's] "one server serves all" propaganda. While there is definitely strength in a multi-tiered offering, it reduces focus. IBM's […] strategy is geared towards better integration of the overall server attributes without cutting off the existing loyal customer base.
>
> The IBM [Systems] Group is geared towards commonality on the articulation of problems, [whereby two distinct IBM brands] share development efforts. However, what is not common is the determination of the best option for the customer. All brands are still aiming at the broad spectrum of customer requirements, with none of them being able to fulfill all of them."

According to this description, the company's challenge stemmed from the difficulty to implement the commonality initiative in a way that would result in the best product for the customer. The initiative's implementation implied that the new integrated line of products would be responsive enough to changing market trends in order to convince customers, who have been loyal to the distinct brands, to invest in a new family of servers. What is interesting in this description is that both the cause (competitor's propaganda) and the symptom (difficulty to provide the best option to the customer) of the company's challenge are tied to elements of the business that are outside of the product development cycle.

According to this description, the business relation between the two distinct IBM brands falls squarely within the framework of the strategic product planning model mentioned earlier. A large technology company with distinct product lines is faced with an imminent threat by the competitor's move in the market. Against this move, development operations based on maintaining multiple product lines become outdated and expensive. Therefore, the company initiates a strategy to combine distinct technical competencies within its knowledge base to develop an innovative line of products. Behind this strategy is the objective to continue to respond to changing market needs and thus to increase market share.

What is missing in this description is a focus on what goes on during the development of products that would realize the commonality initiative. With this missing cue in mind, the examination of this case focused on the interactions between internal organizations that came together in the context of the annual planning process. During annual planning, internal development organizations, dispersed across continents, with distinct presences within the company as well as in the market, and with a history of competition, engage in negotiations to define a common family of products. That is when the real challenge begins.

The Annual Planning and the Role of Program Management

Annual planning is a significant period in the life cycle of an IBM development program. During this period, definitions for all products and programs across the company are negotiated and closed for execution in the upcoming fiscal year. From the view of organizational members, the annual planning is:

> "a proof process to ourselves through which we come to believe that we have made the right decisions."
>
> "a process designed to help cope with the question of implementation. It is about making provisions for resources on which everybody agrees."
>
> "the process through which the business, with its variety of disciplines, attempts to establish a connection between the budget and commitments for the deliverables of the coming year, predominantly, and of years beyond, to a certain extent."

The planning period officially begins with the publication of a document at the beginning of fall[3]. From the perspective of development organizations[4], the plan is supposed to set deadlines, commit human and material resources, and posit goals for the development of the coming year's products. In IBM hardware development, the program management organization is responsible for the delivery of server systems within the budget and schedule committed to the corporation as a result of planning negotiations. Program management is conducted through a matrix organizational structure, where program managers oversee the development of a given product without having any "direct-reports." This gives program managers a position of authority and responsibility over the development of the product without any official authority and responsibility over the people who develop the product.

[3] In 2001, the plan document for hardware development was announced on August 29 and was 110 pages.
[4] Although annual planning is a company-wide process, it carries a different meaning for and has varying impact on the operations of the different divisions, like Research or Marketing.

While the program manager's role does not involve any responsibility over people, it involves making time and budget issues understandable to all the participants in the process. The set of participants in the development of a high-end server is large enough to cover a range from senior vice presidents of development to design engineers working on the most esoteric features. Consequently, a significant aspect of the program manager's role is to assure that all participants make adequate sense of the ongoing activity to fulfill their roles within the development process. In other words, program management operates at an organizational level where sensemaking is maintained in the organization (Weick, 1995). However, the conventional view of strategic product planning leads to misunderstandings of both this significant aspect of program management specifically and of the development activity in general. These misunderstandings add to the challenge of managing these activities in the context of inter-organizational relations.

Sensemaking in general is a process of engaging in joint action to create meaning and to make that meaning understandable for all others engaged in the action. Organizational sensemaking is a communicative process through which actors establish the link between their thinking and action in organizations. The organizational sensemaking framework focuses on how organizational actors interact with each other and with their environment to establish understandings about their organizations' missions, issues and problems that their organizations face, and possible solutions for these issues and problems. However, it becomes difficult to participate in communicative processes and make sense of what you are doing without some sense of who you are. It is even more difficult to make sense of what you are doing with others, if you don't have a sense of who those others are, who they think you are, and who you and the others are. At any moment when organizational actors lose this sense, organizational identity and its impact on joint action come to the surface.

Organizational Identity: Where the Knot Gets Tied

Organizational identity has been defined as organizational actors' beliefs about what is central, distinctive, and enduring about their organization (Albert & Whetten, 1985). Empirical research on organizational identity also indicates that identity influences, or even governs, the meaning of events and the set of possible actions considered to be within the realm of possibility. For example, (Dutton & Dukerich, 1991) have shown that actors' views of their organization's identity provide them with a framework whereby they decide which actions are acceptable for their organization and determine the criteria for the success, failure, effectiveness, or value and outcomes of their organizational actions. Similarly, (Gioia & Thomas, 1996)'s work has shown that identity and image are critical organizational perceptions that influence interpretation and action during strategic change.

On the other hand, researchers who investigate the interplay between organizational identity and strategy base their definitions of both these concepts on actors' theories of themselves as an organization. In such a definition, theory refers to the thinking behind the "story about who one is and what one stands for" (Stimpert, Gustafson, & Sarason, 1998). This view of organizational identity as the actors' theory of who they are links this concept to strategy as the actors' theory of action to gain some desired outcome.

This link is especially important for the understanding of the case described in this paper.

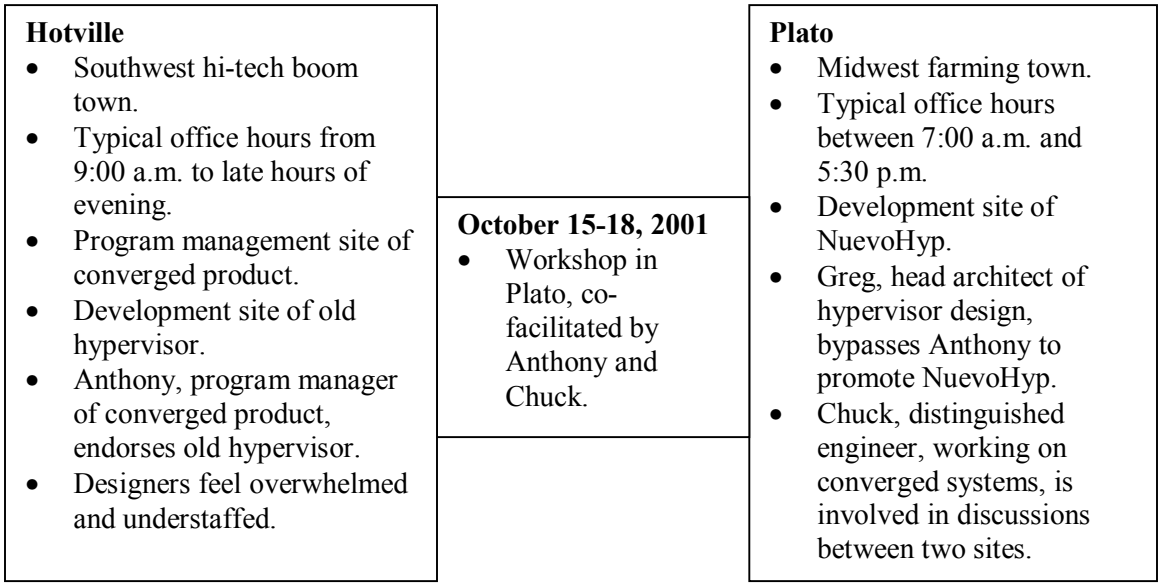
Other research on organizational identity has described its construction as the constant work of negotiating an organization's sense of self with other distinct organizations, who are participating in joint activity. Organizational identity has been viewed in this definition especially in research on communities of practice (Wenger, 1998, 2000). This definition focuses on organizational identity as the basis of a common framework for distinct organizational groups to make sense of each other's priorities, especially when these groups are collaborating across temporal, geographic, political, technical, and social boundaries (Orlikowski, 2002). In this definition, organizational identity emerges from the interaction of multiple convergent and divergent trajectories between organizations in relation. This definition is also very relevant for our case analysis, for it draws specific attention to the "work" that is required for the maintenance of organizational identity across boundaries that define inter-organizational relations.

The Case for Building a Shared Organizational Identity

The IBM case describes a sequence of events that gradually diminishes organizational actors' ability to make sense of who they are and what they stand for in their inter-organizational relation. The actors' blurred view of their common goal—and their shared organizational identity which frames that goal—speeds up the dissolution of their sensemaking to a point where organizational action comes to a halt. While all the actors believe that their actions are in line with what is expected of them, the sequence of their interactions follows a path that continually hinders the realization of a shared meaning. This meaning, in this case, is created around the development of a high technology product that carries the promise to continue leadership in the market and is called Royal Fleet PT+.

Royal Fleet PT+ was the next generation of the breakthrough high-end server system Royal Fleet PT. The development organization's "biggest baddest baby," as organizational members called Royal Fleet PT, was to be announced to market in December 2001. This server system was the first product of the convergence of two previously distinct IBM server brands. The development of one of these brands was located in Hotville, which was a mid-size Southwestern city that flourished during the hi-tech boom of the mid 90s. The development of the other brand took place in Plato, which was a small Midwestern town, where the major sources of employment were computer development, dairy farming, and a large medical center. The program management of the "converged" product was located in Hotville.

Figure 1: Hotville, Plato, and the October 2001 Workshop



In the fall of 2001, Anthony, the program manager of Royal Fleet PT+, was dealing with issues like the possible dissolution of his core team due to emergency resource allocations to the delivery of Royal Fleet PT. Among such issues, Anthony was involved in teleconferences, email exchanges, and phone calls to bind the definition of Royal Fleet PT+. The configuration of the system hypervisor[5] *was an ongoing thread of discussion during the annual planning negotiations at this time. Members of an engineering software team from Plato were in constant email communication with the processor design teams and the program management in Hotville. The engineering software designers from Plato were trying to get the innovative hypervisor function they were developing—NuevoHyp—into the "roadmap" to be part of Royal Fleet PT+.*

NuevoHyp was not included in the system definition of Royal Fleet PT+ in the 2001 plan document for hardware products. Anthony was depending on keeping the new hypervisor off the roadmap for the delivery of Royal Fleet PT+, which was already jeopardized due to shortages of "parts and people." However, the NuevoHyp team was persistent.

According to (Weick, 1993), sensemaking in organizations is inherently about the ability of organizational actors to maintain a two-way flow of communication among all those involved in joint action. This fundamental characteristic of sensemaking is also important for the forming and maintenance of organizational identity. For organizational actors to continue to make sense of their roles in accomplishing a common goal, they need to be engaged in ongoing interactions to establish a joint definition of their situation and, in this way, maintain a shared meaning that frames their common goal. When ongoing interactions are disrupted, participants in joint action—at the individual and

[5] A "hypervisor" is part of the software capabilities in server technology that hardware designers also refer to as engineering software. While these capabilities are not terribly visible to the user, they enhance hardware functions, especially functions related to system maintenance and reliability.

organizational level—begin to form an understanding of their common goal in their own view of "how the world should be." This biased view of the common goal leads to the dissolution of shared meaning between participants and impedes their sensemaking. When participants begin to lose their ability to make sense of what they are doing together, they also become unable to define their relationship to one another in their joint action. Difficulty to answer the questions "Who are we? What are we doing together?" interrupts with the participants' ability to form a shared organizational identity that frames their roles in achieving their common goal.

As the breakdown of communication between key participants affects their ability to engage in joint action, they also lose sense of each other's roles in achieving their common goal. In a competitive environment with high ambiguity, uncertainty, and risk, lost sense can very rapidly turn into a source of threat. Consequently, in the case of a situation that creates obstacles for participants to make sense of each other's roles, different roles, and different interests that these roles represent in the inter-organizational relation, become threatening for one another. Whether this threat is real or not, its perception leads to actions that continually damage the participants' ability to see themselves as part of a common goal and as part of a shared organizational identity.

An email message marked the back and forth discussions on this issue as "out of control" in the view of program management in Hotville. The head architect of the development project for NuevoHyp, Greg, by-passed Anthony and sent a note to development executives, including the director of program management, to finalize the inclusion of the new hypervisor in the definition of Royal Fleet PT+. This note led to a series of teleconferences between Plato and Hotville. Anthony got himself invited to the meetings that followed this note. These cross-site meetings called for "sizing for feasibility" to show the risks involved in getting NuevoHyp on the roadmap and comparing these risks to advantages gained from the hypervisor's technical sophistication.

Royal Fleet PT+ program management, development executives, and engineering software designers could not reach a resolution in cross-site meetings. There was significant disagreement between Hotville and Plato about risks being taken versus technical capability gained towards a fully converged system-architecture through NuevoHyp. The designers in Hotville were overwhelmed and understaffed to deliver one more version of the old hypervisor—which was included in the Royal Fleet PT+ system definition in the 2001 plan document. In addition to this task, the Hotville team was also working on another hypervisor function that was meant to support NuevoHyp when it would come to be included in converged server systems. Development executives were being pushed by higher levels in the company to commit to deliver converged systems as early as possible. However, program management—which had the overall view of the schedule and budget—and designers in Hotville were adamant about the high risk involved in including the "converged hypervisor" NuevoHyp in Royal Fleet PT+.

Heated discussions between Plato and Hotville led to a workshop of technical presentations and plan negotiations during the week of October 15, 2001. This workshop took place in a large conference room in the Plato plant[6]*. Conference room sessions*

[6] The first author, who had been observing the unfolding of this episode in Hotville, followed the Royal Fleet PT+ program management and Hotville design teams to Plato.

began early in the morning and went until late afternoon for four days. In these conference sessions, designers from Hotville presented the case for keeping the old hypervisor in the system definition for the earliest shipment of Royal Fleet PT+. Designers from Plato argued for the need to accelerate the development schedule to make NuevoHype and its Hotville-based support function ready to go into the earliest shipment of Royal Fleet PT+. The goal was to jointly prepare a case analysis to be presented to development executives for a final decision at the end of three days. The discussions were arbitrated by Anthony and Chuck, who was a distinguished engineer in Plato, working on the software development strategy for converged server systems.

Regardless of the stress-level of an environment, unfamiliarity with a situation constrains sensemaking. Unfamiliarity that is coupled with high stress factors in the environment creates a stronger challenge for participants to focus on the specific contextual elements of their situation. At such moments, it is common for participants to resort to what is most readily available to them in order to create a sense of their situation. Making parallelisms with similar situations from one's experience is a method for creating sense in order to deal with the ongoing situation. When participants continue to interpret their situation as a growing threat, they begin to draw from their individual or organizational history in similarly threatening situations. In this way, participants not only engage in habitual behavior that may or may not have worked in the past but they also surface emergency action to prevent the current situation from becoming a real threat. These sequences of actions work to reinforce the differences between the organizational identities involved in relation and deter the building of a shared organizational identity.

The workshop was the first time when some of the participants from Hotville and Plato met face-to-face. For most of the workshop, members from the two sites seemed to be on less than speaking terms with each other. At any given time, there were approximately 20 conference room participants. There was a large table in the middle of the conference room, which was surrounded by two rows of chairs on each side. During the whole workshop, participants continued to sit in the seats they took the first day, preserving the clusters they formed around the table between participants from Plato and participants from Hotville. Others joined in during sessions by phone. For the most part, though, the presenters were physically present in the conference room.

Greg showed up in the conference room later than other members of his team on the first day. Without making much eye contact with anyone, he took a seat in one of the Plato clusters. Presentations from both sides were given in the rigor and tone of technical paper presentations—data points listed in bullets, charts showing design progress over time, schedule estimations, etc. However, there was one odd ball object, so to speak, going around the conference table to break moments of dead silence when they happened. Anthony had brought a red squeeze-stress ball with him to the workshop. As one of the arbiters of the discussions, when he wanted someone to take the floor, he would throw the ball to that person and say in a teasing tone, "It looks like you need this!" At one moment, he threw the ball to Greg, who made no move to catch the ball and it fell on the floor. Somebody behind him got it from the floor and gave it to him. He got the ball from that person, put it in the middle of the table, and never touched it again.

Identity is a social concept and is realized through communicative acts with cultural and political undertones. The significance of these acts in forming a sustainable inter-

organizational relation is disregarded when the relation is framed in terms of the technical aspects of the jointly developed products. However, communicative acts can impact business relations in ways that are not clearly visible in the product planning model of collaborative development. Also, social and cultural differences that come to surface through these acts can create obstacles for the success of the business relation that go beyond the difficulty of combining technical competencies.

"*Intense" was the most common word that conference participants used during that time and long after that time to describe the general atmosphere of the workshop in Plato. Before the trip to the "Fort"—as the Plato site was nicknamed in Hotville—there was ongoing talk about the "turf fight" between the two hypervisor design teams among the Hotville members. According to some in Hotville, the prefix "Nuevo-" in the hypervisor's name showed the Plato team's intent to guarantee their involvement in the converged systems through an association with the Hotville brand.*

The emotional intensity of the sessions continued to stay high until the end of four days. Technical discussions continued for three days. In the evening of the third day, Chuck and Anthony stayed later in the conference room to prepare the final pitch to the executives the following day. After a couple of hours of rough drafting, Chuck said he would finish the charts at home. "I try to be at home by 6:00 to have dinner with my kids every evening." Chuck said. "I have been bad about that…" Anthony responded in a rather bleak voice. One of the significant differences between the two sites, which would not be detectable in their specific brands or design work, was reflected in this conversation segment. During an interview in Plato, an older member of the Plato organization had drawn this difference to the first author's attention. "People who work here were probably born in this area and have been here all their lives. They like working here. Look around you. Life is quiet and simple here. Everybody comes to work by 7:00 in the morning, and the whole plant will be empty by 5:30 in the afternoon. That's the way we live here." This was quite a contrast to the work life of "Hotville cowboys," as they were called by other groups within the company. Work day in Hotville might start as late as 9:00 in the morning, but people would easily stay until 9:00 in the evening if there was work to be done. And there was always work to be done.

In the morning of the fourth day of the workshop, Chuck presented the charts showing a synopsis of the last three days to an audience of four development executives, three of whom had flown from Hotville the night before. Anthony was also in the room. The discussion for the final decision lasted a couple of hours. After a short break, Chuck, Anthony, and the four executives went back into the conference room. The decision that came out of the room was to deliver Royal Fleet PT+ and the following shipments of the same system family without NuevoHyp, and to put NuevoHyp on the roadmap for the next, more fully converged family of servers. The Hotville team went out to dinner that night with one engineer from Plato, who was managing the development of the Hotville-based support function for NuevoHyp. No one else from Plato was at the dinner.

Mediating Spaces: Where the Knot Could be Untangled

The preceding case should not be unfamiliar to anyone that has been part of a business that has been reorganized in response to market dynamics. These situations usually call for the participants to continue with exemplary behaviors that support the new direction,

and support new players coming onboard their teams. From the product planning perspective, Hotville and Plato groups might be described as being reluctant to reach unanimity, which led to failure in execution. The perspective of organizational identity, does not, however, see these parties as dispassionate participants that rapidly snap to attention upon command. These technical and business professionals are well-educated, experienced, and mature individuals. What is missing in the product planning perspective of describing their action is the fact that adopting a new business direction is practically synonymous with adopting a new organizational identity.

Transforming an organizational identity is a difficult process for many reasons. As we argue in this paper, the impact of this process is not visible through the currently dominant model of building inter-organizational relations. Also, processes related to organizational identity are enacted through social practices that tend to be self-reproducing. Distinct organizational identities come with their own pairs of lenses and predispositions towards the world. Changing those lenses, however, is not as simple as going to an optometrist and getting a new prescription for a different pair of glasses. Developing a shared organizational identity in a business relation requires that participants in that relation make sense of mutual interests, the contribution of each other's roles in the relation, and how these roles work together.

Ing and Simmonds (2002) propose mediating spaces as a framework when discussing systemic organizational change. Mediating spaces, where people come together physically, socially, and informatically, are important resources in support of socialization and connective information between people. If these spaces are used and designed with the participants' constraints and requirements in mind, they can help foster desired outcomes. However, if they are poorly used, they may hinder that development.

Implicit in the commonality initiative was the desire to create a single and coherently functioning development community from the previously distinct Hotville and Plato organizations. At an abstract level, the Hotville and Plato communities of practice do not appear to be very different: members from both locations probably have similar training, degrees, and job descriptions. One important thing they did not share, however, was prior trajectories of experiences (see figure 1). Consequently, difficulties in similar situations might have easily led the Hotville group to be shy of taking undue risks with an unproven NuevoHyp technology. On the other hand, the Plato engineers working on NuevoHyp had a closer knowledge of the progress on their design, pride in their efforts, and a belief that it was a stepping stone to future career advancements. The distinctiveness of these perspectives was part of the distinct identities of the two communities. These identities developed separately due not only to the geographic separation of the two groups in physical space, but also because of the previous social separation of the groups within formal, organizational, and social space.

A shared organizational identity between Hotville and Plato required more than a command from above. It could have best been developed if they had been given (or had taken) the opportunity to socially interact in such a way that they could develop a shared identity prior to taking contentious decisions. In the absence of such interaction, each organization would mostly likely continue with its distinct identity, remaining at arms' length with the other organization. Interaction can be encouraged by mutual engagement supported by three mediating spaces:

- physical space: Human beings naturally develop a shared identity when they are physically nearby on a regular basis. Meeting over lunch and swapping stories over coffee allow individuals to size each other up in face-to-face settings and empathize over common situations. While it is often not economically feasible to co-locate work teams in a single physical location, individuals who have never met each other are less likely to bond into a close working relationship.
- social space: Formal organization reporting channels are social constructs, whereby individuals are clustered into some identity to take advantage of common features. Although some features of employment are still tied to physical location (e.g. medical benefits close to home), it is not uncommon for groups in the modern organization to be classified as departments or center of competences, despite being dispersed geographically.
- information space: Even if a shared identity is encouraged through physical and social spaces, individuals may still not think the same way, with different predispositions and attitudes. Shared information spaces, like discussion databases or teamrooms, are available resources for sharing of information among communities, which could facilitate their development towards a common outlook on the future.

At the moment of the workshop, the Hotville and Plato organizations had distinct presences within the company as geographically separated organizations with a history of competition. The command from above that placed these organizations "face-to-face" for the first time led to a threatening situation. The workshop's climate and outcome of distrust and fragmentation was almost inevitable.

Things may have gone differently had the leadership acted to foster community earlier in the life of the relation. Wenger argues that "community of practice" should be defined as a set of participants who are mutually engaged in some shared enterprise. To build community, the leadership of Hotville and Plato organizations should have got the organizational participants to engage in some shared activity in order for them to get to know and respect each other, ahead of any contentious decision-making. Note that simple kick-off meetings, or shared outings to sporting events or comedy clubs, would have been inadequate, since such events lack the key ingredient of mutual engagement in shared enterprise.

While co-location in a shared physical mediating space—such as participating in a substantial joint kick-off workshop—appears to be essential for initiating the building of community, the community could then be sustained through interactions in informatic mediating spaces. Conference calls and other collaborative technologies provide sufficient informatic spaces where community-building could be sustained. More heedful and inventive use and design of these spaces are necessary for participants in a collaborative enterprise to avoid encounters that resemble the workshop between Hotville and Plato.

Conclusion

(Ashmos, Duchon, McDaniel, & Huonker, 2002) argue for enhancing participation in decision-making to benefit the practice of management in the modern organization.

Their argument is based on the premise that complexifying managerial decision-making through participation brings this process closer to what actually goes on in the larger context of decision-making and thus improves decision-making outcomes. In this paper, we make a similar argument for paying closer attention to the processes involved in building a shared organizational identity between organizations in a business relation. Current lack of emphasis on the significance of building this shared identity ignores what actually goes on during the day-to-day business operations when two distinct organizations come together to jointly develop a product. This lack of emphasis results in deterring the formation of a sustainable relation between these organizations and thus impedes the execution of the objective for their relation.

Socially, culturally, and geographically distinct organizations come together through different mediating spaces when they participate in business relations. It is becoming increasingly more common for participants in collaborative activity in an inter-organizational context to rely on informatic mediating spaces. However, an incomplete understanding of processes at work in sustaining these relations also affect the way we conceptualize, design, and use these spaces. Even with creative innovations in the technologies that facilitate the use of spaces like discussion databases and teamrooms, these resources sometimes become heavily-loaded logs of information instead of taking on a mediating function. On the other hand, if we understand organizational identity as an important question to resolve for creating a sustainable collaborative environment, our approach to the possibilities that are achievable through mediating spaces might also change.

The case described above showed a clear disconnect between the two organizations in understanding each others' roles and priorities that guided their organizational action. Even though participants were acting upon what was expected of them, they were not provided with, and could not create, sufficient spaces to make sense of these expectations that came from their distinct roles within their relation. An important aspect of having a shared identity is having a shared history. One major gap between Hotville and Plato was rooted in their continuously lacking knowledge of each other's prior histories. For example, heedful attention to closing this gap through using mediating spaces could have shifted the unfolding events and prevented the block on organizational action.

Even when market forces initiate a strategic move towards an inter-organizational relation, creating any relation that sustains over time is essentially a social enterprise. Organizational actors, especially those who are in the position of leading action in inter-organizational relations, need to keep this fact in perspective every step of the way.

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