

Organizational identities in networks: Sense-giving and sense-taking in the salmon farming industry

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Abstract

The notion of organizational identity has received increased attention lately. This paper proposes a 'balanced' understanding of identities in networks by combining outside-in and inside-out perspectives on identity development. Empirically a longitudinal case study of the global salmon farming industry is presented. In the discussion a set of sense-processes are illustrated on a network level of analysis, building on the network paradoxes of influence and control. This includes sense-making (giving meaning to experience), sense-giving (attempts to influence the sense-making of others), sense-breaking (causing others to experience their way of reality as incoherent) and sense-taking (the understanding of how others provide meaning for a focal actor; the successful influence of others). Moreover, a three layered notion of identity, based on the ARA model, is presented. This conceptualization of identity is proposed to provide a meaningful distinction between actor features, resources and activities in the shaping of organizational identities in networks.

Keywords: Organizational identity, sense-processes, influence, salmon farming.

1. Introduction

Identity is important for several reasons, central motives being the effects of how experiences are interpreted and understood and how strategies are developed, chosen and evaluated. The notion of organizational identity has consequently emerged during the last few decades as an important dimension regarding the understanding of firms and their stakeholder interactions. Traditional IMP reasoning provides for important analytical considerations regarding a network level of analysis: how firms' identities emerge and depend on their relationships. However, a strict network focus may also disregard the identity ambitions of individual organizations. Similarly, firm centred studies may overlook the network's importance in shaping organizational identities. This paper's notion of 'organizational identities in networks' builds on Huemer et al's (2009) argument that identities emerge and are constructed through an interplay between internal features and successful control, and the internal features of others and their successful influence.

This line of reasoning thereby builds explicitly on the network paradoxes identified by Håkansson and Ford (2002); balancing internal control and influence aspirations with an understanding of others' intent to influence. The emergence and construction of identities are in this respect interdependently related to sense-making processes -- how

others make sense of your actions but also how these others influence a focal firm's understanding of itself. Sense-making and lesser used expressions such as sense-giving (providing meaning for others) and sense-breaking (interrupting others' understanding), are in this paper described as sense-processes which are subject to the network paradoxes and the development of organizational identities.

The interplay between successful control and others' successful influence is likely to become particularly highlighted by new demands created either by new positions in old networks or when a firm enters into entirely 'new' networks. This paper follows a multinational corporation (MNC) in the aquaculture industry that enters into two 'new' networks through its subsidiaries. The international salmon farming industry provides an interesting setting for the study of identity projects regarding how organizations try to be in control and how others attempt to influence in return.

Specifically, the research question asked in this paper is how identity and sense-making co-develop. The objective of the paper is to describe the interplay by which influence is given and taken in a network setting. The study contributes in three ways: firstly it introduces a three layered conception of organizational identity based on the Actor-Resource-Activity model. Secondly, it expands on sense-making by suggesting a wider set of sense-processes, including a network level of analysis. Thirdly, the different sense-processes are related to the development of organizational identities in networks.

The following section provides a literature review of organizational identity research. The research design and methods follow and, subsequently, the case is presented. Implications regarding the three layered notion of organizational identities and sense-processes in networks are finally given.

2. Organizational identities and sense-processes

The following review concerns identity research outside and within the IMP tradition, presents the notion of organizational identities in networks and considers sense-making and associated processes with respect to identity.

2.1. Perspectives on identity

Albert and Whetten (1985) suggest that organizational identity consists of those attributes that members consider to be fundamental to (central) and uniquely descriptive of (distinctive) the organization. Moreover, these core traits are expected to persist within the organization over time (to be enduring). Such attributes constitute 'the theory of who we are'. In traditional IMP reasoning, network identity is meant to capture the perceived attractiveness (or repulsiveness) of a firm as an exchange partner, due to its unique set of connected relations with other firms, links to their activities, and ties with their resources (Anderson et al., 1994, p. 4). Gadde and Håkansson (2001) argue that the identity of a firm is determined by its position in the structure of actors, resources and activities in the network, and it sets the conditions for which actors are perceived as valuable counterparts. Consequently, Gadde, et al (2003) argue that a network view transforms the definition of an actor from an inside perspective (the actor) to an outside view (the network), actors being defined in terms of the resources they have been able to mobilize and the activities in which they are involved.

Rather than defining organizational identities either from an outside-in or an inside-out perspective, the notion of 'organizational identities in networks' (Huemer et al, 2009) explicitly acknowledges the network paradoxes stressed by Håkansson and Ford (2002). As mentioned in the introduction, from this perspective, identities depend on an interplay between internal features and successful control, and the internal features of others and their successful influence. The expression thereby captures the combination of external and internal factors at play in the development of a particular organization's position and identity.

Recent work in line with this reasoning points out that the process of 'inside' (self) identity construction is an element of industrial network structuring that merits greater investigation. However, in addition to attempting to control their own identity development, Ellis et al (2012) found that managers were expressing an outside view in their discursive construction of a host of other network

actors. Öberg et al (2011) similarly highlight that identities are shaped in interaction with business partners, and show how connections with other companies influence the ways a company is perceived and perceives itself. As Ellis and Ybema (2010, p. 279) point out, managers in inter-organizational relationships "discursively mark self/other boundaries that varyingly position themselves, and their colleagues, competitors, customers and suppliers." Managers can thus be seen as 'boundary bricoleurs' who discursively mark different self/other boundaries that varyingly position themselves and others, as 'inside' or 'outside' the organization or the relationship.

2.2. Sense-making and associated processes

Sense-making, i.e. the process by which people give meaning to experience (Weick, 1995), is closely associated with identity, one reason being that the formulation of an identity provides criteria for selecting what passes for 'knowledge' as opposed to 'noise' that should not be noticed (Luhmann, 1990). Likewise, Stimpert et al (1998) find that identity influences which stimuli are noticed. A similar line of reasoning is present among some IMP scholars, for instance Gadde and Håkansson (2001), who argue that identity impacts both the interpretation of the behavior of others and the principles for the company's own behavior. Sense-making can therefore play an important role in what may become another's successful influence.

However, expressions such as sense-giving and sense-breaking articulate one side only of the network paradoxes. According to Gioia and Chittipeddi (1991), organizational life is full of attempts to affect how others perceive and understand the world. These authors regard 'sensegiving' as "the process of attempting to influence the sensemaking and meaning construction of others toward a preferred redefinition of organizational reality" (1991, p. 442, emphasis added). Sense-giving thereby consists of attempts to alter and influence the way others think and act.

Sense-breaking is used to question existing understandings of others, causing them to experience their views of reality as incoherent, insensible and untenable.¹ The focal actor sets out to interrupt any undesirable courses of action taken by others in their surrounding network. Whereas sense-making and sense-giving entail the creation of meaning, sense-breaking involves the disruption of others' understandings.

As to sense-making in IMP research, Welch and Wilkinson (2002) propose a fourth dimension (adding to the ARA model) of relations and networks, namely that of ideas or schemas. These schemas are described as the way managers make sense of their world and the interactions taking place

1. According to Lawrence, T. B., and Maitlis, S. 2007. "The Disruption of Accounts: Sensebreaking in Organizations," paper presented at the Academy of Management Annual Meeting, Honolulu, HI (in Vlaar et al, 2007).

with other organizations. Building on the notion of network theories (Johanson and Mattsson, 1992), more recent work on network pictures (e.g. Henneberg et al, 2010) includes a sense-making dimension to industrial networks, as do concepts such as network horizon (Holmen and Pedersen, 2003). Like Weick's (1995) notion of sense-making, network pictures are essential to the construction process of an organisation's identity (Henneberg et al, 2006).

However, it is noteworthy that the influence paradox rarely is explicitly acknowledged when IMP scholars address sense-making. For instance, Welch and Wilkinson (2002) stress that a focus on ideas highlights another way in which firms may attempt to develop and manage relations and network positions over time. They can try to influence directly and indirectly the schemas of others and the way they are coupled, instead of trying to alter the extrinsic costs and benefits. Similarly, Möller (2010) describes how firms try to make sense of their networks and how they try to influence the sense-making of other actors, shaping their network pictures and behavior in turn. Through agenda setting (a form of sense-giving), a company can influence the sense-making of others.

To sum up, work outside the IMP tradition tends to take an inside-out view where organizations are viewed as being in control of their identity development, where a focal unit is attempting to influence its network by sense-giving or sense-breaking strategies. When regarding identity and sense-making respectively, IMP research provides different views: As to identity processes, IMP theory differs from the inside-out view by emphasizing the influence of others. With respect to sense-making, IMP scholars have been more in line with others streams of research stressing the importance of influencing others. An exception is Henneberg et al's (2010) claim that the way of thinking (i.e. sense-making or subjective network pictures) about a business network will change and be adapted due to the reactions of other actors in it. The notion of organizational identities in networks implies that experimenting with one's identity may prevent firms that operate across national borders from becoming overwhelmed by the endless stimulus of the emerging networks they exist in, but also from failing to shape organizational identities from within.

3. Research design and methods

The farmed salmon industry provides an interesting setting for organizational identity concerns. It is a business activity which transforms the focal resource – the fish itself - in its most profound way. It challenges firms' views of their 'theory of who we are' and it creates fundamental debates in indigenous communities regarding relationships with commercial firms and if salmon farming is consistent with indigenous cultural continuation or contrary to their traditional values. Focal actors in this study, briefly described below, are Cermaq,

EWOS, Mainstream and the Ahousaht First Nation.²

3.1. Research Setting

Statkorn Holding was established in 1995 when the Department of Agriculture of the Norwegian Government commercialized its grain operations. Over a period of twelve years, the corporation developed from being a state owned monopoly in the agriculture industry, to become the second largest MNC in the salmon farming industry, primarily owned by private investors. In 2001, Statkorn was renamed Cermaq, a group consisting of EWOS (the feed division) and Mainstream (the farming division).

EWOS is present in all of the four large salmon-producing countries, with three production facilities in Norway, and one each in Chile, Canada and Scotland, in addition to its presence in the pangasius feed market in Vietnam. In 2011, a combined production of 1 million tonnes of fish feed was reached. EWOS has just over 1 000 employees, including EWOS Innovation, which is one of the largest privately owned companies in aquaculture research and development. The main areas of focus are nutrition, the environment, technology and product development for fish feed and fish health products. Fish farming activities in Cermaq are executed by the Mainstream business division, with operations in Chile, Canada and Norway. Mainstream employs app. 3 000 people, and reported operating revenue for 2011 of NOK 3.6 billion.

Ahousaht is located on Flores Island, off the West Coast of Vancouver Island. Ahousaht has a population of over 1000 people in the reserve and over 2000 members, and is the largest First Nation on the west coast of Vancouver Island. Mainstream Canada holds half of its operations in the Ahousaht territory where it has been operating since 2000.

3.2. Data Collection

The primary data stem from interviews and discussions with a number of actors in different business units in the Cermaq group and in the salmon production networks in Chile and Canada. Interviews were conducted in Norway, Chile and Canada with people at the Cermaq Corporate headquarters and its subsidiaries. Interviews with a number of additional actors include leaders of the Ahousaht and other First Nations in British Columbia; indigenous and local community representatives in Chile; NGOs and activists. Altogether, 78 interviews were conducted between 2003 and 2012- 46 of which were conducted in Chile, 20 in Norway and twelve in Canada. Press articles as well as company documents were also used in addition to these semi-structured, face-to-face in-depth interviews. Participation in seminars and workshops throughout this time period has provided additional information.

2. First Nations is a term that refers to various Aboriginal/Indigenous peoples, foremost in North America.

3.3. Data Analysis

The question of whose standards should prevail occurs frequently among different stakeholders in the salmon farming industry, and MNCs in this industry regularly face frequent criticism for not bringing their best practices abroad, but applying 'double standards' in different locations. Standards (cf. Brunsson and Jacobsson, 2002) were used as proxies for the actor-resource-activity dimension of industrial networks; standards about being something related to the actor, standards about having something correspond with the resource dimension, and standards about doing something concerning activities. Arguably, an organization's 'theory of who we are' will shape its understanding of standards. Standards may also become part of an organization's identity if they become central, distinctive and to some degree enduring.

The initial analysis was based on a holistic goal to understand "what was going on" (cf. Alvesson and Kärreman, 2007) within and between these actors. Emerging data sets with such raw data expressions were successively examined and related to the literature on identity and identification (such as network identity, network identification, sense-making and sense-giving). At a later stage the emerging notions were analyzed with the network paradox in mind. Using standards as a reference point, themes such as the balance of local and global demands (adapting to existing standards or developing new standards) and the creation of critical social and environmental movements and indigenous development vs. increased marginalization emerged. The raw data and the emerging categories were examined and related to theoretical concepts in an iterative fashion. In this sense, the study identified the categories and dimensions of analysis through a thorough review of the interview transcripts,

Table 1: Actor-Resource-Activity standards

| ARA and standard dimensions | The focal resource (Atlantic salmon) | The Firm (Cermaq) | The Salmon network |
|---|---|--|---|
| Actors 'Standards of being' | <i>Genetics</i> <ul style="list-style-type: none"> • Atlantic vs. Pacific • Wild vs. Farmed | <i>Organizational identity (interpreted theory of who we are)</i> "We are business-minded farmers and feed suppliers with a sustainable shareholder focus". | <i>Industrial characteristics</i> Sustainability vs. profitability <ul style="list-style-type: none"> • Economic • Social • Environmental |
| Resources 'Standards of having' | Nutritional qualities, fat content, omega 3 etc | Global principles with local interpretations present in the firm's 'Passport to sustainable aquaculture'. | Absence of accepted international standards <ul style="list-style-type: none"> • Area/country specific customer preferences • Area/country specific regulations |
| Activities 'Standards of doing' | Creating business opportunities Escaping and threatening eco-systems | Balancing local and global demands <ul style="list-style-type: none"> • Adapting to existing standards • Developing new standards | Creation of industrial clusters, employment and wealth accumulation Creation of critical social and environmental movements Indigenous development or increased marginalization |

juxtaposing them with existing theory.

4. International salmon farming

Standards in several dimensions are at the core of the present case. They concern the focal resource and industrial use of resources and development of activities. Table 1 provides a simplified overview of the case in this respect.

Although aquaculture has traditions spanning thousands of years, the modern and increasingly global business is still a young industry. The origins of salmon farming can be traced back to fertilization trials in Europe in the second half of the eighteenth century. Hatcheries were established one century later in both Europe and North America. The modern techniques of salmon culture in floating sea cages were initiated in Norway in the late 1960s. By the 1980s and 1990s, commercial salmon farming was established, foremost in Norway, Scotland, Chile, and Canada.

Aquaculture is indeed changing seafood consumption patterns; today an increasing share is based on farmed products rather than wild catch.³ Atlantic salmon has outstanding characteristics for intensive culture and therefore plays an important role in this transformation. In 1996, salmon aquaculture overcame the salmon fishing industry as the most important supplier of salmon products worldwide.

Consequently, aquaculture carries a promise of a blue revolution, producing most of the world's marine produce, alleviating poverty and food shortages. The rapid development in Norway during the last four decades is explained by the support of the government in terms of research and development programs. More recently, research and development in the private sector, especially the feed and pharmaceutical firms, has been essential to industrial development.

Farming of salmon in Chile began in the 1970s with the commercial cage rearing of rainbow trout and coho salmon. The industry expanded very rapidly beginning in the mid-1980s and Chile moved on to become the second largest producer of salmon in the world in 1992, and Chilean production almost equaled that of Norway in 2001. A new record was reached in 2004 and analysts believed that Chile soon was to surpass Norway to become the number one supplier of farmed salmon. However, significant issues with fish health hindered such a development, at least in the short run. Nevertheless, the salmon industry is one of the most successful commercial activities in Chile; salmon has been among the country's most important export commodities for several years (Vignolo, 2007).

Salmon farming in Canada takes place primarily in British Columbia and New Brunswick. In the mid 1980s Norwegian investors were attracted to British Columbia by its favorable environmental conditions and proximity to the U.S. market. Growth in recent years has been hampered by conflicts with 3. See e.g. (www.iser.uaa.alaska.edu/Publications/greatsalmonrun/SalmonReport_Ch_5.pdf

commercial and recreational salmon fisheries as well as First Nations members and environmental groups.

Consequently, not all stakeholders look upon salmon farming as a 'blue revolution'. It is also regarded by many as a health hazard and as being environmentally unsustainable. In general, industry critics find it essentially unsustainable to farm salmon based on pelagic catch which implies a net protein loss. The supporters of aquaculture strongly object to this, pointing to the fact that salmon scores better on the feed conversion ratio than most sources of animal protein. Nevertheless, the quote below is an example of the strong reactions the industry creates in both environmental and social dimensions:

"After throwing shit at us for 30 years, now they (the salmon farmers) are worried for their persistence. Who are these managers so that I can give them a hand? 'El huevon' is in Santiago with seven or eight kids studying at Nido de Aguilas while our kids are studying here with no future, and he shits all over our natural environment where my grandchildren will live...No, 'huevon', no, shame!"⁴ (Community spokesman, Chiloe, Chile).

Significant income inequalities and welfare differentials still exist despite Chile's relatively sustained growth and development of physical and social infrastructures.

4.1. Standards in salmon farming

Standards in different dimensions play an important role in this industry. They are developed by authorities as well as the producers, linked to global initiatives and the work of various NGOs and used as a platform for judgments and criticism from various stakeholder perspectives.

There are standards which constitute a particular kind of actor, standards which are unavoidable if the potential adopter would like to maintain a particular identity (Brunsson, 2002). This is the case with the fish itself, and standards in terms of being are at the core of the intensive debate in this industry. Norway is home to the world's most genetically varied wild salmon stocks, with genetically distinct groups found in the country's many wild salmon rivers. But since 1970, wild salmon stocks have been reduced by roughly 80 per cent.⁵ The extent that escaped farmed fish will change the genetic and physical makeup of wild salmon stocks is therefore a main concern. Moreover, salmon is not native to Chile, and Atlantic salmon is distinct from the Pacific salmon present in British Columbia. Some scientists consequently claim that large annual escapes of farmed Atlantic salmon enhance the risk of extinction of wild populations through genetic and ecological interactions (e.g. Roberge et al 2008). The

4. Huevon' is a Chilean expression which in this sentence has a strong negative connotation. Nido de Aguilas is an international school in Santiago de Chile. Chiloe is an island about 1200 km south of Santiago; central to Chilean salmon farming.

5. www.thefishsite.com/articles/822/farmed-salmon-are-changing-genetics

illustrations below show how authorities, NGOs, customer preferences and standard based organizations add to the 'standard challenge'.

In 2012, industry representatives from both feed and farming divisions claimed that authorities provide strong pressure regarding high standards. In Chile, new regulations have strengthened the authorities' power of influence regarding fish health, biosecurity and union rights. This development may be seen as a response to the 'double standard' criticism that firms have faced, not least in Chile. Norwegian authorities and labour organizations have responded to both social and environmental concerns. The Norwegian minister of Trade and Industry stressed in a speech in southern Chile in 2008 that he expected Norwegian firms, both public and private, to help increase salaries and working conditions in the industry. The Norwegian Confederation of Trade Unions (LO) visited Chile in late 2007 due to a request from Chilean unions. Afterwards it was stated that "we expected to find the same standards in work conditions and work environment at Marine Harvest and Mainstream's facilities in Chile as in Norway" (director of LO's fishery commission).⁶

External influence of this kind is clearly visible regarding the production of feed. Some years back, Norwegian authorities had a focus on the so called feed conversion rate, the amount of feed needed for the production of one kilo fish. Salmon farmers thereby faced restrictions on how much feed they were allowed to use for each site, which later was changed from a weight restriction to certain energy levels. The consequence was that the feed industry focused on producing the feed with the best feed conversion rate, which implied a focus on the feed's energy levels. In Chile on the other hand, such restrictions were not present, and the focus was on lowering the costs of feed per kilo salmon produced, not the amount of feed needed. These different standards resulted in different end products.

A number of different organizations play important roles in the development of standards in the salmon industry. For instance, World Wildlife Foundation has taken a 'diplomatic stance' and cooperates with the large MNCs in order to improve the sustainability of the business. The organization is positive towards dialogue and openness with commercial actors and is not, as such, against aquaculture. It wants a common international standard and a trustworthy independent certification authority. Other entities, like Pure Salmon Campaign, with its explicit objective of 'raising the standards for farm-raised fish' (see www.puresalmon.org) take a more critical stance towards the industry and actively engage in lobbying activities. Some of their concerns regard environmental issues, such as the use of antibiotics, pesticides and fungicides which are used to treat disease that cannot be treated with vaccines.

The industry also develops its own standards. Salmon Chile (www.salmonchile.cl) is an example of an industry

based organization working with standards. Its tool 'Siges' is created by the industry for the industry, in order to assist in the accomplishment of the national and international regulations and standards in terms of quality, environmental management as well as workers' health and security. The following section takes a closer look at one of the larger corporations in the industry.

4.2. Cermaq

Cermaq HQ gathered its subsidiary managers in 2003 to discuss the strategic development of the group. One of the themes for the meeting concerned the basic identity question: who are we as an organization? An outcome of the meeting was the creation of Cermaq's 'Passport to Sustainable Aquaculture', a document with a 'one firm-one standard' ambition which highlights sustainability and the special position of the firm's shareholders. This development can be seen as a combination of an internal desire to be 'one-firm', but is also due to external sustainability pressures, as indicated in the annual report from 2011 (cermaq.com) "Global initiatives contribute to creating a sustainable global environment on which we are dependent". Cermaq's interpreted 'theory of who we are' is "We are business-minded farmers and feed suppliers with a sustainable shareholder focus" (Huemer 2010). The group's focus on shareholders is evident also in the annual report (2011: p.3) "We will always be prepared to carry out transactions that increase value for our shareholders in the long term."

According to official sources (www.cermaq.com) global leadership requires that standards for best practice in operations are set and adhered to. In (2010) Cermaq became a member of the UN Global Compact initiative. The same year Cermaq also decided to join the Nordic UN GC network. The group has defined the most important areas as being quality (ISO 9001), environment (ISO 14001), food safety (ISO 22000) and occupational health and safety (OHSAS 18001).

Similarly, within the corporation there are also examples of efforts at applying human resource standards which are integrative, or 'global', in nature. As one Chilean supplier stressed: "before the Norwegians entered the business, our slogan was first comes salmon, second comes salmon, third comes salmon, fourth comes salmon, fifth comes you, and sixth comes the family. When the Norwegian companies came in they had a different way of thinking. The end of the shift came, and at 6 o'clock everyone left work to go home. Our time was respected. This change was imposed by the Norwegians." A Chilean executive similarly argued that "Cermaq's CEO was very clear with us ... That we as managers are responsible to apply certain strategies, more related to the employees. We are not only to worry about the market or the results, but the employees. To be honest, when I started in this business, I did not think in that way".

However, the one-firm ambitions also involve a balance

6. www.frifagbevegelse.no/magasinet/article3201287.ece.

of local and global ambition, which is related to ambitions to influence but also where the network influences in return. According to Cermaq’s official sustainability principles, monitoring systems are in place to ensure that products are compliant with relevant food safety regulations. At the same time, the firm’s target of zero fish escapes implies that the equipment used to prevent escapes must be adapted to local environment and weather conditions. The task is one of following and adjusting to global standards, while also acknowledging local influence. Moreover, Cermaq proactively partakes in the development of new standards through EWOS Innovation where feed products are developed on the basis of scientific knowledge gained through research and development.

The following two sections describe Cermaq’s entrance into to ‘new’ networks; when its subsidiary EWOS goes into Vietnam, and when Mainstream develops its work with the Ahousaht First Nation in Canada.

4.3. EWOS enters Vietnam

When EWOS entered Vietnam in 2011 this was done, according to the CEO of EWOS Vietnam, with a “Norwegian style, Cermaq culture and EWOS way!” With respect to influence flows and identity processes, this is an interesting and multidimensional expression. It is, of course, obvious that EWOS intends to influence the Vietnamese market by its entrance. But the subsidiary is also being influenced by its parent Cermaq, the national characteristics of its home country, and a set of influences the firm already has received from years of operations in other networks.

This implies that the firm which enters Vietnam is an actor with defined indicators and established management tools to monitor key sustainability parameters for feed production. EWOS Norway, Chile, Canada and Scotland are certified
7. As expressed during Cermaq’s sustainability seminar in 2012

according to ISO 9001:2000 and EWOS was the first firm in the Norwegian aquaculture industry to become certified according to ISO 22000:2005. In addition, EWOS has drawn up a code of conduct for its suppliers which demands that they sign up on the 10 Global Compact principles. EWOS’s suppliers are expected to comply with all legislation and regulations in force in the countries in which they operate, and that they have standards for ethics and corporate social responsibility. EWOS’ approach is to work with their suppliers to obtain improvements based on a Supplier Development Plan, or, alternatively, end the supplier relation if improvements do not materialize.

A related initiative is the participation in the International Fishmeal and Fish Oil Organization (IFFO), a global NGO which has specialized consultative status with the UN Food and Agriculture Organization (FAO). IFFO represents fishmeal and fish oil producers and related trades throughout the world, with a vision of enhancing human and livestock health and welfare via superior nutrition to the benefit of consumers worldwide. However, none of this was present when EWOS was established in Vietnam in 2011 and none of the standards were in place by year-end. In March 2012, ISO 9001 was obtained, and a plan has been made to successfully get the other standards in place.

The interplay between influence flows is presented in table 2, which shows how Human Rights are interpreted in Cermaq’s global compact approach. When entering Vietnam, EWOS was of course aware of that one of the global initiatives Cermaq endorses is human rights. The table visualizes how such external influence was approached and what the firm, specific responses were. Arguably, such a response is not given but subject to the firm’s identity and the related sensemaking. This is present in Cermaq’s ethical and corporate responsibility guidelines and

Table 2: Sense-making of standards (Adapted from www.cermaq.com)

| Principle: Human Rights | Approach taken | Response |
|--|---|---|
| (sense-taking) Businesses should support and respect the protection of internationally proclaimed human rights. | (general sense-making) We support the UN Declaration of Human Rights and have made a commitment to respecting human rights throughout our operations, including in our supply chain. | (specific sense-making) <ul style="list-style-type: none"> • Cermaq ethical and corporate responsibility guidelines • Supplier code of conduct |

its 'Supplier code of conduct'.⁸

In concrete terms, EWOS 'made sense' of this combination of external and internal issues in the following way: The implementation of Cermaq's CSR policy (regarding employee training etc) implied a reduction of the workload from twelve to eight hours per work day. The EWOS office is now closed on Saturdays, union support has been developed and the entry level salary is app 40 % above minimum wage, whereas at year end 2011 the average monthly wage for all operational level employees in EWOS Vietnam was 88% percent more than the minimum monthly wage. As will be discussed in the analysis, this development includes sense-giving and sense-taking processes, dimensions which are present also in the relationship between Mainstream Canada and Ahousaht.

4.4. Mainstream and salmon farming in indigenous waters

Salmon farming in indigenous communities is a highly controversial issue. It receives much more attention in Canada, where the First Nation groups are strong and well organized, than in Chile where the indigenous movements are more fragmented.

In line with the claim that there are standards which constitute a particular kind of actor, the debate within indigenous communities regarding salmon farming has become of significant concern. Indigenous peoples in both Chile and Canada have been involved in the catch of wild fish as a fundamental basis for their survival. Whether salmon farming is consistent with, or contrary to, indigenous development remains a topic of great conflict. Chilean indigenous leaders have explicitly referred to the speech by the Norwegian minister previously mentioned, when accusing Norwegian MNCs of using 'double standards'. These communities feel that they have been neglected during the 25 years that the salmon companies have been in their traditional territories. Their criticism involves the Chilean state's support of corporations as much as the actions of the firms themselves.

Similarly, Canadian First Nation leaders frequently visit Norway to voice their concerns about the large salmon farmers. The issue of 'double standards' is core also here: "We do not need to accept that there are poorly placed farms here, that they fix things in Norway and not here, that they use double standards" (First Nation leader). The opinion is that operating within the legal frameworks of the countries where you are, but not bringing best practices, is exploitative and it is hypocritical. A basic problem is that many First Nations believe the firms' first, if not only, priority is making money, while they neglect to relate to and learn from the indigenous way of living.

The development of the Mainstream-Ahousaht relationship has been highly controversial and characterized 8. <http://www.report2011.cermaq.com/our-approach/endorsing-global-initiatives>

by significant levels of conflict over the last decade. For the Ahousaht people, the question of salmon farming and its relationship with Mainstream Canada has been fundamental. It has been a question of their own understanding of who they are, what they are, and where they want to go. Ahousaht opposed salmon farming rather fiercely during the 1980s and 1990s.

However, based on an earlier agreement, Mainstream Canada and the Ahousaht First Nation signed a new protocol agreement in 2010. The protocol guides the principles for working together and establishing a sustainable and mutually beneficial salmon farming operation. This is in the traditional territory of the Ahousaht, where business practices are expected to be conducted in an environmentally, socially and economically sustainable manner. Elements of the agreement for Ahousaht include economic benefits, training and education programs, salmon enhancement funding, employment, and contracting and business opportunities. The protocol also provides certainty and stability for Mainstream to operate within the Ahousaht territory, according to the CEO of Mainstream Canada.

Parallel with this development, the Aboriginal Aquaculture Association was established as a federally incorporated company in July, 2003 by six Founding Members, representing a cross-section of aboriginal leaders in British Columbia.⁹ These leaders had come to realize that there were very few opportunities for their members to look forward to within the resource sectors of their local communities. It was concluded that various forms of aquaculture may provide successful careers for their communities. The Mission of the Aboriginal Aquaculture Association is: "To promote and assist the development of First Nations' Aquaculture in British Columbia that respects and supports First Nation Communities, Culture and Values."

5. Sense-processes in networks

The analysis focuses on sense-processes on a network level of analysis, and relates these to the organizational identity construct. The first section proposes that a three layered identity notion has conceptual merit; the following section focuses on the different sense-processes. The network level which is proposed builds on Henneberg et al's (2010) notion of 'sense-making as interaction', which also includes the issue of collective sense-making.

5.1. Identity layers

Cermaq's Passport to sustainable aquaculture stresses that the most important stakeholder is the shareholder. A core value, which arguably is central, distinctive and seemingly enduring, is 'business mindedness' with the following implication: "We are always thinking of generating cash and opportunities for profit. All other goals come to naught if we fail."

9. www.aboriginalaquaculture.com

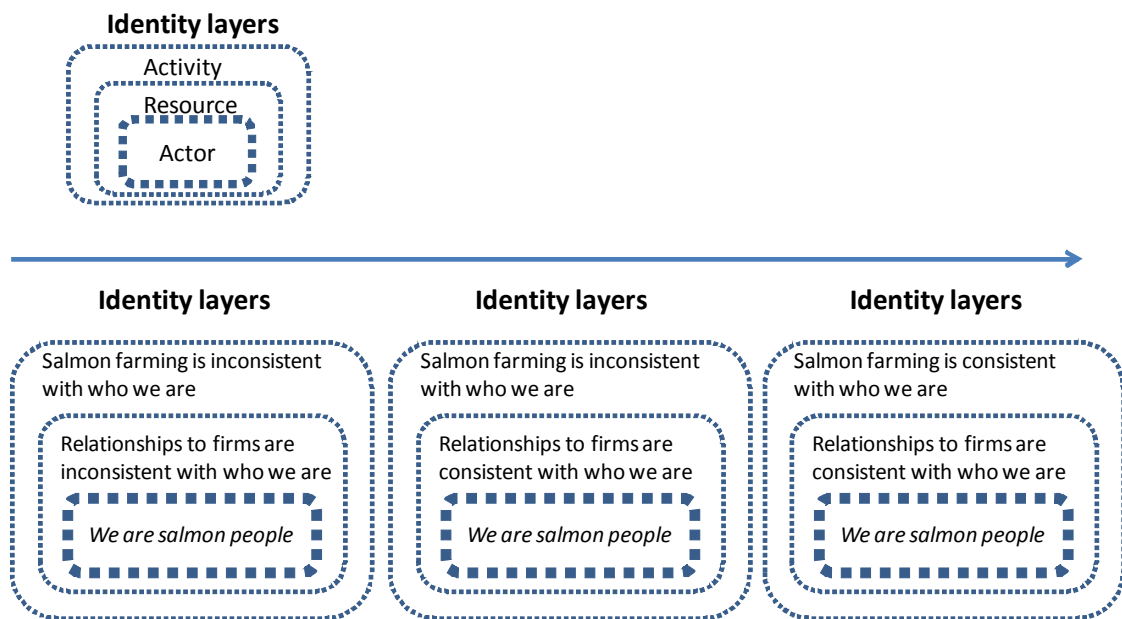


Figure 1: Identity layers

When EWOS entered the Vietnamese market with a Norwegian style, Cermaq culture and the EWOS way, this value remained central. It is also explicit on official documents that ethical and corporate responsibility guidelines build on the group's core values and Corporate Governance Principles. As will be claimed below, Cermaq's approach in British Columbia has remained business oriented as well.

Cermaq's sustainability performance indicators are also customized by including indicators that specifically address unique sustainability impacts related to the production of fish feed and farmed fish. The set of indicators that 'makes sense' to Cermaq, i.e. what the firm has determined as being central to its operations, include fish mortality, sea lice, fallow time and medicine use. The point here is that they have interpreted this to be important; this is their interpretation of how to act on external standards. Figure 1 illustrates identity layers, i.e. interdependencies between who we are, the resources we develop and the activities we chose to perform.

An illustration of the model is given by using an example from a First Nation perspective. Enduring expressions of 'being', such as 'we are salmon people', may result in different views on acceptable resource development (having relationships to commercial firms or not) and activities (doings in the form of salmon farming). In the project it became clear that a First Nation's view of itself can be in conflict with the development of relationships to corporations and in developing salmon farming activities; both issues may be

interpreted as being inconsistent with cultural maintenance and development. That is, First Nations engaging in salmon farming are not indigenous (or 'real Indians' which was the expression used, since salmon farming supposedly ruins their indigenous being); similarly, First Nations having relationships with commercial farming companies are not 'real Indians'.

However, the sense-making behind this expression may also be consistent with developing relationships to commercial actors. Other indigenous business developments, such as tourism, focus strongly on 'authenticity', a notion which, according to some actors, does not match well with salmon farming (again, 'real Indians' are not supposed to farm salmon but engage in wild catch). 'Salmon people' could in other words develop relationships to firms involved in, say, tourism or forestry.

Nevertheless, a growing number of cooperative ventures between salmon farmers and different First Nations also exist. Marine Harvest has been in the KITASOO territory for over ten years. The MNC was invited to come and develop the business by the indigenous leaders. In this case, like in the Mainstream-Ahousaht relationship, salmon farming becomes interpreted as viable activity being consistent with 'who we are'. Since wild catch of salmon no longer is commercially feasible, then it is acceptable for 'salmon people' to farm salmon; moreover, having relationships to commercial firms (including MNCs in salmon farming) becomes consistent

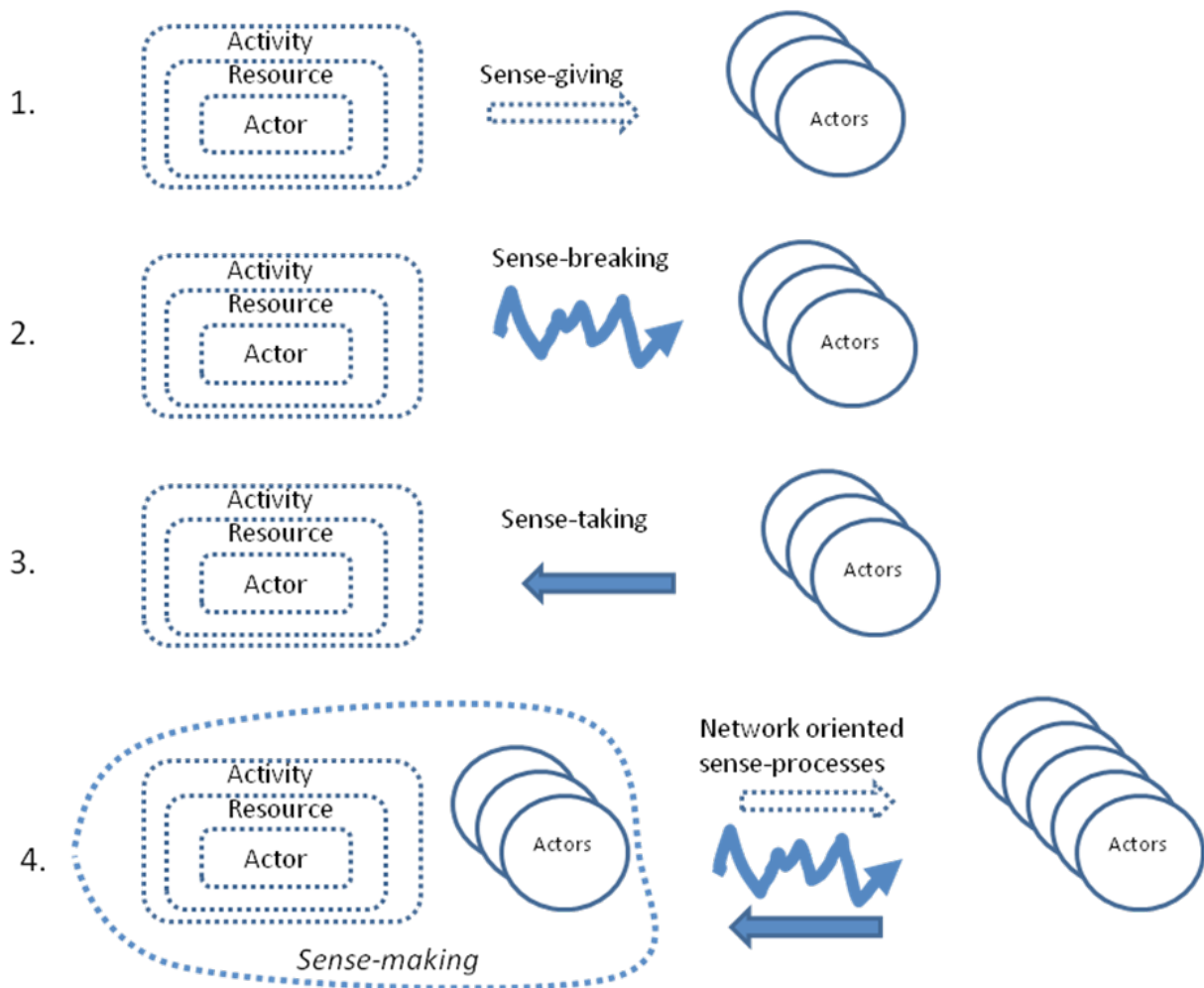


Figure 2: Sense-processes in networks

with cultural maintenance and development.

Such a development may be analyzed by using the expression 'network identification' (Huemer et al, 2004). Network identification involves an explicit focus on boundaries that are activated, questioned and moved. It concerns an organization's ability or inability to shape the means that define its commitments and its forms of belonging. Drawing and redrawing boundaries affects who you identify with, i.e. what kind of relationships one finds feasible to develop. This notion is useful also when turning specifically to the different sense-processes. Conceptual definitions and empirical illustrations are given according to figure 2.

According to previous reasoning, sense-giving is the process of attempting to influence sense-making and understanding of others towards a favored view. This may occur, for instance, when a particular firm tries to improve its perceived attractiveness in the network. Sense-breaking is also here seen as a process of influencing others so that they come to experience their views of reality as incoherent. However, neither of these accounts is cognizant of the

network paradox, that others are likely to influence in return. Therefore, the notion of sense-taking is proposed.

Sense-taking involves how others provide meaning for you. Such meaning may come from how others perceive you, use your resources, and integrate your activities: Basically, how a focal firm's sense-making and, ultimately, identity development is influenced. This view thereby builds on the original claim behind 'identities in networks': that the internal features of others and their successful influence matters for identity development. Others' influence may of course include both sense-giving and sense-breaking ambitions.

Moreover, much identity work occurs in and via networks, something which deserves explicit acknowledgement. Sense-processes on a network level of analysis imply that organizations jointly relate to some 3rd entity either by giving, breaking or taking influence. These conceptual claims are further illustrated below, according to figure 2.

1. Sense-giving

The previously mentioned Cermaq 'Passport to sustainable

aquaculture', which entails the group's core values and principles, is an artefact which in itself embodies sense-giving ambitions. It is an internal and external communications tool allowing the firm to articulate 'who we are and what we stand for'. In a similar way, Cermaq's annual sustainability seminar and the annual report are ways of sense-giving.

Another illustration comes from the Aboriginal Aquaculture Association; their mission can be seen as a sense-giving regarding others' understanding and appreciation of First Nations and salmon farming. The organization wants to justify salmon farming and 'sense-give' as to how this should be done.

2. Sense-breaking

From a producer perspective, an example of sense-breaking can be traced back to the development of raw material consumption, which over the years shows a continued reduction in the use of marine raw materials for feed production. This development, which is central regarding sustainability, has also been challenging because different markets have different acceptance for diets with alternative feed ingredients. There seems to be a need to break with the 'truth' that salmon feed needs high contents of pelagic catch in order to develop feed with less marine content.

Another example of sense-breaking can be linked back to the criticism provided by NGOs as previously mentioned. Their ambition seems to be to break the belief in a 'blue revolution'. The Pure Salmon Campaign has presented Cermaq as a 'Corporate Criminal', with the intent of making

the firm as repulsive as possible. This strategy can be seen as sense-breaking with the ambition of influencing someone else's strategic network identity.

3. Sense-taking

There are several examples of sense-taking in the case. Cermaq's acknowledgment that global initiatives contribute to creating a sustainable global environment on which they are dependent is one illustration. Another example comes from Ahousaht's influence on Mainstream Canada's activities; the First Nation now influences how business is conducted. Mainstream's sense-taking involves several issues: the selection and replacement of farming sites according to Ahousaht's traditional knowledge; cleansing ceremonies to be conducted after accidents have occurred; the use of labor and work routines not least in process plants which are influenced by First Nation values.

Influence from different authorities is multifaceted, however, and does not always translate into straightforward sense-taking (based on successful influence). As was indicated in the case, Norwegian authorities (being large owners of Cermaq) expected that Cermaq would help in improving standards in Chile, whereas Norwegian unions requested the same standards in Chile and Norway. Such a demand also implied a change in standards, but is stronger than the request presented by the Norwegian state. This is one example of the complexity regarding standards from external stakeholders' viewpoints. Cermaq's response to this was the following: "Being Norwegian in Chile is an impossible

NORWEGIAN SALMON FARMING



IS KILLING THE COAST OF BRITISH COLUMBIA

Source: <http://www.superheroes4salmon.org/blog/cermaq%E2%80%99s-crime-scene-clayoquot-sound-unesco-biosphere-reserve>

Figure 3: An illustration of network level sense-breaking.

policy; in Chile we must be Chileans” (Cermaq CEO).¹⁰ This is an illustration of how identity and the following sense-making of an organization relates to its sense-taking; rather than letting these authorities be sense-giving providers, the quote suggests that local Chilean influences were more important for sense-making within Cermaq. As has been suggested previously, identity influences which stimuli are noted and which are not.

4 The network level

Many of the examples above include a network dimension which deserves to be acknowledged. For instance, Cermaq’s sustainability seminar is not only about providing sense concerning their own corporation; these events are also occasions of sense-giving on an industrial level. Similarly, Cermaq’s participation in IFFO concerns network influence with an ambition of helping smaller actors with their sustainability, which ultimately may improve the entire industry.

Similarly, the common vision established by Mainstream and Ahousaht regarding salmon farming in a UNESCO Biosphere Reserve is about drawing new boundaries and jointly engaging in sense-giving towards a set of stakeholders. Such network processes coexist with network ambitions of others. For instance, NGOs simultaneously engage in network level sense-breaking by questioning the ‘blue revolution’. As figure 3 indicates, the ambition is to influence 3rd parties to think differently about a set of actors, not a single organization.

Network identification becomes important with respect to these sense-processes, since it concerns the possibilities of shaping the network theories of others (helping ‘Them’ in imaging ‘Us’ or preventing them from developing such perceptions).

6. Conclusion

This study has mentioned the ‘double standard’ criticism facing MNCs in the salmon farming industry. A multi-domestic strategy emphasizes acceptance of and conformity to local laws and standards and significant local autonomy. By contrast, a globally integrated strategy emphasizes a top-down, consistent set of policies and procedures which are to be universally implemented (Bartlett and Ghoshal, 1989). Acknowledging these options, it is interesting to note that neither of them would help in avoiding the ‘double standard’ criticism, however. From a strong integration demand, different standards would become seen as ‘double standards’, which would indicate that the firms should adopt global strategies. From the viewpoint of a multi-domestic strategy, however, using the same standard in two different locations could be regarded as a ‘double’ or questionable practice, since local variation would be disregarded.

It is, in other words, impossible to avoid criticism of this nature. What managers can do, however, is to acknowledge the importance of balancing identity coherence in the ARA dimensions with the ambition of being seen as a legitimate actor in the network. The argument behind ‘identities in networks’ is that organizations need to acknowledge ‘outside in’ influences regarding their identify development and be clear on their own ‘inside-out’ ambitions: acknowledge what kind of firms they want to be, or become. As argued by Hatch and Schultz (2002, p. 1004), an organization’s self is continuously socially constructed from the interchange between internal and external definitions of the organization offered by all organizational stakeholders.

Work on organizational identity occasionally equals activities with ‘the theory of who we are’. The ARA layered identity model used here finds such an approach too simplistic; important nuances may be lost if identity becomes reduced to activities, or interpreted from resource dimensions only. As argued by Fry and Kriger (2009, p. 1687), the direct experience and understanding of ‘being’ has atrophied in the world today, largely owing to an overemphasis on ‘observables’ in the shape of ‘having’ and ‘doing’.

Identity work and sense-processes add to ongoing IMP research with respect to resource interfaces and activity links by (re)-emphasizing the actor dimension and highlighting meaning. As argued by Kogut and Zander (1996), the identity of an actor may make some practices and businesses, notionally inconsistent with each other. This argument becomes further nuanced by acknowledging a ‘layered’ identity model.

Previous work on sense-making (including sense-giving and sense-breaking) tends to disregard the network paradoxes: that others are likely to influence (and control) in return. Identity work in networks becomes even more interesting, and challenging, when acknowledging sense-taking processes as well. Sense-taking is not only a reflection of sense-giving. Whereas the latter is based on attempts to influence, the former is based on successful influence in some or several of the identity layers. Cermaq’s relationship to the Ahousaht First Nation has not changed its fundamental business values, but Ahousaht has successfully influenced Cermaq’s resource base and activity patterns in British Columbia.

Internal desires to be(come) a particular kind of organization and ‘outside’ pressures explain why some resource ties and/or activity links may be inconsistent with a particular identity project. For instance, the activity salmon farming may be acceptable as such; I just do not want to do it with you (if you are a MNC). Adding processes of meaning to these layers provides nuances to stability and change, such as how synergies and conflicts may develop in parallel. In line with Welch and Wilkinson (2002), the development of shared ideas and meanings may affect each ARA dimension in different ways. As illustrated in figure 1, a First Nation’s

10. Verdensmagasinet X, 2007 www.xmag.no/id/130.0

understanding of who they are (Salmon People) remains intact. NGOs question the sustainability of salmon farming and also, implicitly at least, relationships to MNCs. Naturally, the firms have another agenda and try to influence differently. By emphasizing meaning in the ARA model, future network analyses may provide further understanding of efforts not only related to resource coordination as such, but also to 'battles over meaning' or 'battles of ideas' (cf. Abrahamsen et al, 2011). This covers not only how sense-processes and representations of meaning change, but also that the actors themselves may change over time. In this respect, it is not necessarily easier to change meaning (and identity) compared with activated structures.

Finally, the idea of organizational identity change is crucial, dealing as it does with fundamental self definitions. The literature has so far been fairly abstract in detail regarding identity change and development (Corley et al, 2006). The layered notion here presented may be used to study (and reinterpret previous studies) in a more fine grained manner regarding which dimensions that change and remain stable during identity and sense-developments.

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