

Confronting the Contested Past: Sensemaking and Rhetorical History in the Reconstruction of Organizational Identity

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ABSTRACT

This study explores how organizations experience and respond to identity challenges that arise due to conflicting interpretations of their past. Drawing on a case study of a fintech venture, we offer a process model that illuminates the unfolding of “temporal identity complexity,” a sensemaking process that involves different members developing conflicting understandings of how the past undermines the organizational identity. Our model also reveals how leaders can restore members’ beliefs in the organizational identity through “temporal synergizing,” a sensegiving process that recombines conflicting interpretations of the past to support desired identity claims in the present and future. In contrast with prior research that emphasizes the need to construe a sense of identity continuity over time, we show how organizations can instead capitalize on perceived discontinuity in their past to reaffirm identity. We discuss this and other contributions to research on organizational identity, focusing on its threads on sensemaking and rhetorical history. This includes exploring the important role that temporality and emotions play in organizational identity reconstruction.

Oriel College in Oxford (UK) has been in turmoil since 2015. Members have been contesting it based on conflicting views of its past. Some contend that the college primarily had a racist past because of its long-standing connection to Victorian white-supremacist and college benefactor Cecil Rhodes (Race, 2021). They demand that the college distances itself more forcefully from this past. Other members believe that the college primarily had an academically illustrious past. They demand that the college continues to value the role of Cecil Rhodes's donation to Oriel in enabling this (Quinn & Adams, 2020). These contested views have led to a profound identity crisis that caused long-running disruptions to the college (Morrison, 2021), including teaching boycotts by faculty, cancelled donations by alumni and ongoing heated discussions¹.

This vignette is one example of current divides in organizations over “who we are” and “who we should be” that can be traced back to conflicting views of “who we were” – and whether who we were and what we did was right. Such situations threaten the reconstruction of organizational identity, that is, organizational members’ understandings of “who we are” (Gioia, Patvardhan, Hamilton, & Corley, 2013; Pratt, Schultz, Ashforth, & Ravasi, 2016) and “who we are becoming” as an organization (Gioia, Schultz, & Corley, 2000; Schultz & Hernes, 2013). Such understandings are continuously reconstructed (Ravasi & Schultz, 2006; Schultz & Hernes, 2020) as members and leaders incorporate memories from the past, experiences of the present, and projections of the future into a coherent interpretation of the organizational self (Suddaby, Schultz, & Israelsen, 2020). However, as we argue below, the reconstruction of organizational identity is problematic when members question the identity as a result of holding conflicting views of the past.

Prior research on organizational identity has explored the identity challenges posed by members’ perception of a temporal identity discrepancy: the discrepancy between members’ understandings of “who we were” in the past (or are becoming in the present) and leaders’ claims of “who we are” in the present (or should be in the future) (Corley & Gioia, 2004). A key finding of that research is that leaders can address this threat (e.g., Lyle, Walsh, & Coraiola, 2022) and reaffirm the organizational identity by discursively construing a sense of

¹ The authors prepared this vignette based on the sources cited in the text.

temporal identity continuity – that is, a sense of coherent enactment of identity across the past, present, and future (e.g., Anteby & Molnar, 2012; Gioia, Corley, & Fabbri, 2002).

However, what remains a puzzle is how leaders construe temporal identity continuity when members challenge the identity based on views of the organization’s past that conflict with each other (in full or in part). Indeed, in these situations “a desired action for one actor may be a breach [of identity] for another” (Jacobs, Kreutzer, & Vaara, 2021: 948). We contend that when this occurs leaders cannot construe a sense of temporal identity continuity because, by trying to create a sense of continuity that resonates with one view (Gioia et al., 2002), leaders would reject another view and alienate its proponents (Garcia-Lorenzo, 2020). For example, in the opening vignette, siding with the view of some members that Oriel College has primarily been and always will be academically excellent thanks to Cecil Rhodes’s endowment conflicts with the view of other members that the college’s past, present, and future are primarily tainted by the continued association with Rhodes’s legacy. Alternatively, by trying to create continuity with all conflicting views, leaders would also worsen the situation because they would mire themselves in contradictions (Lüscher & Lewis, 2008).

Thus, while scholarship has established that projecting temporal continuity is the standard approach for reaffirming organizational identity in situations of perceived temporal identity discrepancy, using this approach when members contest the organization’s past in conflicting ways would fail to resolve the identity challenge. As the crisis at Oriel College suggests, the existence of such contestation can profoundly disrupt organizations and their functioning, making it particularly important to understand how leaders can resolve it. Examples of such contestations abound, especially in organizations with past ties to colonialism (Van Lent & Smith, 2020) and dictatorial regimes (Booth, Clark, Delahaye, Procter, & Rowlinson, 2007) and organizations that were involved in scandals (Garcia-

Lorenzo, 2020), major transformations (Foroughi, 2020), and mergers (Brown & Humphreys, 2006). To explore these important dynamics, this study examines the following research question: *How do leaders and members reconstruct the organizational identity when members contest the organization's past in conflicting ways?*

To answer this research question, we analyzed how members and leaders of the fintech organization DigiCo (pseudonym) made sense of, and gave sense to, the organizational identity amid ongoing reminders of its early days. Members emphasized one of two conflicting aspects of the same period of the past: either the fame or infamy that the early years had brought, as members related DigiCo's past fast growth either to its famed pioneering technology or to its infamous practices that harmed vulnerable customers. Both groups of members, in turn, questioned the significance of the identity claims that DigiCo was a customer-focused fintech.

Building on our findings, we offer a theoretical model of temporal identity reconstruction amid members' conflicting contestations of the organization's past. Our model highlights the unfolding of "temporal identity complexity"—a sensemaking process that involves different members developing conflicting cognitive and emotional understandings of how the past undermines the significance of the organizational identity in the present and future. To tackle this challenge, leaders engage in "temporal synergizing"—that is, a sensegiving process that recombines conflicting interpretations of the past to support identity claims in the present and future through three strategies ("transfusing," "grafting," and "defusing").

This manuscript contributes to scholarship on organizational identity, specifically to its threads on sensemaking and rhetorical history. First, we redirect the understanding of how engaging with an organization's temporal evolution affects the ongoing reconstruction of organizational identity (Schultz & Hernes, 2013; Suddaby et al., 2020). Whereas existing

theory suggests that leaders reaffirm members' beliefs in the organization's identity by construing a sense of continuity over time (Anteby & Molnar, 2012; Lyle et al., 2022), our study shows that leaders can reaffirm the organizational identity by capitalizing on identity discontinuity (i.e., a perceived lack of consistency between identity claims and organizational actions over time).

We find that capitalizing on identity discontinuity involves specific sensegiving processes that invoke perceived inconsistencies in past identity enactment to construe improved identity enactment in the present and future. We theorize how the two overarching approaches (construing a sense of continuity and capitalizing on discontinuity) differ in terms of how comprehensively leaders need to engage with memory cues, what challenges these approaches are best suited to address, and how leaders draw on the passage of time to justify the significance of identity.

Second, we articulate contributions to the thread of organizational identity theory on rhetorical history, defined as "the strategic use of the past as a persuasive strategy to manage key stakeholders of the firm" (Suddaby, Foster, & Quinn Trank, 2010: 157). Importantly, in contrast with prior research (e.g., Hamilton & D'Ippolito, 2020; Van Lent & Smith, 2020), we caution both against dissociating the organization from past acts that stakeholders perceive as problematic, as well as against prioritizing the view of some external stakeholders over others, as doing so may ignite an internal identity challenge.

THEORETICAL BACKGROUND

The Ongoing Reconstruction of Organizational Identity

Recent scholarship on organizational identity has adopted an ongoing view of temporality to examine processes of identity reconstruction (Hatch & Schultz, 2017; Schultz & Hernes, 2013). In this view, organizational identity is "continually reproduced and reinforced" (Gioia et al., 2013: 166) as organizational actors constantly and simultaneously

reinterpret the past and the future in an ongoing present (Hernes, 2014). As Schultz & Hernes (2013: 1) explained, “perceptions of the past are an intrinsic part of...organizational self-understanding, influencing how we see ourselves in the future.” Using cues from the past, experiences in the present, and imaginations of the future as resources (Ybema, 2010, 2014), members reconstruct shared understandings of organizational identity (e.g., Kjaergaard, Morsing, & Ravasi, 2011), and leaders give sense to the organizational identity claims over time (e.g., Ravasi & Schultz, 2006).

This perspective suggests that members and leaders continuously reinterpret the organizational past by piecing together memory cues that do “not always form coherent patterns” of identity enactment in the past (Schultz & Hernes, 2013: 4; see also Hatch & Schultz, 2017). Importantly, the events that symbolically mark the identity evolution as past and future horizons may be periods, experiences, or occasions that do not have defined durations and may span many years (Hernes & Schultz, 2020; Schultz & Hernes, 2020).

The ongoing reconstruction of organizational identity involves specific interpretative processes that create a sense of temporal continuity (e.g., Hatch & Schultz, 2017; Ravasi, Rindova, & Stigliani, 2019). A sense of continuity could arise from either a shared perception that events or acts follow from one another (e.g., Tsoukas & Chia, 2002), or that selected parts of the past, present and future can be joined together, even if they do not directly carry on from one another (e.g., Hernes, 2022; Schultz & Hernes, 2013). For example, Suddaby et al. (2020: 381) theorize that organizations need to create an “autobiographical memory,” that is the selective integration of events “from the past, in the present and for the future into an overarching life narrative” of the organization.

Collectively, these studies suggest that at the core of ongoing identity reconstruction are efforts from both members and leaders to construe a sense of temporal coherence of the organizational self. An important issue is how the continuous reconstruction of identity

unfolds when members perceive the organization's evolution as incoherent with the organizational identity claims.

Reconstructing Identity in the Face of Temporal Identity Discrepancies

Members may come to perceive that the organization's evolution is incoherent with the organizational identity that its leaders espouse in the present or propose for the future, leading them to challenge the identity (e.g., Corley & Gioia, 2004; Jacobs et al., 2021). For example, Ybema (2010) shows that many editors dismissed their newspaper's new liberal identity claims because they were incoherent with the critical focus they believed had characterized the newspaper over time. This process of noticing cues that are discrepant with identity and creating interpretations to rationalize them is known as sensemaking (Ravasi et al., 2019; Ravasi & Schultz, 2006).

Some scholarship on organizational identity has established that members' perception of temporal identity discrepancies may trigger an imperative for leaders to engage in sensegiving. This is an interpretative, discursive process that tries to shift members' sensemaking toward a preferred redefinition of identity (Gioia & Chittipeddi, 1991; Maitlis & Christianson, 2014).²

To reaffirm identity claims, leaders tend to construct a sense of temporal identity continuity (for a review, see Gioia et al., 2013).³ Scholars of rhetorical history have theorized that leaders do so by "re-membering" the past (Suddaby, Foster, & Quinn Trank, 2016). This

² Our study focuses on leaders' efforts to influence *internal members'* views of the organization's identity. A thriving body of research has also explored leaders' sensegiving efforts directed at influencing *external stakeholders'* views of the organization (e.g., Foster, Suddaby, Minkus, & Wiebe, 2011; Poor, Novicevic, Humphreys, & Popoola, 2016). These efforts can occur simultaneously but are distinct. Also, leaders can engage in nondiscursive efforts to address members' perceptions of identity discrepancy, such as by leveraging material artifacts (e.g., Hatch & Schultz, 2017; Schultz & Hernes, 2013). In this paper, we focus on discursive efforts. We thank our reviewers for noting these distinctions.

³ To alter or abandon an organizational identity instead of reaffirming it, leaders can construct a sense of *temporal identity discontinuity*. This involves undermining the organizational identity and suggesting that it has (had) a negative impact on the organization's evolution (Brown & Humphreys, 2003; Ybema, 2010, 2014).

process involves invoking the past selectively to connect with the desired organizational identity (e.g., Foster, Coraiola, Suddaby, Kroezen, & Chandler, 2017; Golant, Sillince, Harvey, & Maclean, 2015). Leaders can achieve this in different ways, such as by omitting or rationalizing memory cues that would otherwise risk undermining identity claims (Anteby & Molnar, 2012) or connecting identity claims with “organizational history and tradition” (Ravasi & Schultz, 2006: 450) and with select macro-level discourse (Maclean, Harvey, Sillince, & Golant, 2018). For example, leaders may invoke some of the founder’s ideas to give members a sense of identity continuity and justify changing expressions of the identity such as those related to the introduction of new products (Basque & Langley, 2018).

In summary, this body of work stresses that to reaffirm organizational identity, leaders attempt to construe a sense of temporal continuity by invoking the past selectively in their sensegiving efforts. However, we contend that when members contest the past in conflicting ways, constructing continuity with the organization’s past presents leaders with a major dilemma.

The Dilemma of Reconstructing Identity amid an Internally Contested Past

Scholars have acknowledged that diverse groups of members may interpret the past in different ways (e.g., Foroughi, 2020); however, prior research has not considered the significant dilemma that arises when different members question the organization’s identity based on conflicting views of the past.

Indeed, construing a sense of continuity to influence members’ views of temporal identity discrepancy may worsen, rather than mitigate, identity threats in these situations. As leaders need to address the specific temporal disposition of each stakeholder group (Suddaby, Israelsen, Mitchell, & Lim, 2021), they should create a sense of continuity with one or all groups’ views of the past to reaffirm identity (e.g., Gioia et al, 2013). Yet the option of creating continuity with just one group’s view of the past (Gioia et al., 2002) would aggravate

the concerns of another group given that the views of each group are (partly or fully) conflicting with each other (Garcia-Lorenzo, 2020).

The other option of construing a sense of continuity with the conflicting views of all groups would be equally problematic because it entails taking an incoherent position. Offering “mixed messages” to members would perpetuate the contested views and make these issues “undiscussable and emotion-laden” (Lüscher & Lewis, 2008: 235), thus failing to solve members’ sensemaking challenges. Faced with a situation of a seemingly impossible choice between standard sensegiving approaches that either fail to address members’ contestations or worsen them, leaders would experience anxiety and paralysis that leave the organization in a dysfunctional state (Lüscher & Lewis, 2008).

In summary, what remains unclear based on existing theory is how leaders and members reconstruct the organizational identity when members contest the organization’s past in conflicting ways. Our study examines this research question.

METHODS

To address our research question, we conducted an inductive, qualitative study of how leaders at DigiCo, a fintech organization, engaged with members’ identity understandings, between September 2015 and February 2018. Initially, members questioned the significance of the organization’s identity claims given their conflicting understandings of DigiCo’s past. As DigiCo ultimately resolved this identity challenge, it represents a case that is revelatory (Yin, 1994) and valuable for exploring the phenomenon.

Case Background

We first describe DigiCo’s evolution from its founding in 2006 to September 2015 (i.e., *before* the period of our study). This period is what members and leaders referred to as “the past” during the period we study (September 2015–February 2018). Some members stressed that this past was admirable, while others found it deplorable.

The contested past: 2006–2015. DigiCo was founded in a European country in 2006 with the goal to disrupt banks with its innovative technology. The organization developed an algorithm to provide short-term loans (up to a few weeks) for small sums (up to €600) to consumers within an hour of their online application. Backed by prominent venture capitalists who had invested more than \$100m in the company by 2011, DigiCo grew rapidly. It followed the mantra popularized in Silicon Valley of “moving fast and breaking things.” Soon, it received much acclaim as a success story in the country’s start-up community. By 2013, DigiCo had received more than 14 awards for entrepreneurship and innovation.

Along with gaining acclaim, DigiCo faced increasing criticism by the media, which accused the company of harming customers in its aggressive pursuit of growth. Particularly from 2010 onward, critics accused DigiCo of marketing its services inappropriately to lure people into debt, insufficiently checking the eligibility of loan applicants to increase loan volumes, and using unethical practices to pursue borrowers for repayment. DigiCo gained particular notoriety for its “fake legal letters”—letters it had sent until 2010 purported to be from a law firm that threatened legal action to borrowers who were in arrears.

In the face of extensive criticism of DigiCo and, to a lesser extent, other short-term lenders, the country’s government announced new stringent regulations for the sector in 2013. DigiCo was required to comply with the new regulations by September 2015 to obtain the regulatory license that was now required to operate. As a result, in 2014, DigiCo’s shareholders installed a new management team, which initiated a major reform program that involved fundamentally overhauling the firm’s products and practices (e.g., marketing, credit risk, debt collection), as well as repairing relationships with external stakeholders (e.g., the media). Table 1 provides an overview of these efforts and the reform.

----Insert Table 1 about here----

In the meantime, the media had regularly revealed and condemned questionable practices that DigiCo was employing or had employed in the past. DigiCo had featured in more than 1,100 articles in major national media outlets between its founding and 2015. Its reforms initiated in 2014, along with its public relations efforts, helped reduce the intensity and negativity of media attention. For example, in 2015 the volume of articles declined by 60% over the previous year. Even afterward, DigiCo continued to be newsworthy, as its past made it interesting to report on its current actions, such as product launches. Figure 1 depicts an overview of DigiCo's media coverage during our study period.

----Insert Figure 1 about here----

Study period: September 2015–February 2018. By the time it had completed the reform efforts and applied for the new license in September 2015, DigiCo was facing a major internal challenge, which is the focus of this study: members were “losing faith” in DigiCo's identity as a customer-focused fintech and were doing so for different reasons. Some viewed DigiCo's early years as admirable, while others viewed the same period as deplorable.

Disagreements about DigiCo's past had been lingering for some time. They came to the fore in September 2015 because members were no longer absorbed by the intense reform efforts that had just concluded. Now, they had the headspace to reflect on DigiCo's past and question what it meant for its present and future. This new situation destabilized their support for DigiCo. Members voiced their concerns in a variety of ways, such as by airing them in their teams, at company meetings and on Glassdoor, which is an online platform on which employees can leave public reviews of their employer. We first learned about these concerns when reading Glassdoor reviews. When conducting interviews with DigiCo's members and leaders, we further explored these concerns to get an in-depth understanding of them.

Leaders recognized the need to respond to the identity threat through communication efforts to influence members' understandings of DigiCo's identity. These efforts included

presentations at monthly all-staff meetings; regular digital communication, such as video messages; and the involvement of members in the creation of an organizational purpose statement. By February 2018, members had reaffirmed their support for what DigiCo stood for, and leaders considered the process concluded.⁴

Table 2 presents a timeline of the relevant events that punctuated the period on which this study focuses and of “the past” that different members viewed in conflicting terms. This timeline is based on interview data and archival data, including press articles, Glassdoor reviews and internal company documents.

----Insert Table 2 about here----

Data Collection

This study draws on a combination of interview and archival data (see Table 3 for an overview of the data and how we employ them in the analysis).

Interview data. A key data source is 46 in-depth interviews, 44 of which were with leaders and employees across DigiCo’s various functions and two with consultants. Interviews lasted one hour on average, and we mostly conducted them in person within two months of the end point of our study period. All interviews with DigiCo’s leaders and employees were recorded and subsequently transcribed. Our interviews combined the investigative genre, which focuses on collecting factual information, and the interpretive genre, which focuses on understanding informants’ interpretation of their own lifeworld (Langley & Meziani, 2020).

At key points in various interviews, we drew on courtroom questioning and event

⁴ Eight months after our study period ended, DigiCo filed for bankruptcy due to an exogenous shock: its sector became the target of firms that helped former customers obtain compensation from lenders that had operated before strict regulation was imposed (i.e., at the time DigiCo had engaged in irresponsible actions). This forced lenders to rethink their viability. Legislation means that lenders incur major administrative costs for each claim, regardless of its merit, and must prove that their lending decision was right (PD19, 2018). Along with DigiCo, six of the top 10 lenders and some smaller ones went bankrupt or left the market within three years because of “unprecedented” numbers of compensation claims for preregulation behavior (PD8, 2018; PD19, 2019).

tracking to gain a more precise and reliable understanding of what had happened when and why, as well as how individuals experienced this time (Eisenhardt, 1989). Both techniques are effective for increasing the reliability of interviews and reducing retrospective biases (Langley & Meziani, 2020). We particularly drew on these techniques in interviews with leaders to understand in detail DigiCo's internal situation at key points in time and the actions that leaders took to address the issues they faced. Courtroom questioning involved asking informants questions that invited them to report on precise actions and events (e.g., Vuori & Huy, 2016). Event tracking involved placing informants in a past situation and asking them to provide a step-by-step account of what happened (e.g., Ozcan & Eisenhardt, 2009).

We triangulated interview data in four ways to minimize the issue of retrospective bias. First, we triangulated interview data with real-time archival data that members and leaders had authored at the time (e.g., Glassdoor reviews for member interviews). Second, to ensure that our findings were based on consistent accounts, we triangulated each interview with other interviews from the same level in the organization (i.e., triangulating member interviews with each other). Third, to ensure that findings were corroborated by different types of informants, we triangulated each interview with interviews from other levels at DigiCo (e.g., corroborating leader interviews with member interviews). Fourth, we consulted external archival data, such as media reports, to corroborate the occurrence of key events.

The interview data enabled us to gain an in-depth understanding of (1) members' perceptions of the organizational identity at the beginning of our study (i.e., identity understandings), (2) how members came to question the significance of DigiCo's identity claims, (3) how leaders created accounts to stabilize members' understandings of the identity, and (4) how members made sense of such efforts at the end of our study.

-----Insert Table 3 about here-----

Archival data. A valuable type of data was 46 texts that leaders circulated to members

during the study period, such as memos sent to the workforce and PowerPoint slides presented to members at town hall (all-staff) meetings. Another important type of data was 21 web pages (e.g., “About us” section) that described DigiCo's products and identity claims during the study period. Overall, these data afforded us a detailed understanding of how leaders gave sense to DigiCo’s past over time. They also helped triangulate the interviews with leaders and members. In addition, 77 reviews on the employer review platform Glassdoor provided important insights into how current and former members of DigiCo understood the organization’s identity and actions over time.

We also collected archival data from third parties, including more than 1,200 press stories about the organization’s actions since its founding and 36 industry reports. These data enabled us to gain an understanding of DigiCo’s context, its past actions, and how the media reported events in DigiCo’s past during the study period (e.g., fake legal letters).

Data Analysis

We analyzed the data in several iterative steps that included traveling back and forth between the data, our emerging arguments, and the relevant literature (Locke, 2000). We explain the process of analysis sequentially in the interest of clarity.

Step 1. We read widely about DigiCo and its evolution to establish a chronology of events (Langley, 1999). Drawing on our data, we established the key time points of DigiCo’s identity challenge, members' views of its identity, and leaders’ efforts to influence them.

Step 2. We conducted a first-order analysis of the data. This involved separate substeps for the open coding of (1) how members perceived the organization’s past, (2) how their perceptions influenced their view of the organization’s identity over time, and (3) how leaders experienced and responded to the identity challenge given members’ perceptions of the past. Throughout this step, we coded at the sentence or paragraph level, labeling codes with descriptive sentences. To code for how *members* perceived the organization’s identity

and how the remembered past affected such perceptions, we drew primarily on interview data and the real-time reviews that members had left on Glassdoor during the study period. We found that members' perceptions of DigiCo's identity were greatly influenced by how outsiders viewed them and DigiCo because of its past. For example, many members reported being criticized by others for working at DigiCo given its past actions. We grouped such instances under the first-order code "members feeling shamed by external audiences due to association with DigiCo and its deplorable past."

When open coding for how *leaders* experienced and responded to the threat to the organization's identity, we drew primarily on our interviews with them and archival data, such as internal presentations (e.g., slides presented to all members), DigiCo's web pages, and the CEO's replies to members on Glassdoor. For example, we grouped references to occasions in which leaders praised how resilient the organization had become due to the challenges it surmounted under the first-order code "Leaders construing DigiCo's 'bad past' of harming customers more positively for having equipped DigiCo with resilience."

During the analysis process, we realized that members' reactions contained important emotive elements. To capture these reactions, we reanalyzed our data. In line with previous studies (e.g., Jakob Sadeh & Zilber, 2019), we coded separately for emotions and followed methods scholarship on inferring emotions from informants' self-reports (Kouamé & Liu, 2021). Specifically, we familiarized ourselves with models of emotions, identified key emotive sequences in our data, consulted relevant studies on these emotions, and then reanalyzed all our data with a focus on these emotions (Toubiana & Zietsma, 2017). This coding process led to four first-order codes that captured emotions (e.g., "Members experiencing pride in DigiCo and its evolution"). Combining all codes, we identified 20 first-order codes after several iterations and the removal of repetitive codes.

Step 3. We searched for deeper patterns in the data through axial coding, linking first-

order codes to arrive at theoretically informed, second-order themes (Locke, 2000). We performed our analysis in the same three substeps as in step 2. In each case, we moved back and forth between first-order codes, emerging patterns, and relevant theory (Glaser & Strauss, 2009). For example, we grouped the first-order codes “leaders connecting DigiCo’s ‘good past’ of tech pioneering to problems that yet strengthened its ability to be a customer focused fintech in the present” and “leaders construing DigiCo’s ‘bad past’ of harming customers more positively for having equipped DigiCo with resilience” under the second-order theme “transfusing conflicting past into the present.”

At this point, we realized that transfusing and the other two strategies (grafting and defusing) that leaders used aimed to “influence the sensemaking and meaning construction” of members “toward a preferred redefinition of organizational reality” (Gioia & Chittipeddi, 1991: 442) and thus were instances of sensegiving. Specifically, leaders used sensegiving to articulate how DigiCo’s past related to its identity in the present and future because members challenged this in different ways. This step led to 10 second-order themes.

Step 4. We drew on the second-order themes to form three aggregate theoretical dimensions that captured the key theoretical building blocks of the process of ongoing identity reconstruction that we examine. Figure 2 shows the data structure.

----Insert Figure 2 about here----

Step 5. Finally, we created representations of the theoretical relationships that emerged between aggregate dimensions and second-order themes and checked recursively with the data to achieve consistency (Locke, 2000). During this process, we drew on temporal bracketing to examine how these relationships unfolded and how actions in one period affected reactions in the next (Langley, 1999). This process led to our theoretical model.

CONTESTATIONS OF THE PAST AND IDENTITY RECONSTRUCTION AT DIGICO (2015 – 2018)

In this section we present our findings about how members of DigiCo developed conflicting views of its past that challenged the perceived significance of the organizational identity in the present and the future; how leaders addressed this problem; and how members ultimately came to express their support for DigiCo's identity. In doing so, we refer to the theoretical themes and codes in Figure 2.

The Ongoing Presence of the Contested Past (2015 – 2018): Accumulation of Memory Cues about DigiCo's Early Years

In September 2015, DigiCo had concluded its extensive efforts to implement new regulations to prevent the repetition of the irresponsible actions of its early days. However, its members continued to be confronted with the organization's past through a variety of memory cues. As a leader put it succinctly, DigiCo's past seemed to be ever present for them: "it's just always there" (ID06).⁵ Memory cues of DigiCo's past came from two sources.

Memory cues from external sources (theme A). First, the media and members of the public continuously brought up cues of how DigiCo had acted in its early years. One important external source of memory cues was the 153 articles in leading media outlets that covered DigiCo's recent events, such as product launches, between September 2015 and January 2018 (code 1 in Figure 2). Seventy-three percent of those articles also referred to events of the company's early years (2006–2014) presented with negative valence (e.g., fines for DigiCo due to past wrongdoing). Most often, the media reminded the public of the infamous "fake legal letters" without mentioning that DigiCo had stopped sending these letters to borrowers many years before (in 2010). The following quote from an article published in a national newspaper five years after these actions had stopped exemplifies how

⁵ To ensure the anonymity of DigiCo and our informants, we gave each of our data items an identifier. This consists of letters denoting the type of data and a number denoting the specific item (e.g., ID06): ID = interview data; CA = corporate archives; PD = press data; GD = Glassdoor review portal.

the media cued DigiCo's past: "DigiCo stoked political anger by sending letters from fake law firms to customers who fell behind on their repayments" (PD12, 2015).

Articles also offered cues of DigiCo's promising start but contrasted it with its many subsequent challenges. For example, a major newspaper compared the days when DigiCo was celebrated as a high-profile fintech with its present situation in which it had to prove the value of its technology: "The lender, once touted as a fintech champion ... needs to show that its technology can do the job just as well" (PD19, 2016).

Members took note of such media coverage that continued to refer to DigiCo's past misdeeds (e.g., the fake letters) and their consequences (e.g., fall from grace). For example, a compliance employee noted: "There was a lot of negative press ... [about] fake letters going out from collection managers [purported to be from] a legal firm, and stuff like that" (ID21).

A second external source of memory cues for members was the continued public awareness of DigiCo and its past misdeeds (code 2). From 2015 to 2017, DigiCo consistently had a brand awareness of 77% or higher among the country's population, according to a leading consumer research company. A former DigiCo member vividly captured how the public viewed DigiCo: "You ask the [person] on the street about DigiCo and what they'll bring up is things that happened in the past ... saying, 'What an awful company'" (ID19).

Memory cues from internal experience (theme B). The new or reformed practices introduced in 2014 and 2015 cued members that the way DigiCo used to do things in the past was less focused on customers' needs (code 3). For example, on its website DigiCo explained how some of the recent practices that it had adopted for borrowers were better than past ones:

We also took the opportunity to *improve* our arrears process to *better support* customers who fall behind with repayments. This included the introduction of a three-day '*grace period*' before applying any default fee. (CA52, 2015; emphasis added)

Other practices instead served as cues of how things that were done in the past still were continuing in the present. For example, referring to the practice of testing new software code

before using it in the company, a member of the tech team recalled: “that’s always been something I’ve done since I’ve been here, and that’s never changed” (ID38).

Material artifacts also served as physical manifestations of DigiCo’s past for members (code 4). For example, a member explained how she experienced a section of the office that had been empty since the dismissal of members who had worked there before the reforms:

For me, at least, it felt like a real physical representation of the past. It was like the graveyard ... where all the chairs and desks were that had people that didn’t work here anymore. It was like the ghosts of the past. (ID05)

Table 4 offers further quotes for the first-order codes of this and the other dimensions.

----Insert Table 4 about here----

Members’ Questioning DigiCo’s Identity (Sep. 2015 - Jan. 2018): How Conflicting Views of the Early Years Undermined the Identity in the Present and Future

The ongoing confrontation with memory cues encouraged members to interpret DigiCo’s early years as a manifestation of the organization’s identity. We observed that as two groups of members developed conflicting interpretations of DigiCo’s early years, they also came to develop a conflicting understanding of how DigiCo’s identity enactment in the past undermined the significance of its identity claims as a customer-focused fintech. However, *both* groups resigned themselves to the idea that the past would frustrate the future. We detail these observations next.

DigiCo’s identity claims (theme C). Throughout our study period, leaders made two identity claims about DigiCo: being a fintech and being a customer-focused organization. They communicated these in a variety of ways, such as through presentations, conversations with members, internal documents, DigiCo’s website, and its Glassdoor profile.

The first identity claim that leaders espoused was that DigiCo was a *fintech* (code 5), clearly denoting it as a financial technology company at the forefront of technological innovations. For example, in a town hall presentation, leaders depicted DigiCo’s future as

follows: “a global pioneer in Fintech” (CA07, 2016). Similarly, the company’s Glassdoor profile emphasized how core the attribute of being a fintech was to the organization: “We describe ourselves as ‘Fintech all the way,’ as we look to pioneer smart financial products through technological solutions” (GD06, 2018). Members also noted hearing this message consistently, as illustrated by a member of the tech team who recalled regularly “hearing [the CEO] say, ‘We are a fintech, we are a fintech’” (ID20).

The second identity claim that leaders espoused was that DigiCo was a *customer-focused* organization (code 6), clearly denoting it as an organization that cares for its customers and treats them responsibly. Leaders tied this claim closely to DigiCo’s claim of being a fintech by explaining how core it is to DigiCo to innovate for customers. For example, DigiCo’s Glassdoor profile stressed the importance of focusing on its customers in its innovative endeavors: “It is our mission to pioneer smart financial products for underserved consumers, but to be able to do this we need to put our customers at the centre of everything we do” (GD06, 2018). A member of the tech team confirmed how much leaders invoked the identity claim of being responsible toward customers: “‘Treating customers fairly’ was everywhere” (ID07).

One group’s understandings of the present: The bad past taints the present significance of DigiCo’s identity (theme D). Many members came to believe that DigiCo’s past was a stain that undermined the significance of its identity in the present as a customer-focused organization. This understanding was cognitive and emotional, as we report next.

First, some members construed an understanding of DigiCo’s past mainly as “bad times” or “negative past” and condemned the actions that DigiCo had undertaken then (code 7). For example, a member of the finance team explained:

I wasn't here when, what everyone's labeling the “bad times.” Well not everyone's labeling it that... I think [that] had they [past organizational actions] been fully thought through, they just shouldn't have done them in the first place. (ID03)

Members reported that DigiCo's past behavior, and the ongoing negative coverage of it, was a burden for their everyday work. For example, a member of the marketing team noted that the team needed to work "harder" because of DigiCo's "negative image externally, to make sure that our customers ... don't feel that we are the bad company that we were" (ID04).

Second, members felt shamed by external audiences due to their association with DigiCo and its deplorable past (code 8). They reported being regularly confronted by family members, friends and strangers (e.g., taxi drivers) for working for DigiCo due to its notorious past. A member explained the most negative aspect of working for DigiCo in a Glassdoor review as follows: "Historic reputation can result in a lot of slagging [an informal term for receiving insulting attacks]" (GD04, 2015). Similarly, another member described being personally attacked as a result of DigiCo's past: "People would tell you that you're a bad person for working for DigiCo" (ID29). Thus, members felt shame because of their association with DigiCo and its past, as they felt "depreciate[ed] by others owing to a failure to meet standards of behavior" (Creed, Hudson, Okhuysen, & Smith-Crowe, 2014: 280).

In turn, this group questioned DigiCo's identity as a customer-focused fintech. A member of the tech team captured the sentiment: "[DigiCo's] really bad public perception meant that a lot of people were feeling really disheartened about the company and ... some people just lost faith [in DigiCo]" (ID07).

Another group's understanding of the present: The good past dwarfs the present significance of DigiCo's identity (theme E). Whereas the afore-mentioned group of members emphasized that DigiCo's past was deplorable and tainted the organization's identity in the present, another group believed that the organization's past was, to the contrary, admirable and that this caused DigiCo's present claim of being a fintech to seem insignificant by comparison. According to this latter group, DigiCo had become a mere shadow of its former

self. This view encompassed both cognitive and emotional factors. First, this group regarded the organization's early years as good times because they emphasized the drive and innovation that DigiCo had shown early on (code 9). A member of the tech team, for example, described DigiCo's past in the following glowing terms:

It was a young, exciting company. There were ideas that we were the tech unicorn in [the country]. ... [the] atmosphere was really fun. (ID39)

When talking about the early days, these members did not stress the customer harm that was associated with the pursuit of this growth and innovation. A leader recalled for example that in 2016 "Even though there was a lot of dark days, people still harked back to, "Oh The old DigiCo used to be better." (ID10).

The view of DigiCo's past as good times was often grounded in these members' present, unsatisfactory experiences of their own work (an internal source of memory cues). For these members, DigiCo had become slow and bureaucratic, and they contrasted this to the dynamism and innovativeness they experienced before the company reformed. A member of the commercial team, for example, described the following challenges he and his team had been experiencing in their work, which he contrasted with his memories of the early years:

[We experience a] lot of growing pains about getting procedures in place and the inevitable bureaucracy ... It was very hard for people to adapt from being able to make your [own] decision ... to putting it through a committee. (ID29)

Second, and relatedly, these members felt sad to see that the reality in the present failed to live up to the company's past glories as a fintech pioneer (code 10). A former member captured this succinctly in a review of DigiCo on Glassdoor in 2015: "Technology is no longer at the centre of the business. Advice to Management[:] I hope ... it [DigiCo] resurrects it's [*sic*] technology roots" (GD02, 2015). Another member captured this sadness – which results from experiencing an undesirable outcome that one cannot change (Shaver, Schwartz, Kirson, & O'Connor, 1987) – when reflecting on DigiCo's evolution on

Glassdoor: “It was a good company with great ambition.... Since regulation, it became more and more like [a] bank without innovation” (GD08, 2015).

Both groups’ negative emotions about the future: The contested past frustrates envisioning the identity in the future (theme F). While the two groups held conflicting understandings about how DigiCo’s past diminished the significance of identity claims in the present, each group felt resigned about DigiCo’s future. Resignation emotions are characterized by “an appraisal of low control over events and their consequences” (Tran, 2004: 13). This emotional understanding encompassed two elements, described below.

First, the members who believed that DigiCo’s past tainted the current significance of identity claims felt resigned that the bad early days would continue to taint the future too (code 11). A member of the compliance team, for example, remarked that outsiders would always see DigiCo as “a company that rips people off” and is irresponsible to customers, regardless of what DigiCo claims: “some people ...will never change their mind about what they think about this company... It is quite tough, yes” (ID21). A member of the marketing team similarly brought up this feeling of resignation when noting that many on the team “didn't really believe in the business” because they were “burdened by the past” (ID30).

Second, the members who believed that DigiCo’s past had been admirable and now dwarfed the organization’s present also felt resigned about the future. They felt resigned that DigiCo would never again be the fast-moving (fin)tech company of its early days that they so admired (code 12). A leader observed for example that there was: “a core [group] in tech who really were frustrated that they weren't able to be, in their view, agile any more, and ... that there were a lot more constraints on the way” (ID45). The constraints were intended to prevent the repetition of past irresponsible actions, but these members deemed them as distancing DigiCo further from the early days of pioneering tech innovations that they cherished. Many members resigned themselves to the loss of agility, thus feeling negatively

about DigiCo's future. The following Glassdoor review captured the sentiment succinctly: "Future doesn't look bright" (GD10, 2015).

Leaders' Response (Sep. 2015 - Feb. 2018): Communicative Strategies to Address the Complex Identity Challenge Posed by the Conflicting Past

In September 2015 DigiCo's top managers acknowledged that they faced a complex identity challenge among members: two groups of members questioned the significance of DigiCo's identity claims (as a fintech and a customer-focused organization) in the present and future given conflicting views of the organization's early years. A leader described the challenge as follows:

[That] made for this tension ... you had some people saying, "We've lost faith in who we are. We were better before," and then you have other people going, "We sent fake legal letters out. That's disgusting behaviour. I don't want to go back to the company that was able to do those things." So as I say, there was this real conflict. (ID45)

This challenge created a situation of almost an impossible choice for leaders, as a senior leader explained: "You couldn't lead this business without accepting the past ... there were two views in the room at all times. If you spoke to one, you were ignoring the other" (ID46).

From September 2015 onward, DigiCo's leaders worked to address this challenge. A senior leader explained that the goal was to reaffirm DigiCo's identity understandings among members:

In this phase, it [DigiCo's identity] needed to be reaffirmed; it needed to be re-established ... we do need to establish some "Who are we? What are we?" principles.... You've got to really deep-dive into it if it's still an issue. (ID28)

To do so, leaders engaged in a communicative process directed at influencing members' understandings of the relationship between identity enactment in the past, present, and future in the face of the ongoing confrontation with memory cues about the conflicting past. These efforts started in September 2015 when leaders organized the "DigiCo Connect" event – an off-site day for all members intended to mark the end of the reform period, orient members toward building a promising future, and begin addressing DigiCo's identity challenge. A

leader explained that the leadership team aimed to embrace both aspects of the contested past: “the past of what made them who they are ... was good and bad, but you can't just pick what you want from who you are; you have to embrace all of it” (ID45).

As we discuss next, our observations reveal that leaders' communicative efforts reconstituted the relationship between DigiCo's conflicting past and its present and future in three different ways (“transfusing”, “grafting”, “defusing”). Such efforts varied over time.

Transfusing the conflicting past into the present (Sept. 2015 - Feb. 2018) (theme H). From the “DigiCo Connect” event in September 2015 until February 2018, leaders used the strategy of “transfusing the conflicting past into the present” in their communications. This involved articulating how a tempered interpretation of the conflicting past benefited the present. This strategy entailed two components.

First, leaders connected DigiCo's “good past” of tech pioneering to problems that yet strengthened its ability to be a customer focused fintech in the present (code 15). In particular, this involved acknowledging problems related to DigiCo's early efforts to pioneer its technology, while emphasizing how DigiCo's present identity enactment benefited from what it had learned from these problems. This is exemplified by how leaders explained how DigiCo enacts its customer-focused identity on DigiCo's Glassdoor profile in 2017:

We launched one of the first online lending services ... [and] grew fast, meaning we made a few mistakes ... As we've matured we've learnt from these mistakes and are proud of the transparent and flexible service we offer to customers. (GD07, 2017)

Similarly, a leader explained how the mistakes of the “good past” supported DigiCo's fintech identity in the present: “Mistakes were made. There was a lot of good here, so we're taking the good, and that good has learned lessons. That good is very experienced now” (ID46).

Second, leaders construed DigiCo's “bad past” of harming customers more positively for having equipped DigiCo with resilience (code 16). For example, leaders claimed in a town hall presentation in 2016 that the completion of its reforms, which were imposed by the

regulator due to DigiCo's irresponsible past practices, had made the organization resilient:

"We survived all the above [i.e., the reforms]...our people are resilient!" (CA07, 2016).

Similarly, a senior leader noted that the experiences of navigating the crisis that preceded the reforms had endowed DigiCo with resilience, which is an important resource for a fintech:

We've gone through an awful lot of instability ... [but] the organization bounces back. I think one of the reasons why that is, is because we're a digital business, because we're a fintech. ... It kind of gave people a sense of resilience. (ID28)

Grafting the future with the conflicting past (Sep. 2015 - Feb. 2018) (theme I). We observed that while leaders engaged in transfusing the conflicting past to support the *present*, they also mobilized another strategy that aimed to influence members' understanding of how DigiCo's conflicting past supported the envisioning of its identity in the *future*. This strategy, which we called "grafting the future with the conflicting past," involved integrating key experiences from both interpretations of the conflicting past to re-envision the future enactment of DigiCo's identity. This strategy had two components.

First, leaders used DigiCo's experience of the "bad past" of customer harm to re-envision the meaning of cherished aspects of the "good past" of technology pioneering for the future (code 17). They explained that being a fintech in the future would entail being careful and responsible toward customers in the new regulated environment, fitting with DigiCo's evolution. For example, in a video circulated to members in late 2015, leaders tied DigiCo's ability to be a fintech in the future to the experience that the organization had gained in operating "carefully and well" because it reformed after harming customers:

We're now starting to look forward to the company that we want to become.... We've got the experience, we've got the history. In this room we have a bunch of people who can – not just run a hot Fintech company – but do it carefully and well. (CA41, 2015)

Further, a section of the town hall presentation in 2016 focused on "What it means to be Fintech". Leaders stressed that the careful adoption of regulation in response to past customer harm positions DigiCo "perfectly" for achieving its future ambitions as a fintech:

We have evolved ... we've put the Fin back into Fintech... We know how to operate in a heavily regulated market... Because of all of this, we are perfectly positioned for the growing, global alternative lending market. (CA07, 2016)

In doing so, leaders emphasized how DigiCo's drive to integrate due care into technology innovation, which emerged in response to past problems, was an essential requirement for being a fintech in the future, rather than being a deviation from this identity claim.

Second, leaders used DigiCo's experience of the "good past" of technology pioneering and the "bad past" of harming customers to define the organization's "purpose" for the future (code 18). In July 2017, leaders told members that DigiCo was transitioning into DigiCo 3.0—a mature "version" of DigiCo that was developing a clear purpose based on what it had learned from its evolution. The CEO summarized the message as follows:

I had all these audiences, with their two different views... We'd engaged with them by saying, "We're better because of the past... Because of who we are, we're better," ... taking the best bits of all of that, we are well positioned for the future. (ID46)

This idea and the formal purpose statement were developed over six months when leaders and selected members elaborated the connection between the past and the future to create "The Rich Picture," – a story of DigiCo's evolution. The process culminated in an all-staff event titled "DigiCo 3.0. Purpose Launch" (CA29, 2018) in January 2018. At this event, leaders introduced the "The Rich Picture" narrative as a video, along with the new purpose statement: "We proudly support everyone's right to simple, fair financial choice" (CA44, 2018). The video articulated how the purpose statement emerged out of DigiCo's conflicting experiences such as the agility of what some members perceived as the "good past" and the recklessness toward customers that some members considered as the "bad past" (see Table 4 for the key excerpts from this video).

Thus, leaders argued that customer-harming aspects of its past made DigiCo emphasize customer focus even more as purpose for the future. Similarly, the tech drive that some members missed was not lost but used to deliver responsible products to customers.

Defusing present events vis-à-vis the conflicting past (Oct. 2016 - Feb. 2018) (theme

J). At first, leaders only employed the strategies that we discussed so far (i.e., transfusing and grafting). This changed in October 2016 when a major incident occurred – a system error that led DigiCo to collect twice the amount of repayments from many customers. Leaders then began using a strategy that we label “defusing present events vis-à-vis the conflicting past”: construing events that seemed to resemble past instances of identity violation as evidence of effective identity enactment. This strategy has two components.

First, leaders showcased how much DigiCo was living up to its identity of being customer focused in recounting its response to incidents that reminded members of the “bad past” of customer harming (code 19). For example, with reference to the afore-mentioned double collection incident in October 2016, newspapers noted DigiCo’s past use of “bogus legal letters” and affirmed that “DigiCo has admitted double-charging [thousands of] customers in the latest embarrassment for the ... lender” (PD1, 2016). Whereas the press suggested that DigiCo was again harming customers, leaders brought up this incident at a town hall meeting to highlight how much DigiCo’s response to the incident showed that it lived up to its customer-focused identity. In the presentation, they showed a letter in which DigiCo’s head of customer services apologized to a child, explaining that his father had been unable to travel to him because of DigiCo’s mistake (see letter text in Table 4).

Leaders subsequently recounted the double collections incident as an example of how responsibly DigiCo addressed the situation, as the following example shows:

I've never been so proud of the way everyone rallied round.... We informed customers. We repaid all the money. ... We put all of those customers back to the position that they were in before or better as compensation. (ID23)

Second, leaders also showcased how well DigiCo was enacting its fintech identity in response to recent incidents that seemed to distance DigiCo from its “good past” of tech pioneering (code 20). This connected with the identity claim of being a fintech that some

members believed was lost compared with what they perceived as a better past. For example, leaders stressed DigiCo's fast reaction to a cyberattack in which hackers stole customer data in April 2017 (see Table 2). Again, the media linked the incident to DigiCo's past "series of controversies" (PD21, 2017). By contrast, at a presentation to members, leaders emphasized how quickly DigiCo put new software in place to fight the hackers: "Huge cross-group effort and focus to strengthen our protection – Cloudflare put in place in a day while under attack!" (CA16, 2017). In invoking the fast response, leaders stressed that DigiCo was enacting its fintech identity, as members deemed speed a core attribute of fintechs.

Resolution (Feb. – Mar. 2018): Members Reconcile DigiCo's Contested Past with Its Identity in the Present and the Future

By February 2018, the members' feelings and beliefs described earlier had been replaced with a sense of pride in DigiCo and an acceptance that it had gone through a unique temporal evolution that had equipped it better for the future.

Members perceiving that DigiCo's contested past supports its identity (theme G).

Two sets of observations corroborate the resolution of DigiCo's identity challenge. First, although many members had previously felt that the organization's identity enactment in the present was dwarfed by how admirably the organization had enacted its fintech identity in its past, they now accepted that DigiCo had evolved as a fintech alongside its industry (code 13). For example, a member of the tech team who had previously considered leaving DigiCo explained why he now accepted the company's enactment of its fintech identity: "DigiCo is sort of a weird mix of a tech company and a finance company ... and what kind of a tech company we are has had to change" (ID38). In noting this, the member connected directly with leaders' "grafting" strategy, thus adopting their explanation that the enactment of the fintech identity had to evolve toward serving customers responsibly. Further, a member

of the credit risk team drew on leaders' "defusing" strategy when explaining how DigiCo's agile responses to incidents showed how well the company enacted its fintech identity:

Even if we are growing really well and sustainably now, we still have those fintech vibes as well in our DNA.... I think [what is key is] our ability to adjust to changes. For example, we are really good in crisis moments. (ID12)

Second, in addition to accepting that DigiCo was still a fintech, members came to express pride in DigiCo and its evolution (code 14). Many members had previously felt a plethora of negative emotions due to DigiCo's past, such as feeling shame (code 8), feeling sad (code 10), and feeling resigned about DigiCo's future (codes 11 and 12). However, they had since become proud of how DigiCo had evolved and what it stood for. Pride results from feeling associated with valued outcomes (Tangney, Stuewig, & Mashek, 2007). For example, a member of the collections team who had reported experiencing confrontations with DigiCo's past as "unsettling" explained how he now felt about the organization's evolution and how he explained it to others: "Nowadays, I actually feel quite proud and say [to outsiders], Actually, yes, I work for DigiCo.... Actually, we've come a long way,' and we talk about what we're doing" (ID09). Echoing leaders' "transfusing" efforts he became convinced that overcoming the challenges of the past benefited the organization in the present.

Yet the process of identity reconstruction that we observed had its challenges. Leaders' efforts to resolve members' questions about DigiCo's identity did not convince everyone: some members continued to struggle with DigiCo because of their view of its past. For example, a member of the commercial team noted that he still believed that the company had stopped living up to its past fintech glories: "We [now] do finance with a bit of technology involved. I don't think that's the definition of a fintech" (ID29). These members did not believe that DigiCo was enacting its fintech identity as much as it had in the past and wished that it would still do so. Although this issue led a small number of members to leave the organization, most appreciated that DigiCo's evolution "was very much required" (ID29),

as the afore-mentioned member of the commercial team noted. Thus, for these members the concern about how DigiCo enacted its identity relative to its early days did not fully vanish but moved to the background.

By the end of February 2018, every team had participated in a workshop titled “What does our purpose mean for you” (CA30, 2018; underlined in original). Members created a poster with the meanings or emotions that DigiCo’s purpose elicited for them (e.g., CA58, 2018). These posters reflected their sense of pride as well as core identity claims, suggesting that they no longer viewed DigiCo’s past as an impediment to supporting its identity.

Model of Temporal Identity Reconstruction amid Conflicting Contestations of the Past

We now introduce the model of temporal identity reconstruction amid members’ conflicting interpretations of the organization’s past (see Figure 3). Emerging inductively from the analysis of our case, the model depicts how members and leaders grapple with the ways in which the organization’s past influences its identity over time.

----Insert Figure 3 about here----

Ongoing build-up of memory cues (section I of Figure 3). Our model starts when members find themselves confronted with an ongoing accumulation of memory cues about past organizational events that form a growing memory reservoir (arrow 1). Some cues are from external sources (box A), such as acquaintances and the media (Dutton & Dukerich, 1991), and others from internal experience (box B), such as members’ own work. As different cues are salient to different groups of members, each group comes to focus in distinct ways on how the same past period influences their understanding of “who we are becoming” as an organization (arrow 2). Members do not adopt a fixed view of the past but they gradually develop and update their view on the basis of the influx of cues.

Temporal identity complexity (section II of Figure 3). Drawing on distinct memory cues, members then engage in sensemaking and develop conflicting views of how the past

undermines the significance of the organizational identity in the present (arrow 3a). Members in each group do not necessarily hold one interpretation to the exclusion of the other but nonetheless tend to emphasize just one. One group of members comes to perceive the past as *tainting* the significance of the organization's identity enactment in the present (box D). Regarding the past as deplorable, these members believe that it overshadows the present.

The other group of members comes to perceive the past as *dwarfing* the significance of the organization's identity enactment in the present (box E). They regard the past as admirable and believe that it diminishes the present, which they perceive as paling in comparison with the organization's former self. The conflicting understandings of how the past undermines the identity in the present are underpinned by negative emotions. While each group may experience negative emotions, the type and intensity of emotions differ.

Regardless of how members draw on the past to challenge the organizational identity in the *present*, both groups share resignation emotions about the *future* (arrows 3b and 3c). They resign themselves to the possibility that the organization will continue to be tainted or dwarfed, respectively, by its past. Thus, members come to believe that the past frustrates the organization's future (box F). Table 5 summarizes these temporal identity challenges.

----Insert Table 5 about here----

In turn, these dynamics lead to what we call "temporal identity complexity" (arrow 4): a process in which different groups of members develop conflicting cognitive and emotional understandings of how the past undermines the significance of the organizational identity in the present and future (box C).

Temporal synergizing (section III in Figure 3). Temporal identity complexity prompts leaders to engage in sensegiving efforts to influence members' understandings of and emotions about organizational identity (arrow 5). Leaders engage in three strategies that reconstitute the relationship between the contested past, and the identity in the present and the

future – from undermining identity to synergistically supporting it. First, by “transfusing the conflicting past into the present,” leaders articulate how a tempered interpretation of the conflicting past benefits the present (box H). Simultaneously leaders may engage in “grafting the future with the conflicting past,” which entails integrating key experiences from both interpretations of the contested past to re-envision the future enactment of the organization’s identity (box I). Leaders may also need to mobilize a third sensegiving strategy that we label “defusing present events vis-à-vis the conflicting past”: it construes events that seemed to resemble past instances of identity violation as evidence of effective identity enactment (box J). Table 6 summarizes each strategy and its effects.

----Insert Table 6 about here----

In conjunction, leaders’ three sensegiving strategies construe synergy out of the perceived tension between the organization’s conflicting past, present and future (arrow 6). The three strategies constitute an overall process that we label “temporal synergizing” because it recombines members’ conflicting interpretations of the past to support the organization’s identity claims in the present and future.

Leaders’ temporal synergizing enables members to pursue generative sensemaking (arrow 7a). This means that they can consider new expansive understandings of the situation (Maitlis, Vogus, & Lawrence, 2013), allowing members to view the organization’s evolution as supporting its identity (box G). Specifically, by engaging with leaders’ sensegiving, they develop a sense that the *distinctive yet inconsistent* organizational evolution has led to favorable outcomes for the present and a better ability to address the future. They also experience pride in what the organization and its members have achieved (arrow 8). This perception of distinctiveness of temporal evolution and associated self-enhancement leads members to reaffirm the significance of organizational identity claims (box C). They may undergo this cycle multiple times for this to arise. Leaders’ sensegiving adds cues of the past

to the reservoir (arrow 7b), influencing members' view of the past, alongside the influx of other cues from external sources and internal experiences (boxes A and B). How members interpret the past is thus evolving in an ongoing present as new cues become salient.

DISCUSSION

In this study, we asked how members and leaders reconstruct organizational identity when members challenge this identity based on conflicting views of the organization's past. Building on the case analysis of DigiCo, we developed a process model (see previous section and Figure 3) that illuminates how temporal identity complexity emerges, how leaders reaffirm identity through temporal synergizing, and how this affects members' cognitive and emotional understanding of the identity's temporal coherence. In contrast with prior research that emphasizes the need to construe a sense of identity continuity over time, this study shows how organizations can instead capitalize on the discontinuity in their past identity enactment to reaffirm identity in the present and future. Our study offers contributions to research on organizational identity – specifically to its threads on sensemaking and rhetorical history.

Contributions to the Thread of Organizational Identity Research on Sensemaking

Reaffirming the temporal coherence of organizational identity: From construing continuity to capitalizing on discontinuity. Research on organizational identity indicates that organizational actors reconstruct the past and the future to create a sense of coherence in what the organization has been and is becoming (Hatch & Schultz, 2017; Schultz & Hernes, 2013; Suddaby et al., 2020). This is especially relevant to leaders attempting to reaffirm their organization's identity when members experience a temporal identity discrepancy. To do so, prior work has shown that leaders reconstrue the organization's identity enactment as exhibiting continuity over time (e.g., Lyle et al., 2022) by demonstrating a track record of past actions that is consistent with the identity claims of the present and the imagined future (e.g., Anteby & Molnar, 2012). In line with this body of work, we found that, when

reaffirming identity, leaders strive to create a sense of a coherent organizational evolution in their sensegiving efforts.

Our insights shift existing understanding of *how* leaders create coherence to reaffirm organizational identity – not by construing a sense of identity continuity over time, as prior research suggests, but by capitalizing on identity discontinuity over time.⁶ This involves invoking perceived inconsistencies in past identity enactment to construe improved identity enactment in the present and future. The two overarching sensegiving approaches for reaffirming identity – construing temporal continuity (as established in prior research) and capitalizing on discontinuity over time (as uncovered in this study) – have three main differences, which we explain next and summarize in Table 7.

----Insert Table 7 about here----

First, the two approaches differ in how leaders engage with memory cues and with members' sensemaking of inconsistent identity enactment in the organization's past. Construing a sense of temporal continuity entails "selective remembering" of the past (Sasaki, Kotlar, Ravasi, & Vaara, 2020: 617), that is emphasizing those memory cues that highlight consistent identity enactment across the organization's evolution (e.g., Suddaby et al., 2010) while omitting, downplaying, or embellishing inconsistent past events (e.g., Anteby & Molnar, 2012).

By contrast, the approach we propose – capitalizing on identity discontinuity – involves leaders dealing with memory cues and (conflicting) perceptions of inconsistent identity enactment more comprehensively. The specific process for capitalizing on identity discontinuity that we uncover is temporal synergizing, a sensegiving process that recombines conflicting interpretations of the past to demonstrate how the organization's inconsistent past

⁶ By identity discontinuity we mean a perceived lack of consistency between identity claims and organizational actions over time.

actions enable the organization to improve the present and future enactment of identity claims. Temporal synergizing works through three complementary strategies: transfusing, grafting, and defusing. Through *transfusing*, leaders show how much these inconsistencies benefit identity enactment in the present; through *grafting*, they incorporate the inconsistencies into a refined understanding of the organization's future identity enactment; and through *defusing*, they compare present events implicitly with past inconsistencies to show the organization's exemplary identity enactment in the present. Adopting these strategies helps leaders reorient members from disagreeing about identity inconsistencies to appreciating how the organization draws on them to improve the enactment of its identity in the present and future.

Second, each sensegiving approach seems best suited to aid identity reaffirmation in different situations. Leaders can construe temporal identity continuity when members contest the organization's identity based on a shared view of the past (e.g., Lyle et al., 2022) or when members could contest the organization's identity if inconsistencies were to be revealed (e.g., Anteby & Molnar, 2012). However, when members draw on memory cues to form conflicting views of the past, leaders cannot afford to construe temporal continuity. Indeed, remembering the past selectively or downplaying one view of how the past undermines the present and future may exacerbate and perpetuate internal conflict. For example, after a major scandal about years-long misconduct emerged, leaders of a British bank exacerbated the conflict with their traders by siding with the view that blamed the bank's identity problems on the trading division's unethical behavior and ignoring the traders' view that the problems were also due to high turnover among leaders (Garcia-Lorenzo, 2020). In these situations, capitalizing on discontinuity would instead have enabled leaders to reaffirm the organization's identity as well as to avoid the alienation of the traders. For example, the leaders of the aforementioned bank could have employed *grafting* to integrate the conflicting

perceptions of the causes of the past problems (traders' unethical behavior vs. leaders' high turnover) and re-envision the identity as a financial player that, thanks to the lessons learned, rewards moral integrity and corporate loyalty.

Third, drawing on Paul Ricoeur's (1991, 1992) writings on discursive identity, we propose that each sensegiving approach relates the organization to the passage of time in different ways to imbue the organizational identity with significance. Ricoeur noted that the identity of individuals and collectives can be constructed discursively in the sense of either "idem" or "ipse" (Rasmussen, 1996). Specifically, in Ricoeur's writing the construal of identity as *idem* emphasizes "uninterrupted continuity ... between the past and the present" (Rasmussen, 1996: 164) and foregrounds the "sameness and permanence through time and space" (Ericson & Kjellander, 2018: 205). We suggest that when leaders construe identity continuity over time, they justify the significance of the organization's identity based on the uninterrupted continuity of its enactment (i.e., valuing identity as *idem*). The case for the significance of identity is based on showing a permanence of identity enactment that withstands the passage of time and the challenges it posed to the organization. In this case, leaders do not present the organization's evolution as static but as evolving within an uninterrupted continuity.

By contrast, we suggest that when leaders reaffirm identity by capitalizing on past identity discontinuity, they justify the significance of the organization's identity by drawing primarily on Ricoeur's (1991, 1992) identity as *ipse*. According to Ricoeur, construing identity as *ipse* emphasizes a unique "selfhood in the sense of change and interrupted continuity" (Ericson & Kjellander, 2018: 205). This "can include mutability and transformation within the cohesion of a lifetime" through "an ongoing [discursive] process of self-constancy and self-rectification ... to synthesize the different horizons of past, present

and future” (Kearney, 1996: 181).⁷ We suggest that when leaders capitalize on identity discontinuity over time, they justify the significance of the organization’s identity based on an interrupted continuity of its enactment (i.e., valuing identity as ipse). The case for the significance of organizational identity is based on showing a strengthening of identity enactment thanks to the passage of time and the challenges it has posed to the organization. For example, leaders at DigiCo celebrated that they had become significantly better at serving customers responsibly because of the lessons learned from past mistakes.

In summary, these insights into leaders’ efforts to capitalize on temporal discontinuity contrast significantly with those of prior research, which finds that leaders invoke inconsistent past enactment of identity mainly to challenge and change, rather than reaffirm, the organization’s identity (e.g., Chreim, 2005; Ybema, 2010). Our observations, in turn, pave the way to a broader investigation of how organizational actors draw on the passage of time to reconstruct organizational identity. Our work indicates that leaders reconstructed the significance of DigiCo’s identity mainly as ipse, i.e., by foregrounding interrupted continuity in their sensegiving. Future work could, for example, examine whether and how different sensegiving strategies can reconstrue the significance of identity claims through a dialectic relationship between idem and ipse, and whether this implies different ways to connect pasts and futures in the present from the relationships we uncovered.

Sensemaking, emotions, and identity: Temporal identity complexity and the challenges of the flux of time. While identity is “not commonly analyzed as a temporal phenomenon” (Hernes, 2014: 171), we uncover a novel and significant identity threat that may arise when the flux of time undermines members’ beliefs about their organization’s

⁷ The terms “ipse” and “ipseity” have been used differently in different fields. For example, in psychiatry, ipseity may denote a “minimal self, ... a prereflective, tacit level of selfhood” (Nelson, Parnas, & Sass, 2014: 479). In political philosophy, ipseity may, for example, denote “a principle of legitimate sovereignty, the accredited or recognized supremacy of a power or a force” (Derrida, 2005: 12). We draw on Ricoeur’s (1992) conceptualization of ipse, as elaborated in his writings on the discursive construction of identity.

identity in different ways. This threat is what we call “temporal identity complexity”. Our study shows how this threat emerges, why it is challenging, and how leaders address it in ongoing interactions (Bakken & Hernes, 2006). These insights into temporal identity complexity deepen the understanding of identity processes as temporal phenomena and also direct future research to examine key implications of these processes.

First, temporal identity complexity can be more difficult to detect than the identity tensions triggered by individual events. Media coverage, in particular, often typecasts organizations by, for example, depicting them as “villains” (Zavyalova, Pfarrer, & Reger, 2017). This may amplify one view (e.g., that the past taints the present at DigiCo), obscuring another, conflicting view. We speculate that when this occurs, leaders may mistake temporal identity complexity for simple temporal discrepancy held by just one group of members or for a case of discrepancy between image and identity (Dutton & Dukerich, 1991). Thus, leaders may focus on tackling the more prominent view and through their sensegiving unwittingly amplify the grievances of those holding the other view. The inability to recognize an identity threat may be a critical reason why “organizations often fail to respond adequately to identity threats” (Petriglieri & Devine, 2016: 252). Further examining this new type of identity threat is important for preventing organizational failure.

Second, we found that temporal identity complexity is associated with the refraction of emotions across time. Prior work suggests that contestation over the past that involves identity is emotionally charged (Do, Lyle, & Walsh, 2019) and that different interpretations of the past evoke different emotional responses among stakeholders (Suddaby et al., 2021). Our study reveals a more complex picture because the emotions that members experience about one period (e.g., the past) may manifest themselves in different emotions about the other periods (e.g., the present and future). This “refraction of emotions” undermines the perceived significance of organizational identity in complex ways. For example, the nostalgia

that many members felt about DigiCo's past manifested itself as sadness about the present and resignation about the future.

Relatedly, we also observed that members' negative emotions about the future of the organization's identity may result from conflicting emotions about the past. For example, at DigiCo, some members were resigned about the future due to a sense of nostalgia for the past, while other members were resigned about the future due to a sense of shame about the past. This observation contrasts with current understanding of sensemaking, emotions and temporal identity, which tends to assume that members who perceive the future of the organization's identity negatively share similar feelings (e.g., nostalgia) about the organization's past (e.g., Jacobs et al., 2021; Ybema, 2010).

In turn, these complex emotional dynamics increase the challenges that leaders face in influencing members' emotional understandings of the organizational identity. For example, when different members have a negative disposition toward the future of the identity due to different rather than similar emotions about its past, it is much harder for leaders to discern and address these different underlying emotions about the past. Yet, resolving the identity problem requires leaders to develop plausible accounts that reflect "selectively" the specific underlying "emotional understanding" of the actors who oppose a situation in an emotional manner (Heaphy, 2017: 650). Leaders, for example, would likely struggle to address members' feelings of resignation by only giving sense to the organization's future without also engaging with members' quest to return to a past that they view as more desirable.

Our study directs scholarship on the temporal perspective on organizational identity (e.g., Ravasi et al., 2019; Schultz & Hernes, 2013, 2020) to examine how the temporal refraction of emotions influences members' sensemaking and leaders' sensegiving in situations that challenge the understandings of organizational identity (e.g., contestations of the past, strategic renewal, organizational change, etc.). For example, our study reveals the

role of specific emotions that leaders' temporal synergizing elicited (i.e., pride), which in turn shifted members' cognitive and emotional understandings through time. Future work could explore whether different emotions of a different valence (e.g., Huy, 2012) may also underpin temporal identity complexity and what consequences this may have on sensegiving processes.

Contributions to the Thread of Organizational Identity Research on Rhetorical History

Rhetorical history and identity: The role of external versus internal contestation.

Scholars have noted the capacity of organizations to purposefully draw on “the past as a persuasive strategy to manage key stakeholders of the firm,” or what is commonly referred to as creating a rhetorical history (Suddaby et al., 2010: 157). When the past is contested by stakeholders, this body of work finds that leaders may privilege one group's view over that of the other in their communicative efforts (e.g., Poor, Novicevic, Humphreys, & Popoola, 2016). For example, Van Lent and Smith (2020) examine the Hudson Bay Company, whose past commercial success was romanticized by some audiences but contested by Indigenous communities as having been achieved by exploiting them. The authors find that leaders prioritized white clients over Indigenous people because they viewed that the legitimacy from the former was more important than the illegitimacy from the latter.

Our study cautions against this approach when conflicting views are *internal* to the organization rather than external. We argue that in such cases, leaders need to construct synergy out of the contested past because they cannot afford to alienate any of its groups of members. Future research on rhetorical history could examine situations in which both internal and external stakeholders construe conflicting interpretations of the organization's past. Such cases jeopardize both the organization's legitimacy (among external stakeholders) and its identity (among internal stakeholders). Leaders may need to develop specific histories that account for the interrelatedness of these conflicting views and the distinct roles that external and internal stakeholders play for the organization's future.

Our findings also caution leaders against the use of discursive strategies that dissociate the organization from past acts when external stakeholders perceive them as problematic. For example, leaders may disown the past, as Monsanto did with regard to Agent Orange (Hamilton & D'Ippolito, 2020), or distance the organization from the past, as Ontario's wineries did with regard to their stigmatized origins (Hills, Voronov, & Hinings, 2013). While these approaches may help the organization maintain its legitimacy for some time, we contend that they are likely to lead members to ultimately question its identity.

Identity reconstruction and autobiographical memory amid a contested past.

Rhetorical history scholars have begun to theorize how organizations construct their “autobiographical memory.” This involves fluidly incorporating episodes from the past, present, and future in an ongoing manner to enact a coherent organizational identity (Suddaby et al., 2020).

Our observations on temporal synergizing add to this nascent research by showing that when members contest the organization's past because they hold conflicting interpretations of episodes from the past, grafting is a particularly useful strategy to construe the autobiographical memory. Similar to the “development” trajectory that Saint Augustine employed in his autobiography (Freeman, 1993), grafting not only construes responsibility for the wrongdoings of the past but also reconciles “the conflict between good and evil” by articulating how both “antagonistic masses” are required to move into the future (Freeman, 1993: 37). For example, by grafting DigiCo's leaders articulated how the contested early years, characterized by both fame and infamy, enabled the refinement of the purpose for the future. While grafting encompasses “periodization” (e.g., creating DigiCo 1.0, 2.0, and 3.0), which fragments the timeline into distinct chunks of time (Suddaby & Foster, 2017: 31; Ybema, 2014; Zerubavel, 2003), it also organizes the periods into a “metanarrative” of

development (Dalpiaz & Di Stefano, 2018: 678) that offers an overarching story of how different periods serve the purpose of enabling a better future.

Limitations

As with any study, ours has limitations that offer directions for future research. First, in our case, leaders reacted to members' grievances and were in charge of the content of sensegiving about identity. Whereas at DigiCo members provided important input for sensegiving, such as the PaceSetters who helped develop DigiCo's purpose statement, leaders communicated the key messages. It would be valuable for scholars to study how members engage in sensegiving about identity, rather than primarily engaging in sensemaking about it. This would be particularly insightful because studies so often focus on those who can use the organizations' formal communication channels. We speculate that this may sometimes depict leaders as more heroic than they are while possibly overlooking some sensegiving by members, who are usually less visible in formal communication channels.

Second, we investigated an organization that was unable to remove its negative image among some external audiences (e.g., the media). We showed how this external image offered cues of a past that members perceived in conflicting ways. Whereas studies have explored how leaders discursively reconstruct their organization's past to obtain or maintain legitimacy among external audiences (e.g., McGaughey, 2013; Suddaby, Bitektine, & Haack, 2017; Suddaby & Greenwood, 2005), it would be fruitful to examine how leaders obtain legitimacy when their external image no longer reflects the organization and how this legitimacy internally affects the temporal identity complexity.

Third, our study reveals how leaders discursively reconstructed the organization's past and its identity. Future research could also explore how leaders mobilize organizational practices and materiality (e.g., Hernes, Feddersen, & Schultz, 2020) to influence processes of identity reconstruction in situations of contested pasts. For example, how do leaders use

artifacts that cue the past (Crawford, Coraiola, & Dacin, 2022), such as objects that symbolize key events, to reshape how actors understand this past and its implications for the future of the organization's identity? It would be interesting to explore whether sensegiving based on materiality (e.g., artifacts) is subject to different power dynamics in organizations compared to discursive sensegiving. Whereas the latter is more explicit and can be controlled more easily by leaders, sensegiving based on materiality may give members more interpretative latitude. It would be valuable to explore these dynamics, particularly with regard to the reconstruction of organizational identity.

CONCLUSION

We live in a time in which polarized views about the past are prevalent in society and appear to be gaining in importance (e.g., debates about colonialism or Brexit). It is thus timely to explore how organizations experience and respond to identity challenges that are due to conflicting interpretations of their past. Our study establishes that organizations can reaffirm their identity by capitalizing on identity discontinuity over time, instead of following the standard approach of constructing a sense of continuity. We hope that our study will spur further research that helps organizations to navigate a polarized world.

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TABLE 1
Overview of DigiCo’s Reforms and Efforts to Manage External Stakeholders *before*
Study Period (July 2014–September 2015)

Reforms of marketing practices (examples):

- Suspension of marketing over several months to eliminate problematic practices.
- Inclusion of adequate warnings about product risks in new ads and of cost of “worst case scenario” (i.e., falling into arrears) on website.
- Weekly audits of proportion of underage audience of ads and removal of ads that reach too many underage viewers.

Reforms of loan approval and charging practices (examples):

- Adoption of strict criteria for loan approvals: loans only awarded to those who could afford to repay without experiencing detrimental outcomes. This led to a fall in loan approvals: only about 10% of applications were accepted in period (ID27) versus 40% in 2013 (PD10).
- Reduction of cost of credit to comply with new regulatory price cap: e.g., total cost of credit (interest and fees) for 14-day loan one third lower than previous cost.
- Adoption of established third-party software system for loan approval process.

Reforms of customer service and debt collection practices (examples):

- DigiCo stopped “rolling over” (i.e., extending) loans for up to three months and limited rollovers to two times.
- Adoption of 3-day grace period before charging customers a missed payment fee and use of certified debt collection agency.
- DigiCo froze all loan balances (and stopped charging interest) after a loan is 7 days in arrears (vs. previous 30 days).

Activities for repairing relationships with external stakeholders (examples):

- Engagement with regulator to implement new regulation and apply for regulatory license by December 2015 deadline:
 - Agreement with regulator in 2014 to install an external monitor for several months to check DigiCo’s compliance with regulation.
 - Agreement with regulator in 2014 to write off thousands of loans (and interest) that had been issued inappropriately (until 2014).
 - Agreement with regulator in 2014 to pay compensation to borrowers who had received “fake legal letters” (until 2010).
 - Engagement with press through background briefings and press releases to apologize for past behavior and explain reforms:
 - In 2014, DigiCo publicly “apologize[d] unreservedly” for the “unacceptable” fake legal letters (sent to borrowers until 2010) (PD21).
 - In 2014, DigiCo publicly vowed to change to “regain our right to be an accepted part of the financial service sector” (PD21).
 - Engagement with key debt advice charities and start of close cooperation to support borrowers in financial difficulties:
 - Meetings with debt advice charities to discuss how DigiCo was changing and to improve processes for supporting struggling borrowers.
 - Adoption of processes to refer all struggling borrowers to debt advice charities.
-

TABLE 2
Timeline of DigiCo’s Key Events and Actions (2006–2018)

Date	Key events	
2006	DigiCo is founded. The company immediately pursues rapid growth.	Pre-study period (the contested past)
2006–2013	Between 2008 and 2013, DigiCo receives 14 awards for its innovative model. By 2011, it has raised more than \$100m from investors.	
2010	Until 2010, DigiCo sends letters to late-paying borrowers from made-up law firms that threaten to sue them. After this becomes public in 2014, the media criticizes DigiCo about these letters for years to come.	
2013–2014	DigiCo is censured and fined for its practices (e.g., marketing, debt collection) amid a sharp rise in negative media coverage. It agrees with its regulator to compensate thousands of harmed borrowers.	
2014	Appointment of new management. Start of reforms to improve practices and apply for new regulatory license by deadline (i.e., December 2015).	
2014 onward	Amid continued negative media coverage, new management works to reset strained relations with stakeholders, including the media, regulators, and debt charities.	
Sep 2015	Conclusion of reform efforts and application for regulatory license.	
Sep 2015	Start of internal efforts to affirm identity as a customer-focused fintech: “DigiCo Connect” event focused on “where DigiCo has come from, where we are now and the next steps in our journey” (CA39, 2015).	
Jan 2016	The financial regulator formally grants DigiCo the regulatory license.	
Sep 2016	Leaders host monthly town halls for staff (starting in 2015). For example, in September 2016 the town hall focuses on being a fintech and on DigiCo’s evolution.	
Oct 2016	Due to a systems error, DigiCo takes debt repayments from thousands of customers twice.	
Apr 2017	Hackers steal data from DigiCo. This affects thousands of customers.	
Jul 2017	Launch of DigiCo 3.0 and start of process to develop the organization’s first formal purpose statement on July 17. This involves 30 members and leaders across functions over six months who reflect on DigiCo’s evolution to express the organization’s purpose in a statement.	
Sep 2017	During the process of formalizing DigiCo’s purpose, leaders share internally a variety of videos and memos about DigiCo and its evolution.	
Jan 2018	CEO launches formal purpose statement to all members on January 17 and shares animated video of DigiCo’s evolution to DigiCo 3.0.	
Feb 2018	Organization of workshops that invite members to reflect on their personal DigiCo journey and on what the purpose means for them.	

TABLE 3
Data Overview and Use in the Analysis

Data Type	Number	Captured Period	Role in Analysis
A. Interview Data			
Interviews with DigiCo's members (44) and advisers (2). 42 conducted in March/April 2018 and 4 follow-up interviews.	46	2014–2018	Understand the following: -how leaders (20) and members (24) experienced DigiCo's past, present and future, and its identity. -how leaders tried to affirm DigiCo's identity and what impact these efforts had on members
B. Archival Data Created by DigiCo and its Members			
<i>Internal texts circulated to members</i> (e.g., presentation slides from town halls, internal videos, memos)	46	2014–2018	Understand (1) how leaders engaged with DigiCo's past, present, and future and (2) how they tried to reaffirm its identity.
<i>DigiCo's website</i> (via Wayback Machine)	21	2014–2018	Understand how DigiCo presented its identity, past and future vision.
<i>Glassdoor reviews</i> about DigiCo by members	77	2013–2018	Triangulate members' views of identity threat and effort to solve it.
<i>CEO's responses to reviews on Glassdoor</i>	22	2017–2018	Understand how leaders interacted with members about identity.
<i>Internal management presentations</i>	4	2014–2018	Understand how leaders constructed the organization's past.
<i>CEO's talk to MBA class</i> about DigiCo's evolution	1	2014–2017	Understand how leaders viewed the organization's evolution.
<i>Pictures of employees' statements about how they personally relate to DigiCo</i>	5	2018	Understand how 20 members felt about DigiCo's identity at the end of the studied period.
<i>Press releases</i> by DigiCo	7	2015–2017	Understand events and external communication of them.
C. Archival Data Created by Third Parties			
<i>Press articles</i> about DigiCo	1,250	2009–2018	Understand how media depicted DigiCo and its past.
<i>Industry reports and blogs</i>	36	2010–2017	Understand DigiCo's context.
<i>TrustPilot customer reviews</i>	1,046	2012–2018	Understand customers' views.

TABLE 4

Additional Illustrative Evidence for Each Aggregate Dimension, Second-order Theme, and First-order Code

Aggregate dimension I: Ongoing build-up of memory cues of past events

A. Memory cues from external sources

- *Continued media coverage about DigiCo and its past actions*
 - “This is by no means the first time DigiCo has attracted negative headlines. Back in 2014 the company had to write down [millions of \$] in unpaid loans, following an investigation by the [country’s regulator] over its lending practices. It was also fined by the regulator for sending fake lawyers’ letters to customers in arrears.” (PD36, 2017)
 - “It looked, to its backers, like a sexy tech firm, breaking free from the dingy old high street model. That did not last.... DigiCo’s high profile was a double-edged sword, winning critics as fast as customers. Rather than being seen as a challenger to an old sector, it became the whole industry’s whipping boy.” (PD12, 2015)
- *Continued public awareness of DigiCo and its past*
 - “So I think that that's still an ongoing journey, how much people still, when they hear the name DigiCo, they still think of ... the enormous growth, and the rather aggressive lending. So I think it's still a challenge.” (ID41)
 - “Every time DigiCo's in the press three of my friends take a photo of it and they send it to me.” (ID20)

B. Memory cues from internal experience

- *Practices that remind members of DigiCo’s past*
 - “We used to have Thursday drinks ... We call it Thirsty Thursday now.” (ID36)
 - “Following discussions with the [financial regulator], we also announced a major forbearance programme [last year] for customers in arrears whose loans would not have been made had they been subject to the new affordability criteria.” (explanation on DigiCo’s website; CA52, 2015)
- *Material artifacts of DigiCo’s past*
 - “No one's beaten it since: the whole “sliders” [the web tool which lets customers vary the loan amount and length to see how much they would have to repay]. We can't even think of a better way of doing it [than what DigiCo’s founders developed].” (ID23)
 - “Because the company had downsized, dramatically, in the last few years, the office was way too big for the number of people we have. So to try and counter-balance that, someone along the line had asked everybody to move into one side of the office. So there was physically an empty half of the office that people used to refer to as 'the graveyard'.” (ID05)

Aggregate dimension II: Temporal identity complexity (members)

C. Organizational identity claims

- *DigiCo is a fintech company*
 - “[A]s a company that prides itself on being Fintech to the core it is great to hear you had a brilliant experience working in our Tech team.” (CEO’s reply to a former member; GD05, 2017)
 - “[DigiCo is a] Fintech company, which is disrupting the traditional consumer lending space by providing solutions for “underserved” customers.” (CA54, 2018)

- *DigiCo is customer-focused*
 - “We're people first. We build our business around our customers, understand their lives and do all we can to meet their needs.” (CA53, 2015)
 - “[DigiCo’s vision:] to pioneer and deliver smart financial products for under-served consumers and to put customers at the centre of everything it does.” (CA55, 2016)

D. A group of members perceiving that the “bad past” taints identity in the present (identity tainting)

- *Members regarding DigiCo’s early years as bad times*
 - “I'm not sure how they could have had pride at working at a company that was sending out bogus letters to customers from these made-up legal firms.” (ID10)
 - “I think probably previously, when you tried to capitalize and squeeze every penny you could from people and add the charges ... for me this is not moral ... not right.” (ID02)
- *Members feeling shamed by external audiences due to association with DigiCo and its deplorable past*
 - “Even now, when I talk to people, a lot of people still think ... of the DigiCo world [of the past] and they sort of think how can you work for DigiCo, and all that kind of stuff. ... I've got a lot of my good friends, even some family members, who will be like, 'How can you work for a company like this?'" (ID21)
 - “[People ask my fiancée], 'What does your fiancé do?' She says, 'Oh, he works for DigiCo', and they give her a shifty look. ... [if] one of my friends got a job at DigiCo and I didn't know what I knew, I'd probably do something similar knowing what I've read historically and heard about the company in the news.” (ID09)

E. A group of members perceiving that the “good past” dwarfs identity in the present (identity dwarfing)

- *Members regarding DigiCo’s early years as good times*
 - “There was a good vibe about the place.... Over time it has become more and more corporate and ... there is none of the old vibe left.” (GD11, 2015)
 - “They [members of the tech team] just kind of said like, 'Oh, when [the founder] was here he had good vision, he had good passion and good direction,' basically.” (ID20)
- *Members feeling sad to see that the reality in the present failed to live up to the company’s past glories as a fintech pioneer*
 - “No one here wanted to work for a bank, they wanted to work in tech ... I'd definitely say ... the role of tech reduced ... it became a company that was more focused on control, program management and things like that.” (ID39)
 - “They [members of the tech team] just felt like we went from being a fintech to being a finance company.” (ID20)

F. Members perceiving that the contested past frustrates identity in the future (identity frustrating)

- *Members feeling resigned that the bad early days would continue to taint the future too*
 - “They just said, 'How do you feel about payday loans?' Instantly one of the people just said, 'Oh no, not one of the DigiCo loans', like that. She said, 'I'd never get one of

them' ... it's really unfortunate because there is going to be that sense in people.” (ID09)

- “It's frustrating ... you've done all this hard work and ... yet still the media likes to drag up old stories about historic lending practices.” (ID24)

- *Members feeling resigned that DigiCo would never again be the fast-moving (fin)tech company of its early days*
 - “It was a super-successful business. It was fast-growing ... and it's super-painful to just, you know, chop off your arm just to please the regulator.” (ID40)
 - “People left because of DigiCo's inability to move quickly anymore.” (ID38)

G. Members perceiving that the contested past supports identity

- *Members accepting that DigiCo has evolved as a fintech alongside its industry*
 - “It was very much a tech company when I joined. It still is.... You don't want to become like a bank where you can't make a decision.... At the same time you have to ... make sure that there's no unintended consequences of your actions.” (ID35)
 - “We need to combine our agility ... with a regulated and controlled environment.... We still have this agility embedded way of working which helps us nurture the technology part.” (ID07)
- *Members experiencing pride in DigiCo and its evolution*
 - “I think you asked the question whether our past influences - our negative past - still influences us in the present. I think it's important to keep it in mind and to understand how far we've come. It is something to definitely be proud of.” (ID04)
 - “I would be really proud to say that I worked for DigiCo and I was part of that process that turned things around, absolutely.... Very proud of what we did.” (ID36)

Aggregate dimension III: Temporal synergizing (leaders)

H. Transfusing the conflicting past into the present

- *Leaders connecting DigiCo's “good past” of tech pioneering to problems that yet strengthened its ability to be a customer focused fintech in the present*
 - “[T]here was a great idea ... it was executed brilliantly from a technology and speed perspective, but ... safeguards weren't there. So there's a lot to build on.” (ID27)
 - (slide on learning from mistakes) “Fintech Pitfalls:
 - Insufficient ‘test, learn, refine’ agile approach – results in high investment ‘leap of faith’ launches
 - Misinterpreting ‘fail fast’ as ‘just get something out as fast as possible’ ...
 - Insufficient insight into regulatory environment / customer reality.” (CA07, 2016)
- *Leaders construing DigiCo's “bad past” of harming customers more positively for having equipped DigiCo with resilience*
 - “The fact that DigiCo's still going is incredible because I think just one major challenge would put most businesses out. DigiCo's been through several ... I think there's something about the tenacity of the people around the table not to give up.” (ID25)
 - “[O]ur past has shown us so much. If you were here when it was tough, and you're still here now, you're incredibly resilient, so we are incredibly resilient.” (ID46)

I. Grafting the future with the conflicting past

- *Leaders using DigiCo's experience of the "bad past" of customer harm to re-envision the meaning of cherished aspects of the "good past" of technology pioneering for the future*
 - "[Our approach] was to say, 'I embrace the things that this company has been great at, because you've come from a world where the motto was, 'Move fast and break things.' What I used to say ... was, 'I still like that, but let's do it in a safe environment,' yes... ... There was good tech stuff there, and it was like how do you bring people along and say, 'We're perfectly positioned for the future,' because anyone who wants to operate in the tech environment, is operating in regulated environments.'" (ID46)
 - "I think what DigiCo did well in its transformation journey was showing how there was that benefit in growing up a bit. Like we can still be agile ... but there's benefits to doing things well ... and following some rules, and we've learnt from this". (ID28)
- *Leaders using DigiCo's experience of the "good past" of technology pioneering and the "bad past" of harming customers to redefine DigiCo's "purpose" for the future*
 - "When we first started back in 2006 we were like a kit car; our business was nimble, innovative and built for speed, not safety... but we were reckless. As we sped forward, we ran into trouble. We were viewed as trivializing credit and forgetting about our customers.... DigiCo shifted gears: in 2014 we brought in a new Management team to make sure customers were at the heart of everything we did... We established new procedures and ... developed new loan products that would give our customers greater choice and flexibility.... At every step we're learning and adapting.... Our path is clear and so is our organizational purpose." (CA46, 2018)
 - "Well, part of the work we did with the purpose was recognizing what had gone on in the past helped shape who we are today. It's not about being embarrassed of what happened, that was all part of our development, but it's about recognizing also that things need to change in the future if we want to be a sustainable business." (ID10)

J. Defusing present events vis-à-vis the conflicting past

- *Leaders showcased how much DigiCo was living up to its identity of being customer focused in recounting its response to incidents that reminded members of the "bad past" of customer harming*
 - "Our Quarterly People's Champion Award ... Tech teams working on [the two cyber attacks]: ... for the dedication in responding to both incidents." (CA17, 2017)
 - "Dear [name], ... we owe you an apology.... because of our system error, we took twice as much money as we should have.... We are working hard to make sure this doesn't happen again. Kind regards, ... Head of Customer Services." (CA09, 2016)
- *Leaders showcased how well DigiCo was enacting its fintech identity in response to recent incidents that seemed to distance DigiCo from its "good past" of tech pioneering*
 - "When we were hit by a cyber-attack we sprang into action and worked hard as a team to respond in the best way we could." (CA46, 2017)
 - "All businesses will face reputational challenges – as we did this April – the most important thing is ... how quickly they bounce back." (CA56, 2017)

TABLE 5
Members' Sensemaking and Temporal Identity Complexity

	Past taints identity's present enactment	Past dwarfs identity's present enactment	Past frustrates the future
Members' cognitive understandings	The organization's past is so deplorable that it makes our identity claims seem pointless now	The organization's past is so admirable that the way we enact our identity now pales in comparison: it diminishes the present because it no longer features sufficiently in it	Holding either view of how the past relates to the present, members are emotionally resigned about the future
Members' emotional understandings	- Valence: negative. Feeling <i>shame</i> due to association with an organization with a deplorable past - Intensity: high	- Valence: negative. Feeling <i>sad</i> about an organization that no longer lives up to its cherished past - Intensity: low	- Valence: negative. Feeling <i>resigned</i> that the future will not bring any improvements - Intensity: low
Intertemporal span of identity reconstruction	<i>Past-present</i> : the interpretation of the past undermines the significance of the identity in the present This is due to perceiving the organization's identity enactment in the past as having deviated significantly from key identity claims that the organization avows to live up to in the present	<i>Past-present</i> : the interpretation of the past undermines the significance of the identity in the present This is due to perceiving the organization's identity enactment in the present as no longer living up sufficiently to key identity claims that were greatly enacted in the past	<i>Past-future</i> : the interpretation of the past undermines the envisioning of the identity for the future This is due to members resigning themselves to what they perceive to be an unfavorable organizational evolution that will continue to prevent the sense of self-enhancement that they want to derive from being associated with the organization
Example from DigiCo's case	DigiCo's early years were so deplorable and are still so much alive in everyone's memory that claiming to be a customer-focused organization seems pointless	DigiCo's early years were so innovative and exciting that claiming to still be a fintech seems meaningless	Claiming to be a customer-focused fintech will continue to be meaningless for DigiCo

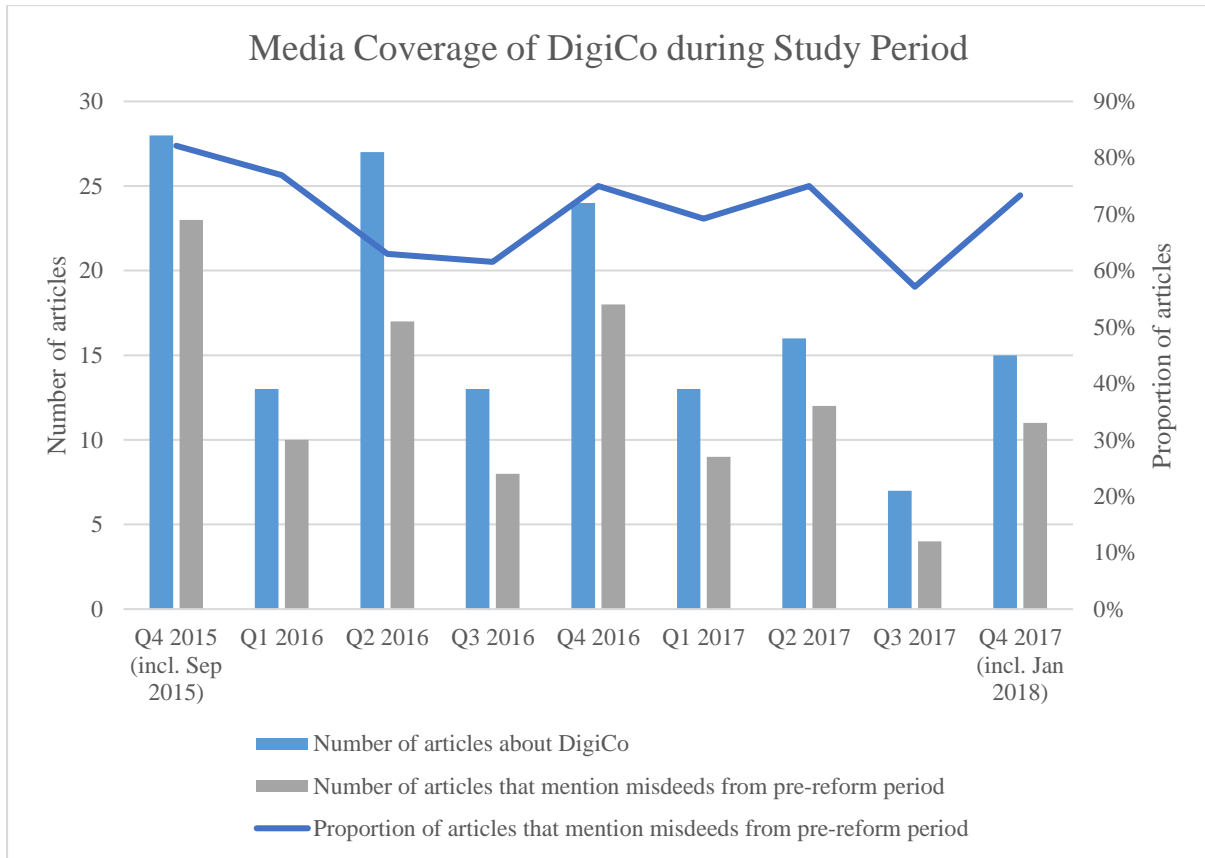
TABLE 6
Leaders' Sensegiving Strategies of Temporal Synergizing

Strategy	Transfusing (the conflicting past into the present)	Grafting (the future with the conflicting past)	Defusing (present events vis- à-vis the conflicting past)
Description	Articulating how a tempered interpretation of the conflicting past benefits the present	Integrating key experiences from both interpretations of the conflicting past to re-envision the future enactment of the organization's identity	Construing current incidents that resemble past identity violations as evidence of how well the organization is enacting its identity
Temporal emphasis	Past-present	Past-future	Past-present
Use of strategy over time	Used continuously to address members' concerns about how the organization's relationship with its past affects its identity in the present	Used continuously to address members' concerns about how the organization's relationship with its past affects its identity in the future	Used when major events occur to address members' possible concerns about how these events relate to the organization's conflicting past
Main effect on members' emotional understandings	Helps members reverse their negative emotions about the present by showing how the organization draws on its past to strengthen its capacity to enact its identity	Helps members replace their sense of resignation with one of achievement by showing that the organization draws on all aspects of its past to achieve a promising path forward	Helps members gain a sense of achievement by showing how admirably the organization resolves difficult situations

TABLE 7
Comparison of Approaches for Reaffirming Organizational Identity

	Construing identity <i>continuity</i> over time	Capitalizing on identity <i>discontinuity</i> over time
Summary of approach	Demonstrating a track record of past actions that is <i>consistent</i> with the identity claims of the present and the imagined future	Invoking past <i>inconsistencies</i> in identity enactment to construe improved identity enactment in the present and future
How leaders draw on memory cues and inconsistencies	<i>Selective remembering:</i> Leaders emphasize memory cues related to consistent past identity enactment and omit, downplay, or embellish past inconsistencies or distance the organization from them	<i>Temporal synergizing:</i> Leaders recombine conflicting interpretations of the past to show how inconsistent identity enactment in the past improves it in the present and future
When leaders use the approach	When leaders have some latitude as to which memory cues to invoke (e.g., when members are not aware of potential inconsistencies, or share a similar view of the past)	When leaders have to engage with a variety of memory cues that members draw upon to develop conflicting views of the past
How leaders justify the significance of identity	Identity as <i>idem</i> : permanence of identity enactment amid uninterrupted continuity	Identity as <i>ipse</i> : strengthening of identity enactment due to interrupted continuity
Examples from research	Anteby & Molnar, 2012; Lyle et al., 2021; Ravasi et al., 2019	This study

FIGURE 1
Media Coverage of DigiCo and Its Past Misdeeds (during Study Period)*



*This includes articles in the country’s leading media outlets that refer to DigiCo’s misdeeds between 2006 (when DigiCo was founded) and 2014 (when DigiCo started its reforms). DigiCo completed its reforms in September 2015, which is the starting point for the identity dynamics that are the focus of this study.

FIGURE 2
Data Structure

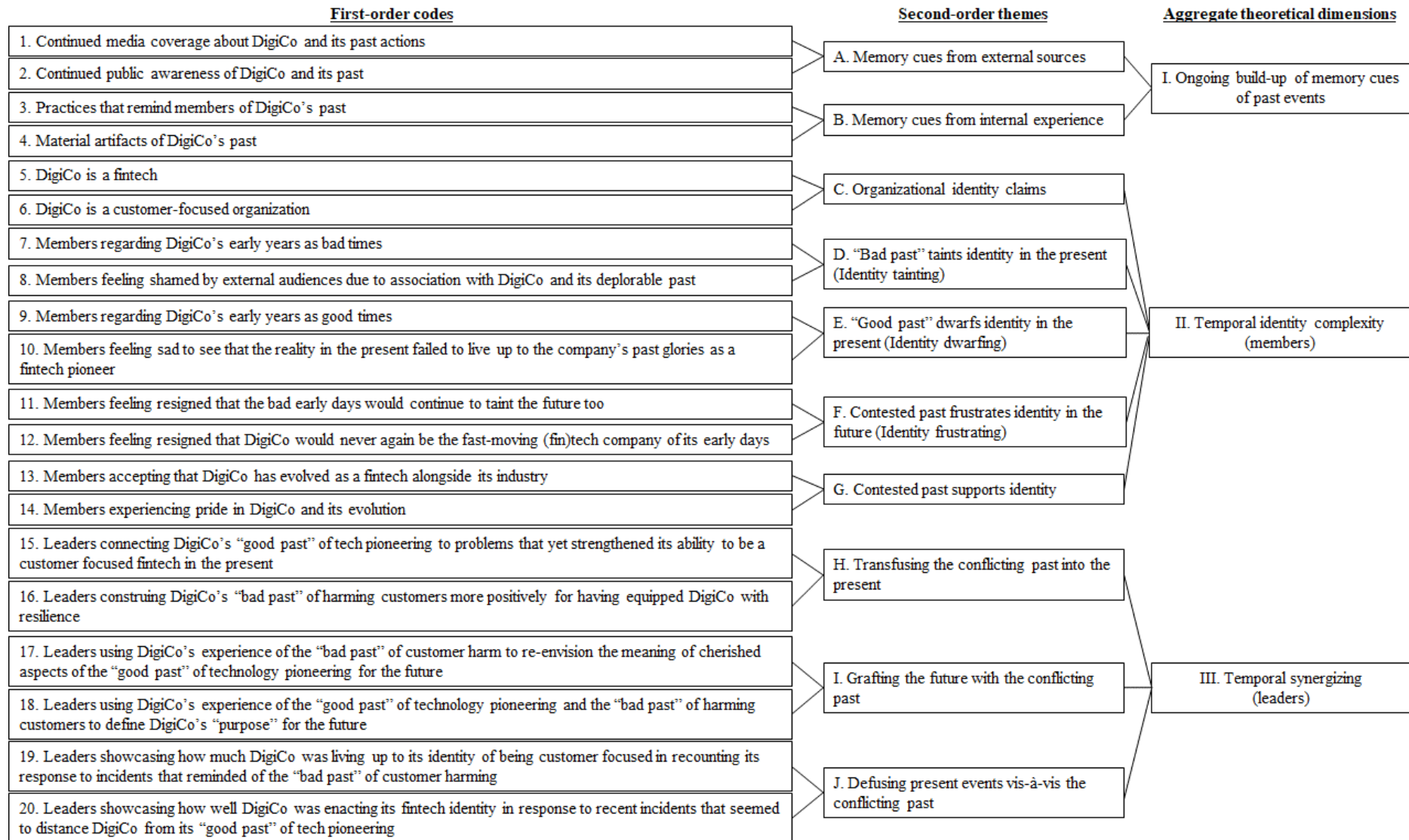
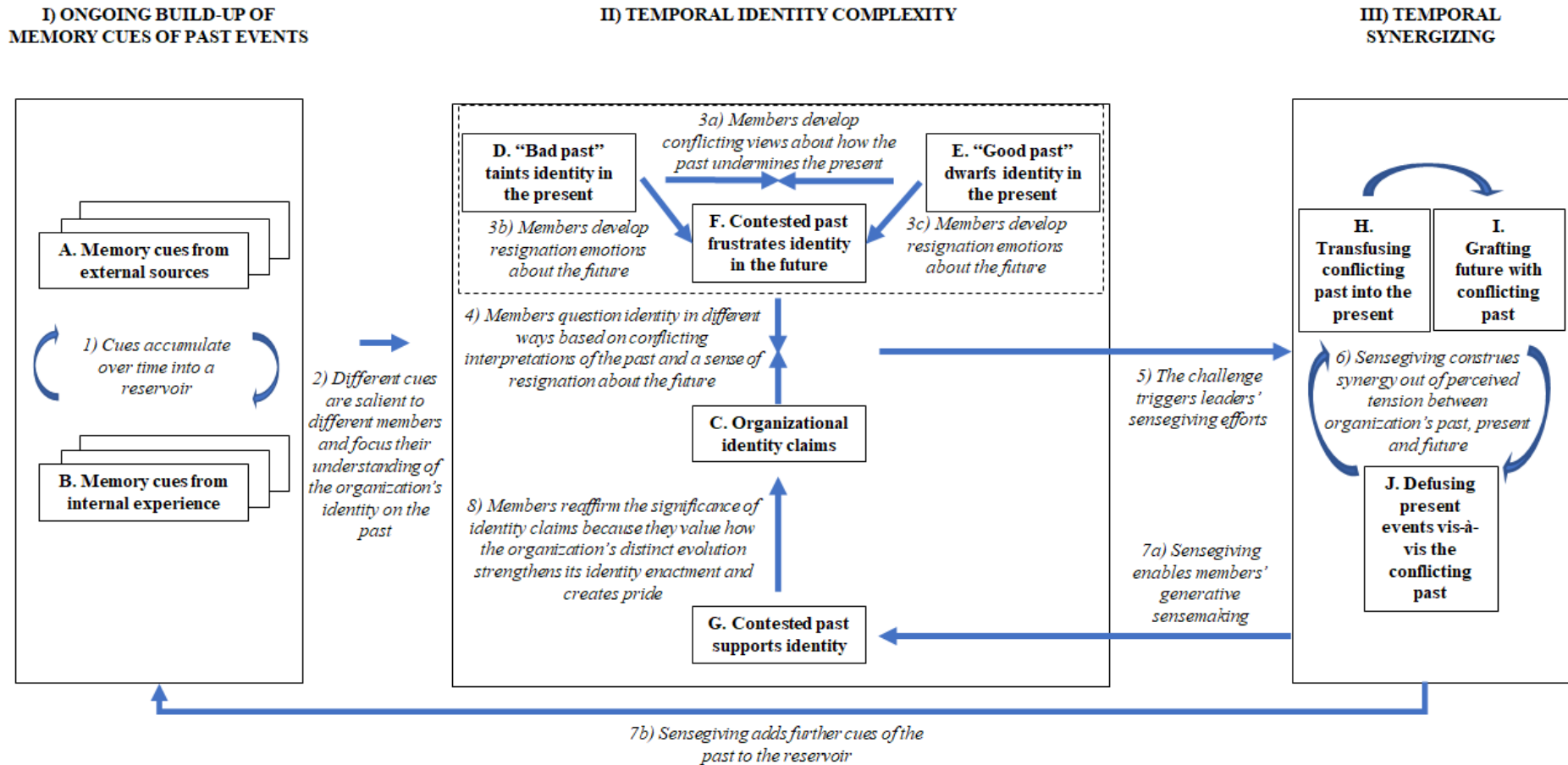


FIGURE 3
Model of Temporal Identity Reconstruction Amid Members' Conflicting Contestations of the Organization's Past



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