Article

(Social) Identity Theory in an Era of Identity Politics: Theory and Practice

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AIB Insights

As a social psychology meta-theory, social identity theory (SIT) continues to evolve and expand in terms of areas of applicability and issues. Revisiting SIT can help IB scholars go beyond applying it to just in-group/out-group behaviour. SIT can also be used to explain collective action, emotion and social change in the face of uncertainty. Managers can use it to address increasing relevance of identity politics, uncertainty and divisiveness. The article overviews the current use of SIT by IB scholars, identifies potential areas of application and provides theoretical and managerial recommendations for the use of SIT.

INTRODUCTION

My interest in *identity* stems from my personal background. Born into a Serbo-Slovenian family in a country that fell horribly apart in the 1990s (Yugoslavia) by failing to create a supra-national identity, I grew up in Slovenia within the transitional bloc of (subsequently) new EU member states. Having lived in the U.S., China, and now in Aotearoa New Zealand, I feel more like a global nomad than a Slovenian or an EU citizen. In Aotearoa New Zealand, I fall into the European immigrant category, according to official statistics. Among the indigenous Māori, I am simply *Pākehā* (a white European). The latter carries a profound burden of colonial history, which is why I emphasize my East Europeanness. Born in the 1980s, I am a millennial, likely to be the first generation to live significantly worse than my single Baby boomer mother. Being gay, I am part of an invisible and often silent LGBTQIA+ minority which intersects other social categories. My Chinese partner calls me an "boiled egg" – "white" on the outside, but "yellow" on the inside. Figure 1 uses my example and illustrates some of the most common types of social categories underpinning social identity theory, which motivate my examination of social identity theory and its importance to IB research and managerial practice. In this article, I first revisit the concept of social identity and make a clear distinction between identity theory (IT) and social identity theory (SIT). I provide a bird's eye overview of their use within the existing IB literature and follow up with some probing questions to help guide IB research, inform managerial thinking and support business practice.

Social identity theory (SIT) emerged from the European school of social psychology. It is a meta-theory of intergroup relations (determined by social categorization) and the evaluative processes of *self* (determined by self-categorization). It is based on various group-defining attributes, creating relevant social categories, which emerge through social interactionism within and between various types of social groups (Hogg, Abrams, Otten, & Hinkle, 2004).

Sociologists and social psychologists have been primarily interested in how people find significance and sense of belonging through social group membership, which also influences how individuals and groups behave and interact with others based on such memberships. On the contrary, the management literature and business practice have not paid too much attention to social identity - at least not much beyond organizational identification, in-group/out-group membership classifications linked to politics of power within organizations (Vaara, Tienari, & Koveshnikov, 2019) or manifested through peoples' behavior (e.g., consumer ethnocentrism, stereotyping).

As we expand our narrow understanding of globalisation from economic and political interdependence among *nations*, to address a more complex interdependence in the nature, level and intensity of relationships among all *social actors*, a growing number of international business (IB) phenomena highlight the central role identity and various crises of identity play in our postmodern and globalised society (Fukuyama, 2019). Such phenomena, for example, range from gender equality and human rights, to the decline of the middle-class in the global west, to trade wars between leading world economies, to questions related to world order, to racism, ethnocentrism and xenophobia, to the policy and business challenges of how nations address the covid-19 global pandemic.

SOCIOLOGY ON (SOCIAL) IDENTITY

Identity and *social identity* are not the same thing. They relate to two different, albeit related theories. Both address self-construal and its impact on normative behaviours in a *social* world. Table 1 compares the key points related to IT and SIT. Representing parallel theoretical universes, Identity theory (IT) is considered a micro-sociological perspective (focusing on the individual) with roots in psychology. Social identity theory (SIT) focuses on group processes and

Table 1: IT and SIT – Comparison of Key Points

IDENTITY THEORY (IT)	SOCIAL IDENTITY THEORT (SIT)
1) Concept of self normative behaviours	
Individual (self-construal)	Social group (group-based self-construal and identification)
Roles and person identities (linked to concept of space/place/family ties/professions)	Social categories and group membership (in-/out-group classification)
2) Identity activation and salience	
Role identities based on social interaction and organized hierarchically based on concept of self. Also linked to probability of invoking a specific action (behaviour) based on a role.	Uniformity of perceptions and actions based on group identity and categorization (in-/out-group). Perceptions based on cognitive, attitudinal and behavioural mechanisms.
3) Process after identity activation	
Cognitive processes linked to self-verification.	Cognitive processes linked to (de)personalization and categorization (biases).
Key motivational processes: self-efficacy and resilience.	Key motivational processes: self-esteem, optimal distinctiveness, uncertainty reduction.

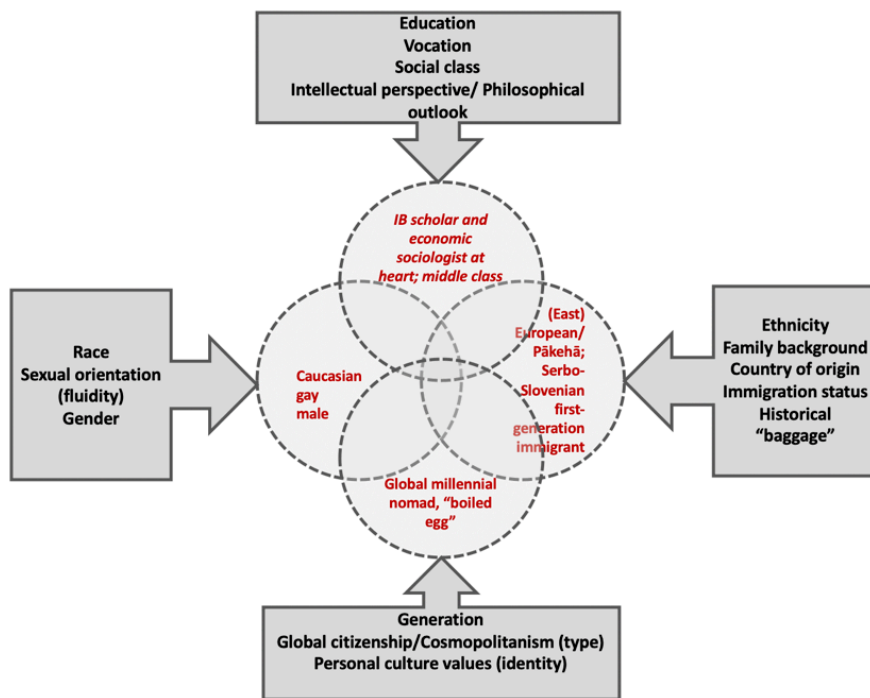Source: Adapted from Hogg et al. (1995); Stets & Burke (2000).

Figure 1: An Example of Common Social Categories Associated with Social Identity Theory

relations within/between groups with roots in social psychology and sociology (Hogg, Terry, & White, 1995). These differences are, however, more "differences in emphasis than in kind" (Stets & Burke, 2000: 224).

Both IT and SIT deal with the "social self" in relations to the "social world." While IT addresses identity based on one's roles (*What* does one do?), SIT focuses on within-group standing and in- or out-group membership (*Who* are we/they?). Both views are needed to understand micro, meso and macro-level social and organizational processes (Stets & Burke, 2000).

IB LITERATURE ON (SOCIAL) IDENTITY

The application of IT and SIT within IB has been shaped by the markets-vs-hierarchies framework. From a bird's eye view, IT has been used to address what-type questions addressing *roles* within two different research streams: a strategic management one focusing on organizational units and an international management one focusing on people. Both assume a strong organizational narrative, somewhat counterintuitive to the micro-sociological nature of IT. It is only recently, that greater attention has been paid to so-called micro-foundations within IB.

The strategic stream focuses on the roles played by subsidiaries within multinationals. This has led to the creation of various types of subsidiary typologies emphasizing competencies, market importance and their knowledge-related roles. Others linked the emergence of three types of dual organizational identities (DOIs) (distinct, compound, nested) with their "extreme heterogeneity" at various levels (i.e., externally, intra-organizationally and at the individual level). They showed that understanding DOIs is an integral part of managing a portfolio of dually-embedded subsidiaries within the multinational network. This has often taken place under the umbrella of the knowledge-based view of multinationals. Some questioned the assumed superiority of multinationals as organizational hierarchies over the market in terms of knowledge generation and recombination. They saw multinationals as only one type of an epistemic community and drew on the concept of identity to understand the knowledge generating roles played within such communities.

The managerial stream has less explicitly emphasized identity. Research on expatriates has come closest to this. Research focusing on expatriates has come a long way from addressing the various roles performed by expatriates to more recent issues surrounding their identity. SIT has been also applied in culture, marketing and consumer-related studies, as well as organizational behaviour studies. In all cases, it was applied to address identity construal of a particular social group (i.e., global citizenship, multi-culturalism, transnational cultures), to understand social categorization (i.e., attitudes, perceptions, stereotypes) and/or to address in-/out-group membership (i.e., acculturation, various types of faultlines) and corresponding normative behaviour (i.e., stereotyping, consumer ethnocentrism, managerial decision making, cultural intelligence, talent management, international HRM issues). Within the culture stream, the use of SIT seems to be growing fast, as issues related to within-vs-between-country variability increase and the methodological problems underlying existing national culture typologies become apparent.

WHAT ABOUT MANAGERIAL PRACTICE?

Managers need to become increasingly aware of the various *roles* assumed by their employees, business partners and/or customers, as do policy makers. For example, being working parents or busy single professionals is not just something "ones does privately". It is something one is all the time! People might identify with different genders beyond the male-female dichotomy, or need to suppress who they are when showing up at work and expected to perform. This does not only become a question of equity and justice. Such identity-based roles profoundly shape values, schemas and peoples' well-being. In a recent interview, for example, Taylor Swift commented how completely different language is employed to discuss success of women (i.e., calculative, cunning) versus men (e.g., strategic, smart). Research on linguistic gender marking within IB (e.g., Shoham, 2019) shows how language is used in organisational politics of power to ensure gender performativity. At a much grander scale, many politicians have become masters of harnessing the power of identity politics, misusing issues related to immigration, international trade or the environment by playing on identity roles.

As social actors, people are also members of social classes (i.e., middle-income class, working class), ethnic groups, citizens of countries and members of specific generations. For example, it is becoming increasingly apparent that a large part of the growing anti-globalisation sentiment in the "global West" can be explained by growing inequality and the so-called elephant curve. It shows that changes in real income since the 1980s have been substantially larger for the middle class in emerging markets like China and India, while the middle class in developed western markets has seen their real income actually shrink (Lakner & Milanovic, 2016). While our parents' generation wanted to be vegetarian for the animals' sake, the millennial generation is doing it to save the environment. For all the economic reasons behind the US-China trade war, there is a lot to be said about America's perception of itself as a leader of the free world, or the various types of moral disengagement mechanisms being employed by parts of its society. An important force behind the recent political turmoil in Hong Kong has strong generational root causes. All these issues have not been part of managerial thinking enough until recently. However, they are becoming increasingly relevant, as much of the external environment risk has become endogenous "system risk" overnight.

HOW CAN IB SCHOLARS AND MANAGERS GET MORE OUT OF (SOCIAL) IDENTITY THEORY?

A fundamental shift is needed within the IB literature and beyond to address ontological and epistemological boundaries which have long remained unquestioned. This has increasingly limited the support which we the IB discipline can provide to managers, policy makers and the general public.

At the discipline level, IT can guide IB scholars to reflect more on the specific role IB as a discipline should play in today's world, where many of our existing types of boundaries matter increasingly less and the traditional types of global-local dualism are vanishing. Instead of asking ourselves who we are as a discipline, our quest for legitimacy and identity should be more informed. First, it should be informed by greater sensitivity to ontology, not just epistemology. Second, it should be informed by being mindful of the emergence, functions and transformation of IB actors, as social actors, in their various roles in the *real* world.

Focusing on specific themes and areas of research within the IB discipline, (S)IT can stimulate relevant questions for advancing the IB discipline, supporting managers and helping inform policy making. Table 2 finishes with some suggestions of research questions for IB and managerial tips in four major areas: Multinationals, Culture, Consumers/Marketing, and Global Business Environment.

ABOUT THE AUTHOR

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Table 2: Examples of How (S)IT Can Help Advance the IB Discipline and Support Practice

RESEARCH AREA	QUESTIONS FOR THE IB DISCIPLINE	MANAGERIAL TIPS
MULTINATIONALS (MNEs)	1. What roles do MNEs play in the evolution of society? How do they constrain or enable social change? 2. How do MNEs need to change to address wicked problems within society, not just the big questions of our time? 3. How does the changing nature of markets (i.e., boundaries, territoriality, disruptions, trends) impact the (traditional) roles played by MNEs? What does this mean in terms of the dual motivation within MNEs? 4. How does the changing nature of dually-embedded subsidiaries explain the dynamics within MNEs and the roles of MNEs in and across markets?	1. Consider your organisation as a central agent for social change. 2. Consider your stakeholders as social groups. 3. Engage with your stakeholders based on traditional and non-traditional social categories and sources of social identity. 4. When managing diversity within your organization, please consider intersectionality of identities – identities which intersect not transcend social categories and groups. 5. In managing subsidiaries, consider not only what roles do they play for your organisation (i.e., the HQ), but also what roles they play for their host environments and its different social groups.
CULTURE	1. What are the various roles culture plays for individuals and groups (i.e., biological, psychological, economic)? 2. How do we re-think at the ontological level culture in terms of those roles and advance our current outcome-focused understanding of culture? 3. How do we link such roles to various levels of IB phenomena and how do we conceptualize and measure culture accordingly? 4. What role should IB as a discipline assume in advancing the understanding of culture studies in other disciplines?	1. Think about the most appropriate "containers" of culture and push beyond nation-level understanding of culture. Think what the relevance and salience of social categories tells us about culture. 2. Don't just focus on managing "culture" differences, but also consider social identities and how they feed into identity politics (within organisations or countries). 3. Balance diversity and equity approaches by emphasizing not just cultural differences but also social identities. 4. Approach social identities as archetypes (specific patterns), not simply as different identity "profiles". 5. Approach culture as a dependent "variable", not an independent or moderating variable. 6. Explore the link between language and social identity. Incorporate a social identity perspective into your organisational language policies (i.e., use of gender-neutral pronouns).
CONSUMERS/ MARKETING	1. What roles does consumption play for individuals and specific social groups? What happens when such consumption transcends cultural boundaries or social groups? 2. How do consumption and marketing influence the formation, salience, hierarchy and change of social categories? 3. To what extent is consumption determined by social agency and to what extent based on purposeful individual agency of people?	1. Instead of who-are-they-type questions related to global-local consumer cultures and various corresponding dispositions towards foreign/domestic products, marketers should focus on what role and function does, for example, cosmopolitanism play in the process of individuals and groups interacting with/in the social world. 2. When incorporating a SIT perspective to your marketing strategies, consider the specific motivational mechanisms related to SIT. Think about, for example, when does marketing draw on self-esteem mechanisms, optimal distinctiveness or reducing uncertainty? 3. Think about when consumer attitudes towards foreign products are driven by out-group degradation and prejudice (i.e., product stereotypes, consumer ethnocentrism, country of origin effects) and when by in-group distinctiveness (i.e., supporting local producers during a recession).
GLOBAL BUSINESS ENVIRONMENT	1. What roles do multilateral institutions, nations, regions, markets, cultures and organizations play for individuals, groups and society? 2. Are these roles the same for the social core (elites, groups in power), the semi-periphery (i.e., middle class) and periphery (i.e., minorities and margin-	1. Do not categorize individuals based on assumed social categories but inquire about sources of their social identities. 2. Understand globalisation not as an economic and political interdependence among nations, but a changing interdependence in the nature, level and intensity

RESEARCH AREA	QUESTIONS FOR THE IB DISCIPLINE	MANAGERIAL TIPS
	alised groups)? 3. Where have these roles come from? How and why are they changing? 4. How can such roles help us better understand the changing global business environment and recent structural shifts (i.e., anti-globalisation, deglobalisation, (economic) nationalism)? 5. How can the changing world order be understood through the optics of IT (i.e., What is the role of a global super-power, or the role of an emerging power and emerging markets?) and SIT (i.e., How can historical and political embeddedness help explain self-construal, social categorization, identity activation and salience?) 6. How can the uncertainty reduction mechanism of SIT help explain the link between environmental volatility, uncertainty, complexity and ambiguity on the one hand and various types of extreme behavior (i.e., racism, xenophobia, extremism)?	of relationships among social actors. 3. Consider that globalisation doesn't just create inequality but can also create various types of identity crises. 4. Understand that in times of higher uncertainty, individuals will seek to identify with distinct social groups and prototypical leaders, which makes them more susceptible to extremist groups and behavior.

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