

## Preface

After countless nights with thinking about what to write the next I have finally made it. You now look at what have become an apprehensive project and taken so much more time than anticipated, but now, I feel relief. I have completed writing about organizational identity in a world-leading cluster, just that fact make me proud. From the beginning I was warned about undertaking a too complicated and time consuming task. I had several alternatives of a topic of my final master thesis, but finally I was able to get in contact with NODE and write about identity and communication. When I did contact the administration in NODE for the first time I was met with a positive reply and I have to say that all members and participants in this projected has been very cooperative.

I need to thank everyone that have been involved and that have helped me so much during the last year. The patience you have showed me have made my heart at ease and helped me focus on writing. Further I want to thank my classmates, the first ever who graduates from the master in Social Communication, that have helped in so many ways, for their smiles and positive energy. I need to thank my friends for being so patient and even if I could not be partaking in all the enjoyment that have happened during the last year I still appreciate the understanding and the fact that they have always been supportive, no matter what.

At last I have to thank my supervisor, Elise Seip Tønnessen, for being such an extremely patient supervisor and always help balancing me, and what I have made, from disappointment to success, the gap is so small. Without you this would have been very difficult. Thank you!

I started writing in Copenhagen and I will finish in Shanghai. Hopefully these circumstances have helped me and what I wrote to reflect what I have learnt and what is great with both of these marvelous and fascinating cities. This is truly globalization.

03.12.12

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## Abstract

This empirical study explores how organizational identity in a world-leading cluster is constructed from three identity types; projected desired and perceived identity. It has focused on important factors that are fundamental for giving birth, developing, and resulting in decline in clusters. The research have focused on looking at three identity types in the organization; *projected*, *desired* and *perceived*. By looking at these types it was possible to locate gaps and see potentials for NODE's own communication and their path further. If those three identity types are aligned it means that external shareholders experience NODE and their actual identity as coherent and thereby their reputation will become better. If it was not aligned there would have been gaps between members and the organization, then trust and cooperation would have been difficult. This way communication to external shareholders would be interpreted as false or wrong and it might have damaged their reputation.

I have used qualitative interview of eight respondents as main source of empirical data.

The thesis discuss in which way organizational identity in a cluster is possible and relevant, but also how perspectives of corporate identity and organizational identity together can combine in creating a converging and aligned identity in a cluster.

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## Introduction

In the beginning of the 1970s southern Norway took an early initiative in becoming a part of the global oil industry. The findings of oil in the North Sea created a considerable optimism among Norwegians and several companies were formed as a response. Oil quickly became the number one source of income to the Norwegian state and through governmental cooperation and hard work Norway grew rapidly to become an oil nation. The development of the North Sea created new challenges because of its rough sea and tough climate, and in this way new demand after organizational and technological solutions was created (Vatne 2008). These conditions opened up potentials for creating new knowledge from other actors than those who usually were in oil-related businesses (Vatne 2008:105).

At the same time the city of Kristiansand and the region of Southern Norway had long traditions with seafaring and as a hub for transport and communication (Gjerde 2011:34). The roads from east to west went through here and also the railroad had to stop in Kristiansand. Among other things Kristiansand and Southern Norway had central transport points with their docks connecting to Denmark and Kjevik airport. These factors lay the foundation that later led to the beginning of Southern Norway's history as an oil region in 1972. When Sverre Walter Rostoft<sup>1</sup> arranged a meeting with the minister of industry to learn about the possibilities of getting contracts in the new oil business (Gjerde 2011:34), it resulted in the founding of "Industrienes Oljegruppe" in 1973. Oil Industry Services, a cooperation of several workshop-yards from Southern Norway were members and they also collaborated with several other strong oil regions to get contracts and to become a part of the emerging oil related industry (Gjerde 2011:34).

The region's former activity and the already existing competence within maritime technology had great implication for the development of large parts of the service-and workshop suppliers, but the local entrepreneurship and business development had been important (Vatne 2008:108). From starting with developing safety systems, companies from Southern Norway and other cities in Norway soon became international contestants in developing and selling drilling modules for offshore platforms. This was possible because of the close cooperation with several other strong business environments in Southern Norway

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<sup>1</sup>Adm.dir. at Kristiansand Mek.Verktsted A/S and former Minister of Industry.

that were related to equipment suppliers and to oil based business. Because of its former experience within shipping and hydraulics (Vatne 2008:112), this industry has succeeded in changing from shipping to oil business. Together with established competence and a possibility of innovation, these were vital factors of the new oil-related activity that was created (Vatne 2008:117).

Today NODE (Norwegian Offshore Drilling Engineering) as a cluster<sup>2</sup> consists of 59 companies working in the oil and gas industry. These companies work with many things ranging from drilling to security measures and are as such a diverse and multifaceted collaborates of companies. In NODE there are both small and major companies that range from 10 employees to 1500, working both locally and internationally. Its diversity, range of products and professions are in many ways one of their strengths, but it also have the potential of making cooperation more complex and difficult. When employees in member companies participate in such a diverse group as NODE, the aspect of identification might be challenging because their members and employees first of all have an identity of their own; they identify with their employer's values and norms. Secondly, when looking at the cluster in a perspective of identification we will see how communication strategies have the power to contribute in making it clear, *who* they are, *what* their organizational goals are and *how* to reach them. In reaching these goals a cluster with a strong identity and a collective determination of reaching its goals together are essential. Further on, the goals of member companies and their employees ought to head in the same direction and it is important that there are alignment between the member's identity and the cluster itself. Such a converging identity will have the potential of strengthening their cooperation and thereby their competitiveness. Whereas challenges in reaching common goals might evolve to become severe issues if the organization itself and members disagree with where and what NODE's main interest and direction should be. Therefore NODE needs its members to have a strong and converging organizational identity.

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<sup>2</sup>"...a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities (Porter M. 2008:215)."

## Why organizational identity?

Through globalization the world is getting smaller and more complex. A consequence is increased competition and a tougher demand for organizations to adjust and work more efficiently. At the same time stakeholders want more openness when interacting with an organization, 'who' the organization is and 'what it does' are becoming more important than its products. Then, identity is interesting because of its meaning and relevance to its stakeholders. At the same time organizations are more exposed to their shareholders and in order to legitimize their actions and their way of being, a strong organizational identity is important (Kvåle and Wæraas 2006:18). An organizational identity also creates certain guidelines for how the organization should respond depending on what actions it sees as natural, logic and rational (Hatch and Schultz 2004:3).

Instead of organization members taking action the way they see fit, there are certain organizational norms or implicit rules they are urged to follow. In addition organizations in recent years have grown to have more responsibility towards their own employees and their shareholders (Kvåle and Wæraas 2006:18). The audience no longer stand by and await companies to take action, but instead they have become more resilient and impatient in their expectations of for example CSR<sup>3</sup> initiatives or ethical behavior in more general terms. This is also a reflection of organizations becoming larger entities and thereby becoming more prone to internal differentiation in the organization. If issues such as internal diffusion are allowed to evolve in large organizations it might eventually hurt them. As a result companies state more ambitious goals on 'who' they are and what they might become, even if it is not always aligned with what the stakeholders perceive as their main goals and the direction they themselves perceive the organization is heading (Balmer and Gray 2003:133). In NODE, several of these challenges might be adopted but a pressing challenge is their mix of large and small, but also competing members. As with any other organization there are challenges combined with continuous growth, growing competition and aspects of multi-layered identity in organizations.

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<sup>3</sup>Corporate social responsibility; measures taken to improve the environment or the situation for a group or a local place.

## How to measure inter-organizational identity in a world-leading cluster?

The relevance of these growing challenges and demands depends on the situation and its context. Because every company has their own form for contact and communicates with NODE independently from others, it becomes clear that there is no such thing as one truth or one successful strategy. However, among its diverse members there might be some histories or meanings that are more evident and general than others. In this thesis I want to focus on how NODEs goals and organizational values are identified by its diverse group of members. My aim is to explore the organization's need for communication through a long-term communication strategy. I want to focus my research on aspects of successful identity factors that could make a strategy more clear and effective, and to explore whether a communication strategy can contribute in increased cooperation and meeting challenges in a way that help members agree and cooperate in a cluster like NODE. Two approaches and main goals illustrate different aspects that my analysis will build upon:

- 1) My first goal is to understand who NODE is, what their purpose is and how different identity types align with the three identity *criteria*<sup>4</sup> of David and Whetten.
- 2) My second goal is to explore how members use identification in understanding and relating to the NODE cluster. The interesting aspect are in which way NODE, by identifying its member's goals and aims of being a part of the cluster, might contribute in building a common and converging identity.

It is communication that gives identity meaning. Through communication stakeholders interpret and identify or discard values. In this way communication are an important part in expressing values and ideas in such a way that members interpret and understand the message sent. If there is a lack of communication, meaning and ideas will not be shared. Therefore becoming successful depends on being aware of communication, which again might contribute in creating an aligned identity in the organization.

This leads to the following research question:

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<sup>4</sup>Criteria of; centrality, distinctiveness and continuity.



## Research question

**How is identity developed in an industrial cluster, and how can communication contribute to a common purpose in such a way that managers and members involved in the cluster converge around a common identity?**

Again the success or failure of creating consistent characteristics in the cluster will have consequences for their credibility towards their stakeholders. Starting my analysis by comparing NODE's projected identity (their documents) and desired identity (from a managerial perspective) with the perceived identity (from their members) I will look to identify potential gaps or criteria's of success. As a conclusion I will discuss which communication measures might be necessary to meet these potential challenges or develop NODE further. Before explaining how NODE is defined and structured as an organization, I want to highlight a few aspects of the theoretical relevance of identification.

## Identification based on theoretical discussions

Asforth and Mael (1989 in Whetten and Godfrey 1998:48) argue that employees with a strong identification to their company potentially will be more loyal. As such, their actions will also follow the norms and culture already inherited in the company to a greater extent. This identification creates a *strategic alignment* between the managers and employees and a sort of common understanding between them. At the same time, employees with a weak identification with their company might have trouble in understanding their goals or fully concentrate in exciding their expectations. In identification theory there is a focus on both internal identification and external differentiation, how employees identify with the organization and simultaneously distinguish it from others (Asforth and Mael 1989 in Whetten and Godfrey 1998:48).

I will in this thesis distinct these two ways by using the terms of *corporate identity* and *organizational identity* as two various ways of looking at identity in organizations. The facet of organizational identity that according to Asforth and Mael's (1989 in Whetten and Godfrey 1998:48) focuses on internal identification between the members as understood for both employees and organization's managers. The other aspect of identification is its

external focus on differentiation. According to Olins (1989 in Whetten and Godfrey 1998:48) corporate<sup>5</sup> identity refers to what is the central idea to an organization and how various stakeholders express their opinions in influencing this idea. It has also been defined as:

*“...strategically planned and operationally applied internal and external self-representation”*  
(Birkigt & Stadler, 1986 in Whetten and Godfrey 1998:48).

Olins (in Whetten and Godfrey 1998:48) further argues that a firm expresses its central idea through their; products, everyday communication, behavior, and physical environment. Then it seems obvious that such ideas might differentiate the organization from what is central from other organizations. These two different perspectives of organizational and corporate identity are closely intertwined; they both have the potential of creating identification and differentiation. This does not happen simultaneously, but it happens both outside and inside of the organization (Van Riel and Fombrun 2007:75).

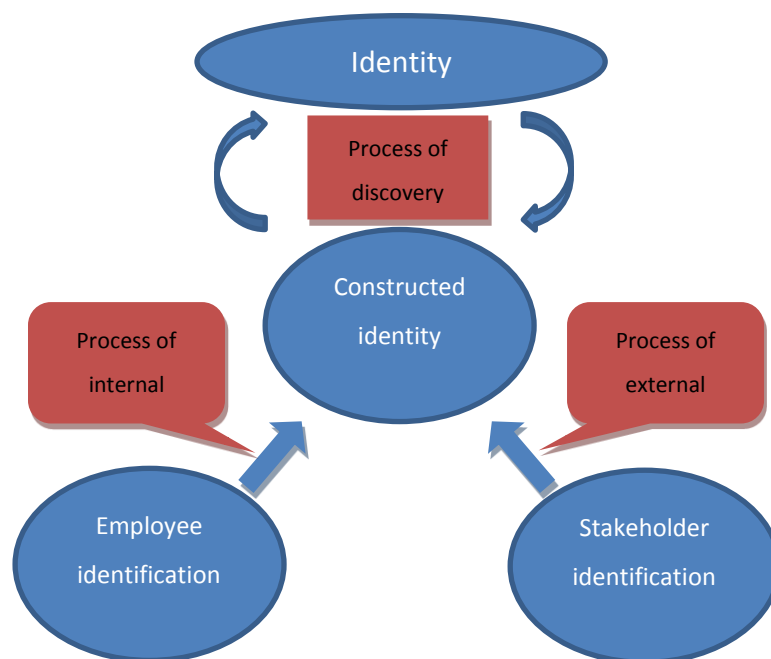


Figure 1: Linking identity and identification (Adopted from Van Riel and Fombrun 2007:75).

Managers are interested in letting people discover and understand their identity elements to make people identify and align with the organization (Figure 1). When the manager and

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<sup>5</sup>A notion used by Van Riel and Fombrun as an understanding that the identity in an organizations has to be coherent and holistic throughout the whole organization, communication should include all aspects of an organization and not just its specific parts.

company have communicated its identity, it is the employees (internal) and shareholders (external) way of interpreting expressions made from the identity constructed by the organization that is important. Depending on these interpretations and if they are understood as they were supposed to, results in how successful identification are.

When looking at organizational identity from the perspective of its member's and manager's construction, it will best suit an internal focus. The external perspective on organizational identity could have given a response to how successful communication is in creating strong identification by an organization's stakeholders such as universities, state and governmental agencies, which again would result in a focus on reputation or branding. It is in my interest in this thesis to concentrate on the internal focus and look at identity from the member's perspective to determine which communication measures that might be more effective. Although it is important to note that internal aspects of identity are crucial parts and are in many ways the foundation pillar of a good reputation and successful branding. After deciding to focus on internal identification and how it creates identity we now turn our focus to a short history of NODE and look more on how they are organized and structured.

### **Who is NCE NODE?**

NODE was founded in 2005 and first started up as a cluster project for the oil and gas supplier industry in Sothern Norway. After its foundation the cluster in a few years quickly developed from focusing on scale and production to become an innovation and knowledge cluster. Today, seven years after, NODE has become a world-leading and ambitious cluster that aims to develop further and reach its ambitious goals of staying world-leading. The transformation started soon after their establishment in 2006, when NODE was awarded 'ARENA main project status'<sup>6</sup>. This meant that they had become a project working for regional cooperation in competing industries, with a goal of keeping networks strong and continues leading their way in innovation (ARENA Homepage). When chosen by government institutions to become a NCE <sup>7</sup> in 2009, NODE further illustrated their growth and potential

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<sup>6</sup> The ARENA program offers financial and technical support to long-term development of regional business environments. The purpose is to stimulate innovation, based on collaboration between companies, research and educational institutions and government development agencies (ARENA Homepage).

<sup>7</sup> Norwegian Centers of Expertise (NCE) is established to boost innovation in the most expansive and internationally oriented industrial clusters in Norway. It seeks to target, improve and accelerate the ongoing

as a world-leading cluster. Becoming a NCE gave them at that time a push in being even more ambitious and to keep a strict profile with the aim at becoming the leading oil and gas cluster in the world.

Present day its 59 companies (2012) work hard together to become even more successful in their business field and with a turnover of 40 billion and around 7000 employees (in 2010), NCE NODE is a world-leading and ambitious cluster that aims to further expand and use the potential in the region. NODE is organized as a project organization with six employees. They work as project managers and their main tasks are to administer several continuing projects and make members cooperate and develop through networks (NODE homepage). Companies become member of NODE by request and an application and after being accepted they have to pay an annual membership fee. NODE's highest organ is the steering committee which consists of members from the member organizations and other stakeholders from the government and universities. NODE is financed by several organizations and regional governmental institutions such as; Innovation Norway, Aust- and Vest-Agder county council, Kristiansand municipality, Arendal municipality, Grimstad municipality, Lillesand municipality, Mandal municipality and the participating members of NODE. Other local and governmental organizations are also shareholders which contribute and assist in developing NODE and their members.

They have three main ways of operating and that is through; networks, projects and courses. With networks they offer different management segments a platform or forum where they can discuss important matters and how they themselves can develop. Examples of networks are 'SMB forum' where managers of small and medium sized companies meet and discuss challenges and possibilities with others in that segment. The second and maybe most important aspect of NODE are the projects that range from a focus on environmental aspects of the oil and gas industry to developing new studies at the cooperating universities. The last focus of NODE is through their courses that are offered to employees from member-organizations, these courses might be both fulltime and part-time

The model below gives us an idea of how an organizational map would look like. We are able to detect some general challenges about member's participation in NODE.

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development of these clusters. Firms will have a better basis for initiating and conducting intensive innovation processes, based on cooperation with relevant business partners and knowledge operators. NCE program has a long-term perspective; clusters are offered technical and financial support for development of up to ten years.

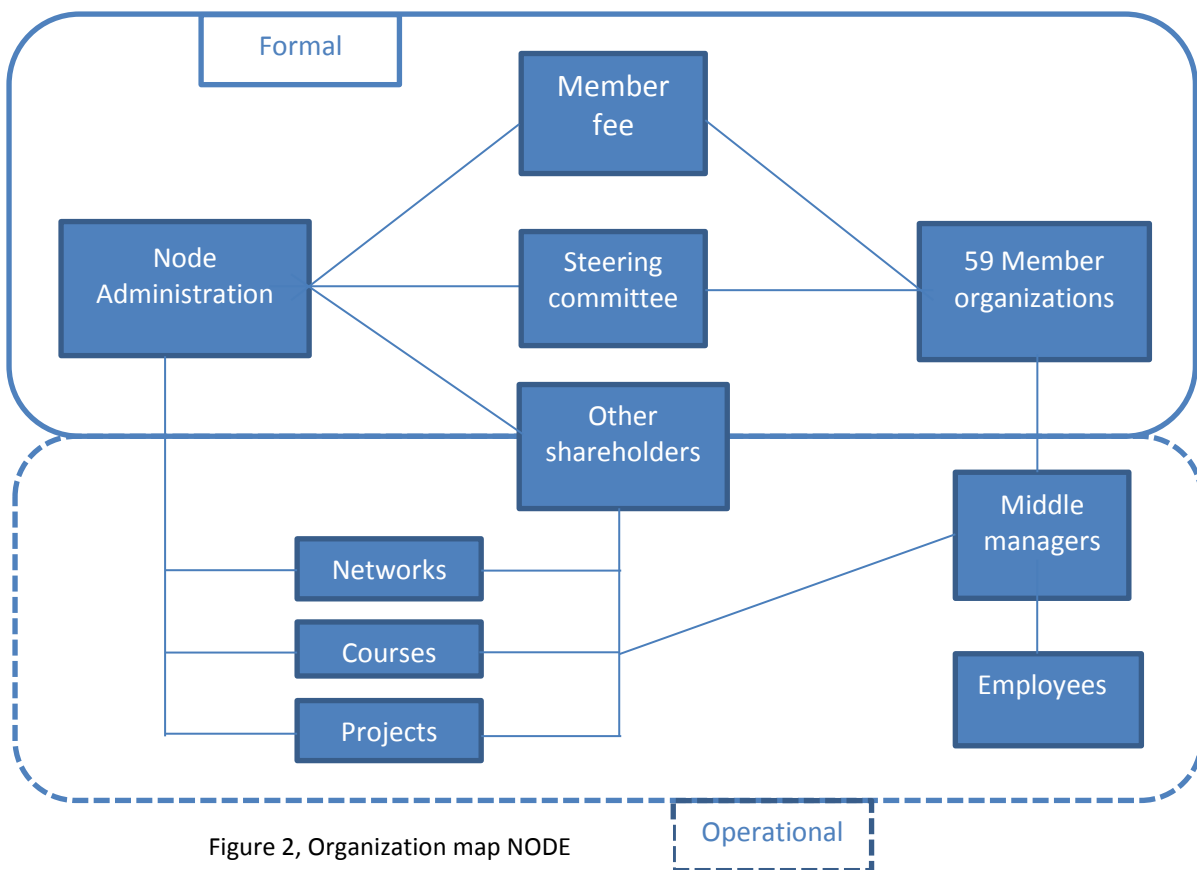


Figure 2, Organization map NODE

This figure shows that the organization can be divided in two, one formal and one operational part. The formal is as mentioned becoming and being member in NODE, while operational aspect focus on member participation for its middle managers and other employees. We see that it is middle managers that participate and therefore it is the middle managers responsibilities to further communicate their contact with NODE. When looking at identity and NODE and how members identify with the values and goals in NODE, it will therefore be most interesting to look at how middle managers, in the operational section, that represent a diverse selection from the member companies identify and how they construct meaning of their experience with NODE.

### Defining NODE as an organization

We have seen which factors make up individual identity. When changing focus to looking at organizational identity there are some factors that change. First of all I want to make a definition of the *'organization'*, and explain how NODE fit into this definition. Kvåle and

Wæraas (2006:12) define an organization as an aimed and formalized cooperation between humans:

*“This means that there are certain rules for this interaction, that there are guidelines for who is supposed to do what, who has the responsibility of what, that this work is coordinated, governed and lead”.*

When looking at this definition I want to define NODE as a meta-organization with a formal set of rules for its members and when looking at NODE in a perspective of organizational identity it has to be viewed as a network of organizations and people. Since participants in NODE are not members of the organization, except from their participation in some of their projects or networks. The fact that members can be more or less active is challenging when you have this way of looking at organizational identity. Although the members are volunteering, they will have to identify with NODE in a basis of their experience from being active. In this way my research will focus on the member’s identification with NODE when they do participate in some of their projects. This means that members will move between identifying with their own organizational identity at the same time as they identify with NODE’s identity. The interesting aspect is if it is strong or weak links and if they are converging or diverging.

Looking at member’s identification from another perspective you see that the member companies’ are the backbone of the organization. Without them and without the large and strong market driving corporations being active and participating in projects and other activities, NODE would not exist. How members and their employees perceive NODE will be crucial when communicating both internally and externally. Another important factor for being a part of a cluster is the competitive advantage such memberships give, along with other advantages from projects etc. Along with a strong organizational identity (the members successful identification with NODE) these benefits will, when combined; be an important asset in giving the member organizations a competitive advantage. Since the corporations originally compete for the same goals and soft assets (resources) it is important for the clusters success how their identification with organizational values and goals matches. To compete at an even greater extent it is in everyone’s best interest to have a strong and converging identity that will improve the cooperation and build trust among members.

## Theoretical approach:

I will start by explaining and defining cluster theory. To understand how clusters work and how they are born is necessary before we begin looking at its identity. Clusters have been applied with many contributions in understanding and defining its borders and boundaries, and therefore it is important to define in which ways a cluster such as NODE is similar and distinct from the traditional definition of an organization. After having defined how to research clusters, and what it is, we have to understand how the interest in identity may become an important factor in creating a solid strategy for the cluster. After highlighting the areas of resemblance to an organization I go on to explain which aspects of organizational identity theory that is useful and relevant in this thesis. I have chosen two perspectives that will help understand how identity may be perceived in NODE.

The first is an understanding of identity from that of a corporate viewpoint. This perspective may be interpreted from the management and its main belief is that identity can be managed and altered. The second perspective will focus on organizational identity, how its own members identify with NODE and how meaning (identification) is constructed. These two perspectives give me a chance to look at identity in a cluster from two different viewpoints and make it possible to search for differences in how managers and employees in member companies construct their reality. It is this focus on identity as a construct of meaning that will be the core in this thesis and will be given attention in the analysis. But first, what is a cluster and how do they emerge?

## Clusters

First we need to understand how clusters work and are organized before we discuss potential identity challenges for such entities. The term 'cluster' is a development of industrial agglomerations that was first used by Marshall (Reve and Sasson 2012) in 1890. Companies that are localized around a geographic area can use some specialized advantages as for example low transport costs and tacit knowledge (Reve and Sasson 2012). The theoretical breakthrough in the understanding of clusters came with the American economic Paul Krugman (1991 in Reve and Sasson 2012) who later received the Nobel Prize for his work with geography and trade. His theory was based on the understanding that clusters

have the possibility to bring forward knowledge that might give corporations in a proximate area an advantage in the work – and knowledge market. At the same time these corporations may develop infrastructure that have the possibility to reduce overall costs for the corporations and the region itself. In this way companies will achieve a competitive advantage when locating at the same place. Such a concentration of corporations also makes the competition tougher which in turn makes sure there is an allocation of social resources such as knowledge (Reve and Sasson 2012).

Michael Porter (2008:215) did through his work use the term clusters as a dynamic and strategic notion where his main focus was to further develop these industrial combinations as compared to economic agglomeration theory etc. Porter defines a cluster as;

*“...a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities (Porter M. 2008:215).”*

With this, Porter (2008) defines clusters as a geographical and concentrated group of related businesses and institutions inside an industrial and proximate area which are tied together because of their common interests in certain professional fields. When being this close these industries also complement each other in cooperating to influence and encourage development in the region while at the same time work together in better meeting demands from customers. An example of advantages of cluster proximity, a knowledge environment and a common work-market are that different types of business have the potential of complementing each other through creating a closer customer - producer relationship. Eventually the region will develop further and increase their overall competence. In addition this joint effort of businesses located in such environments has the potential to create competitive advantages for the member corporations (Spilling 2007:17). Typical examples of clusters could be geographical concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions (Universities, standard agencies and trade organizations) in particular fields that compete but also cooperate (Porter 2008:213).

Porter (Ibid) argues that clusters vary depending on their form, from companies that work with end-products, financial institutions and firms that work in industries related to



each other. Clusters may also include industries with vertical relationships, which cooperate in different channels or in a customer-supplier relationship, as for example infrastructure or educational institutions.

To draw a boundary between what is and what is not categorized or are defined as a cluster is a matter of degree and it involves a process where you have to identify the most important aspects and linkages in the specific cluster. The degree of the existence of spill-over effects from memberships in a cluster and its varying importance for the members define these boundaries. Depending on the degree of development, where clusters that are more complex and which need specialized suppliers and professional supporting institutions, are the most developed (Porter 2008:218-220). These clusters also tend to provide a constructive and professional arena for dialogue among members and different shareholders.

Advantages of being in a cluster to its members may be caused by the proximity to others which again potentially spurs benefits of productivity and innovation (Porter 2008:238). Examples vary from reduction in transaction costs, the flow of information improves and local companies have the potential of meeting special demands from other members. Also the advantage of numbers and their collective strength are an advantage towards local and national government. (Porter 2008:238). Although there seem to be several points where advantages may be created it is at the same time a question of how competition and cooperation can coexist. Porter (2008:239) argues that this complex situation is possible because different players cooperate and compete at different levels. Even if they are competitors and construct or build similar products they might cooperate in making governmental institutions facilitate their business to a larger extent or expand their market, and this is because of their ability to put trust into their companionship.

We have discussed which aspects that define advantages and roles of a cluster. To further understand how cluster theory can be combined with organizational identity we need to look at how clusters are born, developed and finally decline. These factors will in several ways tell us a history that might be interesting to compare with NODE and its future development.

## Birth, development and decline of clusters

To understand how clusters initially are born is important and necessary to understand their strength and structure. Here are some factors that are evident in the birth, development and decline of a cluster.

*The birth* of clusters can be a process of several factors. Usually there already exist related businesses in an industry that have a more or less formal chain of supply and demand. At the same time there might be business that do not have formal relationships or cooperate with other relating business. There may also be two or more large innovative companies that solely compete with each other using the same suppliers or that these companies influence the growth of other companies. The potential of a breakthrough in innovation may possibly give birth to a cluster (Porter 2008:253-255). After such innovation takes place it may be naturally to cooperate to a greater extent with its supplier or the other way around.

Porter (2008) also notes the so called phenomena of *chance events* in cluster birth. His definition is of an unplanned event where several factors and existing circumstances comes together and creates an informal or formal cooperation between companies. Although such an event is to a more or less extent uncertain if it depends on pre-existing local factors such as infrastructure, innovative companies, a supplier base and support institutions. There have been several attempts to create clusters in certain constructed fields, but as Porter (2008:256) notes, there are far more advantages in building clusters in areas where there pre-exist business formations that have already passed the market test. These factors make it far easier to develop clusters.

*Cluster development:* Once the process of developing a cluster has started, Porter (Ibid) use the notion of *a chain reaction* where rapid growth happens and where an understanding of the difference of what is planned and what is not are hard to make out. In this phase of development the efficacy of support from local institutions and other shareholders are crucial. If the clusters requirements are not met, either by support institutions or suppliers, development may be stopped and a process of decline may take its place. Porter (2008:256) highlights three important aspects of development; (1) the intensity of local competition, (2) the locations overall environment for new business formation and (3) the efficacy of formal and informal mechanisms for bringing cluster participants together.

All these factors are important and explain the potential of a clusters success. Strong clusters have the potential of triggering the existing firms to a self-reinforcing process where new suppliers occur and specialize in new business fields. This happens when someone identifies a market opportunity while at the same time local government or other institutions facilitates falling entry barriers. In this way spin-offs from existing companies develop and as a result entrepreneurs then have the potential of creating new companies and new suppliers emerge.

This process bears several associations to spill-over-effects which are given in innovative environments. The advantages of such spill-overs have the potential of meeting new demands, creating new businesses and new markets, and therefore a strong potential of such effects are crucial to cluster development. When such information and knowledge are gathered, local institutions might cultivate and work on specific and specialized training. This development will also influence and spur the building of research infrastructure and appropriate regulations to help cluster growth. In this way the clusters benefit from a growth in visibility and reputation (Porter 2008:256).

Usually more developed clusters have a more complex and intertwining net of shareholders. They may have a more specialized supplier base which has the potential of meeting their demands to a greater extent than others. In such a cluster the participants will probably locate in or close to the same or related industries. This may also affect the region as a whole and thereby the members are given more extensive support from institutions (Porter 2008:220). A well-developed cluster will at the same time create certain media for dialog between the related companies, their suppliers and other shareholders. Important here and which also relates to challenges of identity are communication. The success of a well-functioning and clear communication is important between the cluster's members and other shareholders and from a communication viewpoint, effective communication is essential in a cluster.

The benefits of the region may also be spurred by such a developed and successful industry. Financially, clusters may contribute to a great extent of regional development as for example growth in financial institutions (Porter 2008:221). As such, the region also becomes more dependent on the development and success of a cluster and it's relating

industries. When the economies in a cluster develop the number of participants also increases. To meet these challenges the formal and informal mechanisms of organization and structure, combined with cultural factors, are important factors to keep it as a well-functioning cluster. Such a development also demand and depend of the creation on certain informal and formal organization, in this way practices of communication involving all cluster participants develop. Porter (2008:241) explicitly emphasize the important factor of a sort of *social glue*<sup>8</sup> that ties the participating members together and to a large extent contributes in the creation of value between the participants.

Last, another important factor of clusters growth is the recognition of the clusters existence by its members. This acknowledgement constitutes a milestone as more institutions and firms recognize the clusters importance and a growing number of specialized products and services become available. Several surrounding businesses, as for example various providers of specialized infrastructure or financial providers, arise as a response to cluster development. Such growth imposes greater influence on public and private institutions in the locality (Porter 2008:257). As such, the region also becomes more dependent on the development and success of a cluster and it's relating industries. It is important to specify that the factors above are not necessary for a clusters success in developing; it is rather some factors that historically have been visible. Therefore it is also important to understand the pitfalls of cluster development and how they may start to decline.

*Cluster decline:* The causes of cluster decline can be grouped into two broad categories suggested by Porter (2008:259-260); an *endogenous* (inside) and an *exogenous* (outside) category. The *endogenous* category derives from the location of the industry or business itself. The cause of the problem may stem from internal rigidities such as *groupthink*<sup>9</sup> where a feeling of satisfaction and where everyone work and move in the same direction without anyone being critical or innovative. This challenge of *groupthink* may reinforce old behavior and suppress the creation of new ideas, which will stop the development in the cluster and may lead to stagnation and decline. Another continuous (constant) challenge is the local rivalries that to this moment have created healthy

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<sup>8</sup>An expression used when a certain person or group are especially important to the collective.

<sup>9</sup>Groupthink is an expression used when a group become impenetrable to other ideas and solely take actions based on the rest of the group.

competition and growth. Although it at the time may be positive, some factors may change this collaboration and affect the cluster negatively, and result in loss of the productivity and dynamism (Porter 2008:258). While an *endogenous* category focus on internal factors the *exogenous* focus on external factors. An example is technological discontinuities where the buyer shifts its needs and leaves some companies in the gutter. When you are safely positioned in a cluster several companies will usually choose to stay there because it is safe and thereby forget or minimize their effort in developing and acquire new technology which might give them other competitive advantages (Porter 2008:238). Such inertia may affect the company negatively by making it to lag behind other competitors. As a collective such lack of actions from one company may influence the others. Fragmentation among agents is a severe danger for the well-being of the cluster. It may stem from lack of alignment among different constituents or weak formal governing. Put together we see the important aspect of cooperation as a factor of close ties and successful implementation of formal governing and communication.

In cluster theory there are in general terms a vast focus on the role of government and policy in the creation of cluster. These aspects have in this thesis been given low priority because of their external focus. Having said that the role of government in development and facilitating clusters are important and as such the lack of support may also be a factor of a clusters decline.

### **Clusters and geographical relevance**

In summing up factors of birth, development and decline there are some aspects that need further discussion. When joining a cluster the company does it for a strategic reason, but how important is communication in a clusters success and to which extent can identity in a cluster become managed? As we have seen important aspects of clusters historically have been their geographical position, but in a rapid globalizing world, does these factors change? Is geography still important in a world with telecommunication and low transport costs and are the benefits of clusters still as evident as before? Simmie (2008:25) did research on 160 innovation firms where he asked them for the importance of locating in certain areas. The factor's that was chosen as most popular was that of traditional agglomeration benefits such as professional and skilled labor, business services and transport and communication. This is

interesting because of the belief that factors of clustering, such as production and consumption linkages were given less attention to the participants. Globalization seems to have reduced the reasons for companies to invest in local clusters and an emerging and more important factor is the clusters ability to compete in international markets (Simmie 2008:26). As such it is the 'export clusters' that drive regional prosperity and they are much more likely to have national and international linkages instead of purely local ones. They do not need to be located at one place, but may have other parts of their value chain in other localities (Simmie 2008:26-30).

Isaksen (2008:20) on the other hand considers that the knowledge and resources that are local conditioned in one region can hardly be copied elsewhere. It is these local anchored learning processes and a gathering of unique knowledge that becomes important in sustaining a high competitive level in companies and businesses (Isaksen 2008:20). It is important to note that this local knowledge diffusion will not be sustainable if the region or company do not look outside and get inspired by other knowledge intensive and innovative environments' around the world.

Another important perspective is a common set of informal rules, which enhances a sense of trust among participants that are important between collaborates; it reduces the danger for opportunism and eases the cooperation of innovation. This trust does not necessarily depend on geographical proximity, but such proximity may be relevant when discussing a social proximity (Isaksen 2008:23). A decisive part for upgrading companies is set to be good conditions for 'development and spread of knowledge' (Asheim 2000 in Isaksen 2008:23). This way a geographical dimension are important to spur the innovative and knowledge developing processes. Examples are areas that are knowledge intensive, relevant actors within the business, research, R&D activity etc. These factors make the access of unique knowledge from other players easier. Gertler and Wolfe (2006, in Isaksen 2008:25) agree with the fact that a cooperation and knowledge flow across cluster borders and international borders are very important to stimulate companies' innovative skills and their ability to flourish.

Is it the region and their regional identities that makes a cluster as vital and make it develop as it does? These factors all have a potential to be influenced by organizational and cluster identity. Which factors have turned out to be more or less important in cluster

formation and how do these factors relate to NODE, are questions that will be looked into when summing up the last, analysis chapter. While having discussed what constitutes boundaries of clusters we have seen how clusters is born, how they develop and which factors might make them decline. After having those things in mind we will now discuss organizational identity and how it may contribute in these three aspects of cluster change. How might a strong identity help develop a regional cluster? How important are cooperation and trust in developing a cluster? How can a strong identity help spur a healthy and innovative environment improbable to decline? The next sub-chapter may help us understand how identity might contribute in answering these questions.

### Organizational identity in a cluster

We have looked at some important and apparent factors that are common in the birth, development and decline of clusters. An intriguing factor, which should be highlighted, is the communication aspect. Communication is central to all well-functioning cooperation and therefore it is crucial for it to be effective, at least when it comes to such a vast and complicated structure as clusters. When compared with theory of organizational identity we see that an aligned and *converging* identity, an identity that members agree on and feel comfortable with, is successful because of effective communication.

In this sub-chapter I intend to use the notion of identity as a construct. This definition makes it clear that identity is something constructed by social agents that comes together and creates meaning. When looking at the level of analysis and definition of organizational identity, this thesis focus on how the individual identify with the collective. In many ways this makes up the aspect of organizational identity; how members identify with their organization's goals and values. At the same time it is important to note that organizational identity and collective identity have resemblance to individual identity. Therefore I will first give a short outline of how individual identity might be interpreted and compared to the collective and group identity that is evident in organizations.

According to Hatch and Schultz (2004 in Kvåle and Wæraas 2006:14) taking something that is not human and giving it human abilities is difficult to understand. Therefore we have to look at organizations as a model or metaphor for an actor or a rational

individual, and not as a human itself (Brunsson 1990 in Kvåle and Wæraas 2006:14). When making this comparison you can also expect from organizations to have human abilities such as rationality, letting thoughts govern actions, defining goals and make decisions according to these goals (Brunsson and Sahlin-Andersson 2000 in Kvåle and Wæraas 2006:14). As for humans, organizations have concepts of how they define themselves as collective actors, how they are seen in relation to others and how they are considered by them.

*“It is in interaction with others that identity is manifested and formed (Kvåle and Wæraas 2006:15)”*

Important in understanding what identity might be, questions such as; what is core to my identity, what is it about me that is consistent over time, and what distinguishes my own characteristics from other people, are important. Identity is the answer to *who* you are and when using the expression of identity you expect that person to be it-self and hold onto its own characteristics which is independent of time and place. Although, these characteristics might at the same time be a part in understanding oneself as a creation through social interaction (Whetten and Godfrey 1998:19). Therefore, identity is also a relational and comparative concept (Tajfel & Turner, 1985 in Whetten and Godfrey 1998:19). Social identity theory (SIT, which will be discussed in more detail below) see people as constructing themselves to have some essential characteristics that they cite as defining them as self-concepts, and that they engage in interpretations and practices which are meant to express continuity of those images over time (Steele, 1988 in Whetten and Godfrey 1998:19). Erickson (1964, in Whetten and Godfrey 1998:19) made the important observation that identity not only constitutes a way of seeing or classifying ‘myself’ that distinguishes me from other people, but it also simultaneously allows me to see myself as similar to a class of individuals with whom I most closely associate myself or with whom I would like to be associated. To see your-self as both belonging and being distinct from a group might be a paradox, which Whetten and Godfrey (1998:19) notes as ambiguity. This ambiguity might even end up as a result of a person having multiple identities depending on the context and situation.

A strong and positive identity might contribute in strengthening the employee’s motivation by bringing them together and to a larger extent make it possible for them to identify themselves with the organization and their values.



*“A meaningful and coherent communication of symbols has the potential of building trust among different shareholders (Own translation of Brønn & Ihlen, 2009:27).”*

Such trust may have great value to an organization since trust is the foundation for a long-lasting and strong relation, and also financial institutions depend on a trustworthy cooperation to support in business. When combining both trust and a strong identity we are able to outline some aspects of how identity may give the company some competitive advantages. Barney and Stewart (2000 in Brønn and Ihlen 2009:32) point out that a strong identity:

*“...sharpen the organizations abilities to work out and implement strategies which are likely to ‘use’ potentials in the environment and/or evens out the treats in its close vicinity”.*

By this they mean that organizational identity have the potential of giving the organization a direction and give it a framework of what actions are correct and legitimate. Compared with individual identity we might add another definition of organizational identity, which would be that a group of people inherits some characteristics that they share and have in common with others (Whetten and Godfrey 1998:65-70). If the whole group shares such characteristics, then it has the possibility of ‘guiding members’ actions. Those people with mutual and collective characteristics then probably share some attributes. They will therefore be working in a way that includes some specific activities that are common to the group just to reach a common goal, and as a result are willing to act after a few operating principles and norms. The development and success of identity therefore depends on the balance between two factors:

*“The subsequent evolution of identity will then depend on the balance between forces of convergence (status quo) and divergence (change).” (Gioia in Whetten and Godfrey 1998:70-71).*

These factors are the central aspect of this thesis and an important aspect will be to identify this potential divergence or convergence in NODE through an analysis of different sources of identity.

## What is central, distinct and lasting in organizational identity

To build a collective identity which has the main focus of establishing coherence and cooperation, managers in organizations (Kvåle and Wæraas 2006:13) often want to emphasize identity as the vital characteristics of an organization that distinguish one organization from another. These characteristics have been summed up in three dimensions by David and Whetten (1985 in Whetten and Godfrey 1998:21):

1. What is taken by organization members to be *central* to the organization?
2. What makes the organization *distinctive* from other organizations?
3. What is perceived by members to be a *lasting (later: continuing)* feature linking the present organization with the past?

The *central* aspect of an organization describes their core activity and their main goal. It could for example be some values and norms that are more important for the organization than others. The identity of an organization are developed and created according to core values, practices, and through products that are constructed, interaction with and service by employees. These are important aspects of the core activity of the organization (Whetten and Godfrey 1998:22).

What is *distinctive* for an organization is its own way of being unique. The organization should have some characteristics that define who it is and who it is not, that are different from other organizations. All organizations have their own way of organizing and doing things. The complexity in these tasks makes it difficult for others to copy these ways of acting and therefore it is an important part of the strategic choice of a company to find its uniqueness, what do the organization do to stand out from the other competitors (Ihlen & Brønn 2009:30).

The third dimension emphasizes the importance of *continuity (lasting)* and long-term goals to create a sort of stability for the members. At the same time this is sort of a dilemma because the need for predictability and stability may create inertia and stagnation. To be able to be competitive and effective an organization have to change and develop according to meet these demands. A consequence might be that organizations continuously have to redefine its own values and goals (Whetten and Godfrey 1998:22), and several researchers have pointed out that Identity is dynamic and develop over time (Brønn& Ihlen 2009:30).

Although values might be altered it is still a point of having a base and history that defines who you are and where you are going. Corley and Gioia (2004 in Brønn & Ihlen 2009) make an important point when they say that the interpretation of values develop and as a consequence the core values may be the same but the meaning of them might change.

*“Similarly, organizations maintain identity through interaction with other organizations by a process of interorganizational comparison over time”* (Albert 1977 in Whetten and Godfrey 1998:21).

Again, if we compare organizational identity to individuals we have to understand that organizations change their identity more often than individuals. While individuals in several ways move towards maintaining their identity and concept of self through interpretations and practices, organizations work to demonstrate consistency through their values and actions. As mentioned before this aspect is often combined with a desire for adaptability. Whetten and Godfrey (1998:23) call this need for both consistency and adaptability in an organization for *ambiguity*. Questions then emerge of which one of them is the strongest and if it is possible to practice both. Is it possible to attain a coherent identity when different members of an organization have different needs, and when some want stability while others want change? What if the management wants change while the employees want stability and work-safety, can a common identity then exist? These are questions that will be addressed later when we look at identity in NODE.

### **Two approaches – corporate identity vs. organizational identity**

It has been indicated that there exist two analytical levels of identity in this thesis. By using different perspectives and combining several identities it is possible to find more coherent, clear values and norms which can be recognized by both members, managers and at last various shareholders. Looking at identity from two perspectives this thesis is given an alternative angle where various aspects may evolve and thereby making the research more thorough and clear. The first are the level of manager, *corporate identity*, where there exists a belief of the possibility that the identity is there to be managed. Second there is a level of *organizational identity* where identity is interpreted as something existing within all individuals in the organization.

*Corporate identity* emphasizes the corporation's distinctive attributes and exists in a tradition which sees identity as something that can be managed, in this way it is therefore possible to change identity through changing symbols of meaning (Whetten and Godfrey 1998:47). Identity at the organizational level is constituted by these tensions of symbolic meaning between a perspective where identity can be managed and a perspective of identity as something that exist and something that is embedded in all individuals, because it is concerned with the boundary between an organization and its environment. It becomes a question of who shall have the power to influence the identity of an organization. Therefore it is on the other hand that *organizational identity* focus on the employees' affinities with the organization(Balmer and Greyser 2003:4).As a tool for using these two perspectives in an analysis of NODE it is necessary to further define and clarify some specific aspects of identity.

We have seen different approaches in understanding organizational identity and to make these two definitions fit for our analytical model we have to clarify them in more detail. Balmer and Wilson (1998, 2002 in Van Riel and Fombrun 2007:70) distinguish between four types of identity:

***Perceived identity***: the collection of attributes that are seen as typical for the “continuity, centrality and uniqueness” of the organization in the eyes of the members.

***Projected identity***: a thought that the self-representations of the organization's attributes manifested in the implicit and explicit signals which the organization broadcasts to internal and external target audiences through communication and symbols.

***Desired identity***: the idealized picture that top managers hold of what the organization and that identity of the organization could evolve under their leadership.

***Applied identity***: focus on the signals that an organization broadcasts both consciously and unconsciously through behaviors and initiatives at all levels within the organization and externally towards its shareholders.

When these four are combined, the sum of them will be interpreted as the *actual identity* of an organization, which is the one identity type that is experienced externally by the shareholders. These four identity types cover a wider definition of the understanding of organizational identity. At the same time they will give us a possibility to approach identity

from several angles and at last, and maybe most importantly, they give us perspectives from a diverse group of representatives from the organization. I will use three of these identity types; *desired*, *perceived* and *projected*, to better explore and understand identity in NODE. The reason for not focusing on *applied identity* is its commitment to external communication, and because of the thesis' limitations of both time and resources I will focus on internal aspects of identity. Actual identity will be discussed in the analysis and final chapter. When comparing these three identity types with the two perspectives of identity in organization; *corporate identity* and *organizational identity*, we see from the different colors that desired and projected identity are placed in the same category as corporate identity, while perceived identity belongs to organizational identity. From these two distinctions we see which identity is emphasized to be more important for each perspective.

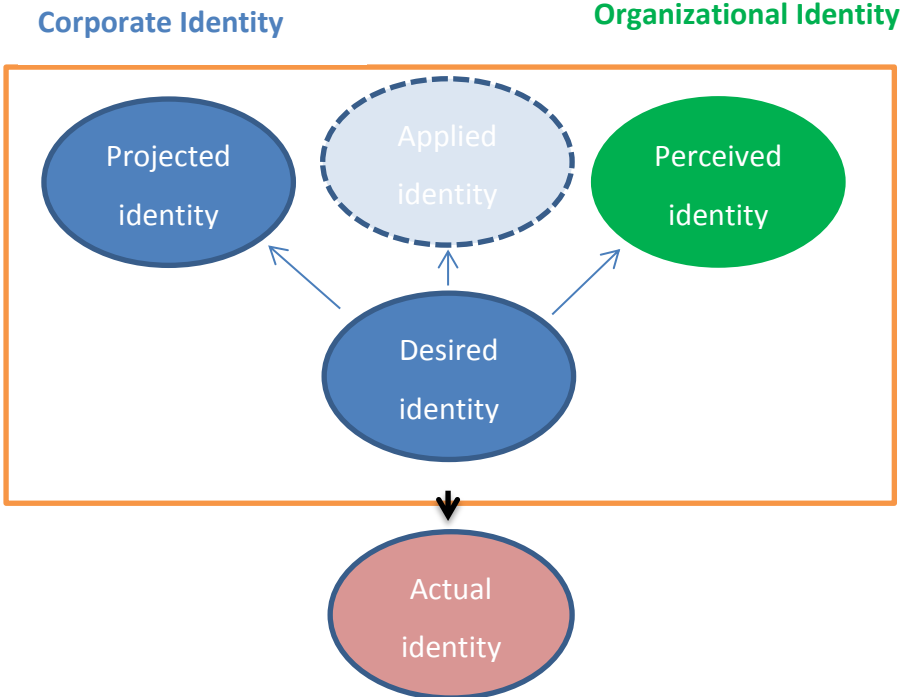


Figure 3: Identity types: four approaches for assessing identity in an organization (Adopted from Balmer and Greyser 2002 in Van Riel and Fombrun 2007:72).

Balmer and Greyser (2002:16) points out that inconsistency in meanings between two or more of the identity types may cause challenges for a company towards its stakeholders. As mentioned before, this lack of trust or belief in the company may turn out to be crucial to a company and its reputation or as a brand. These types of identity have together formed a

test called the *AC2ID Test*<sup>10</sup>, which acknowledges the fact that companies do have several identities or several sources of identity formation methods, and that lack of alignment between any two of them may cause conflict which potentially may hurt the company. This conflict or disagreement (dissonance by Balmer and Greyser 2002) may occur or increase in strength, if for example desired identity and perceived identity tell different stories and communicate contradictory signals, or when perceived identity are in incongruence with projected identity, if this happens the organization might develop some communication challenges. When you say one thing and do another the receiver will end up having a lack of trust to the sender (Van Riel and Fombrun 2007:73). We have seen which pitfalls diverging communicating of symbols may create and taking it one step further I will explain how identification influences members and managers organizational identity.

### From identity to identification

To further understand how members can identify with an organization and what effects it might have for the organization, it is important to discuss how identification affects organizational identity, and a central aspect of organizational identity is to use a member perspective. It is my thought that research on individuals in NODE's member organizations and their way of identification with NODE is an interesting aspect of organizational identity. Whetten and Godfrey (1998:14) argue that in a theoretical-organizational approach, identity as identification is seen as a distinct direction. It is distinct through the use of questions such as 'who are we as an organization' and thereby a understanding as 'identity of NODE' in organizational identity, while in studying identification we focus on the relationship between the organization and its members and therefore a perspective of how they 'identify with NODE' (Asforth and Mael 1989; Pratt 1998; Hatch and Schultz 2000 in Kvåle and Wæraas 2006:28). The interesting aspect of identification is that we search for the employee's relation to the organization and to what degree they are able or willing to relate to its values. Asforth and Mael's (2000:135) definition of identification is;

*"...the perception of oneness or belongingness to some human aggregate".*

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<sup>10</sup> A test developed by Balmer and Greyser 2002, here adapted and altered according to Van Riel and Fombrun 2007.

It is this belonging or feeling of understanding between a person's own values and the organization's values that determine if it is converging or diverging. The degrees to which members' accept or decline in identifying with the organizations' own characteristics, depends on the employees own values and norms. Whether members agree and easily are able to identify with the organization depend on how attractive the perceived organizational identity is, if there are consistency between individual self-concepts and how distinct the organization is from others (Dutton et. al. 1994 in Kvåle and Wæraas 2006:28). Thereby a strong identification has the potential to boost commitment and consistency of actions with the members and it is important to note that the degree to which a member of an organization identifies may turn both ways. If the member has concern seeing the value or point in some deed, the member might lose interest and assume a feeling of irrelevance to the organization. When more members feel the same thing and suddenly they start doing things their own way, complications start. These complications might evolve and it does not take long before internal problems are felt by external shareholders.

Whetten and Godfrey (1998:8) believe that the importance in identification is to ask the question '*with what is the person identifying?*' As we understand, this question is closely related to organizational identity, since it tries to find an answer to which attributes the person is able or willing to identify with in the organization (Dutton, Dukerich and Harquail, 1994 in Whetten and Godfrey 1998:6). If the identification with some attributes is successful it can be seen as if the member view the organization as an extension of 'self' (Whetten and Godfrey 1998:4).

When including another perspective we see that Hogg and Terry (2001:49-51) argue how these processes work inside organizations in a way that members also identify with groups which they belong or perceive to belong. For example individuals might identify with groups that are in the same work unit, through functional roles such as different divisions of marketing, sales, production and so on (Paulsen and Hernes 2003:16). This aspect is particularly interesting when looking at NODE in a way where members to a large degree meet each other solely in groups.

As we have discussed before there is a relational and comparative aspect of social identification (Asforth and Mael 2004:137). Through social interaction and comparison the

individual indirectly is a part of the success or failure of a group. Both positive and negative comparisons have the potential to influence a member's degree of identification (Oakes and Turner 1980 in Asforth and Mael 2004:137). To understand the importance and relevance of having both perspectives, Hall (1970 in Asforth and Mael 2004:140) use a definition of organizational identification as *"the process by which the goals of the organization and those of the individual become increasingly integrated and congruent"* (pp. 176-7), and Patchen (1970 in Asforth and Mael 2004:140) define organizational identity as individuals who have shared characteristics, feel a sense of loyalty and solidarity with the organization. Organizational identity at a collective level is important to understand when you research how groups react and how groups consist of several individual identities. Also, this is relevant when looking at a group to group identification level. Individuals are all part of a collective.

### **Backgrounds for identifying with organizations**

We have now seen that individuals identify through some characteristics that they define themselves and that is simultaneously defined by the organization. But, what is the background for this identification, which factors are important for a person to identify with the organization? As we saw before, the three criteria of Albert and Whetten<sup>11</sup>, *central*, *distinct* and *lasting* are important aspects of an organizational identity, and they also have direct relevance to the identification processes of members in organizations. The degree to which these factors are met determine members tendency to identify with groups. Oakes and Turner (1986 in Asforth and Mael 2004:139) make these criteria more explicit when they divide them into four categories that make individuals more exposed to identifying with a group:

1. The first factor are relevant to organization's identification and how distinctive they are compared with other groups, the more distinct an organization's values are has the potential of creating a unique identity for the organization.
2. The second factor is the prestige of the organization. The argument is also based on intergroup comparison where an individual's identification happens on a basis that affects

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<sup>11</sup> See page 25 for definitions of these three variables.



the individual's self-esteem, if an individual are proud of the group, its self-esteem becomes better, vice-versa.

3. A third factor is when the individual becomes aware of external groups the person at the same time will become more aware of its own group. As for example when looking at a factor of competition, a feeling of us vs. them might reinforce identification with its own group (Asforth and Mael in Hatch and Schultz 2004:140-141).
4. Finally, there are some traditional factors which are closely related to the establishment of a group where aspects such as interpersonal interaction, similarity and shared goals that might be important for identification to occur. Although, these factors are at the same time not essential in the identification process (Asforth and Mael 2004:142), but their presence might be reasonable in many situations.

Although SIT<sup>12</sup> (Social Identity Theory) further emphasizes the belief that these backgrounds for identification are to a great extent generalized, identification based on these factors probably exist in some way or another. It also suggests that categorization may be sufficient in identification, but argues that it rarely is the only factor which becomes evident. Asforth and Mael (Hatch and Schultz 2004:141) further point out that these factors also are relevant to individuals, but that they may increase in strength when looking at organizations. A discussion of some consequences of identification will end this theory chapter.

The first consequence listed by Asforth and Mael (2004:143) is the one of choice and support where persons choose to identify with the stated values and goals. At the same time and a very important aspect of identification is that of cooperation. If the members agree on which goals and values are important and also which norms they have to follow it creates certain group conformity. If the identification is successful, members are able to cohere in the group and thus able to work together to an even greater extent. This aspect is closely related to a sense of the group being able to gather on certain group norms. Conformity and cooperation have the potential to further spur and develop the group values and practices, and making these internal practices more prominent and perceived as *unique* and *distinctive* (e.g. Tajfel, 1969 in Asforth and Mael 2004:142).

There are questions of how long a company can say one thing while doing another without changing their credibility and reputation to employees and stakeholders. Research

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<sup>12</sup> SIT mainly describes the way individual behavior is influenced by their group membership.

suggest that a perception of authenticity, both internally and externally, happens only when the researcher use time and effort to explore the core mechanisms in an organization (Van Riel and Fombrun 2007:62). The important aspect is that the organization will never be perceived as authentic if the members do not agree on what they say. Members are perceived by stakeholders in their daily interaction, and therefore make up their own meaning through their perception of the employees. Employees and the whole organization must stand behind and believe in the same values; there have to be alignment and converging thoughts (Van Riel and Fombrun 2007:62).

*“A company with a strong identity generates identification.” (Van Riel and Fombrun 2007:62).*

Finally it is important to remember that all these aspects are consequences of symbolic interaction and therefore communication. Such interaction is not essential, but evolves and is altered depending on how meaning is created through verbal and nonverbal interactions (Asforth and Mael 2004:143), and in this way NODE have the potential of enabling identification through focusing on communication.

### **The next steps...**

Cluster theory emphasized some important factors of cluster birth, development and decline. Some of these revealed the importance of recognition and awareness about clustering, and that it plays an important part in the development. As such, it is the formal and especially the operational part of the organization in NODE that I want to highlight in this summary. Consciousness about being a part of NODE feed the participants (members) with optimism, but also the region as a whole. In this way growth of clusters benefits the whole region and not only their members. I want to add that when a suddenly and swift growth happens there are several aspects and dangers that ascend. One interesting thing, which NODE also stresses, is the threat of being satisfied or content with what you have. Therefore it is interesting that what seems to be their only choice is to grow and develop further. But it has its limit, and when that limit is reached, their cooperative and competitive abilities will appear and be more important than ever.

Following these thoughts and turning towards organizational identity there are two aspects I want to highlight. The first is comparing aspects of organizational identity vs. corporate identity and managerial perspective vs. member's perspective. I want to highlight the advantage of combining identity from several perspectives and to see the advantages this gives us. All these effects and answers I believe are in communication. If there is no coherence and converging ideas of what is central and core values in an organization there will be challenges when members have to trust each other, or when competing and cooperating at the same time. It is in interaction with others that communication occurs, and the meaning created will affect NODE's identity. It is the common goal and purpose that make a cluster successful and 'world leading'.

Second, the ways in which members identify with these recognizing elements of values, which characteristics are important for their identification and which factors are important in this process, are crucial to making this project work. Having that in mind we now turn from a look on theory to method. In the method chapter we will look further into whom and in which way we interpret and understand how members create meaning and most important who and why these members are relevant in this thesis.

## Methodical approach

The purpose of this research is an effort to recognize factors that may occur in a cluster of organizations when building the identity of the project organization. I will start this chapter by continuing from where we left off in regards to organizational identity and identification. I have chosen to use a method of qualitative analysis in this thesis and therefore this chapter will be informed by theory and in that way theory will be included. The advantage for using an approach of qualitative method is that it gives me data that are constructed and interpreted by the sender and receiver. It is this method of defining and categorizing the world and phenomena that will be the main goal in this thesis. By analyzing qualitative data through respondents own words it will give the thesis a natural and authentic material. The participant's own presentations and perceptions are vital for doing research on organizational identity in NODE.

After a discussion and presentation of the research design we will have a discussion of the advantages and benefits of the qualitative approach, and how the quality itself can be secured through an effort of reliability, validity and ethics. Through the theory chapter we have seen two predominant perspectives on identity, one of organizational and one of corporate identity; that from a members perspective and from a managers perspective. To further elaborate on these two dimensions it will be helpful to use three paradigms that make the distinction between them clearer.

### Three paradigms for understanding organizational identity

Gioia (1998 in Kvåle and Wæraas 2006:21) use three paradigms to understand different perspectives of organizational identity; *the functional*, *the interpretive* and *the postmodern*;

(1) The *functionalist perspective* (corporate identity) concentrates on studying things objectively from the meaning that is given and independent from what is the ideal or theory. Therefore they use deduction as a research method and it is thereby a study of what identity an organization has and not what it might have (Gioia in Whetten and Godfrey 1998:26). The functionalist lens regards identity as a social fact and therefore a view of identity, which can be observed, shaped, and managed (Balmer and Greyser 2002:38). These characteristics

imply that identity is treated as a variable which can be altered to better fit the want of managers or shareholders in an organization, both internally and externally. This perspective is, because it enables to be governed, criticized for focusing too much on a manager's perspective and thereby ignoring the employee's interests (Gioia in Whetten and Godfrey 1998:27).

(2) While the functionalist perspective emphasizes the managerial perspective, the *interpretative perspective* (organizational identity) uses employees or other members of an organization as identity carriers and their personal interpretations of their work environment as basis. The aim is to get descriptions and insightful explanations of identity, with the intention of understanding the meaning system constructed by employees and other relevant constituents. Their identity is examined by observing the words, symbols and representations they give of an organization (Gioia in Whetten and Godfrey 1998:28; Balmer and Greyser 2002:38). The result is often that it gives the researcher an interesting story that has depth and richness and will provide informative insights to the inner life in an organization (Gioia in Whetten and Godfrey 1998:28). Here it is important to discover meanings and structures of meaning that is latent in the organization, that describe and investigate how the employees regards themselves as part of a group, but also as a part of the organization (Kvåle and Wæraas 2006:23).

(3) The last perspective in understanding identity is the *postmodern perspective*. Here the subject itself is emphasized to an even greater extent. As it is a critical perspective, phenomena such as diversity and fragmentation are more important than integration, and difference are more important than similarities. Central to its line of thought are questions of the existence of a consistent and coherent identity, although postmodernist agree with the two other perspectives, which define identity as socially constructed (Gioia in Whetten and Godfrey 1998:28). Since this perspective will not be given too much focus, it will still be an interesting part of the discussion in the final chapter.

The functional and interpretative perspectives will be important as a structure when we later start looking at how members of NODE identify with the organizational goals and values. Those two concepts will be used in the analysis and which will help us sort out different understandings of identity in organizations. The advantage of having two different perspectives and looking at identity from two different angles is that it makes it possible to

compare these two constructs and look at its self-reflexive and dynamic process where the aim is to become one converging identity. The challenge, as mentioned before, is that two potentially different concepts of identity often have trouble in being aligned and that it might have some challenges in being compared. Therefore it is important to examine the fact that when member’s affinities have different values and different histories, it is possible to locate gaps if the perspectives and meanings does not coincide (Kvåle and Wæraas 2006:23). As we have seen before, an organization might inherit different identity types that come from representatives with diverse roles in the organization. Therefore I will use the various terms of identity and combine them with the just-mentioned identity paradigms. When combining these two methods it is in my thought that they will supplement each other and give us a ‘new’ direction for doing research of identity in clusters.

Earlier four identity types were put forward as a representative selection to research aspects of internal identity in the NODE cluster; *desired, projected, perceived* and *applied*. I have decided to leave *applied identity* out of this research because of its external focus on identification, which is not a part of my aim. Although it will not be a part of the analysis itself, it will still be a very important as a result of the other three identity types, and thereby ending up as ‘actual organizational identity’ in the last chapter.

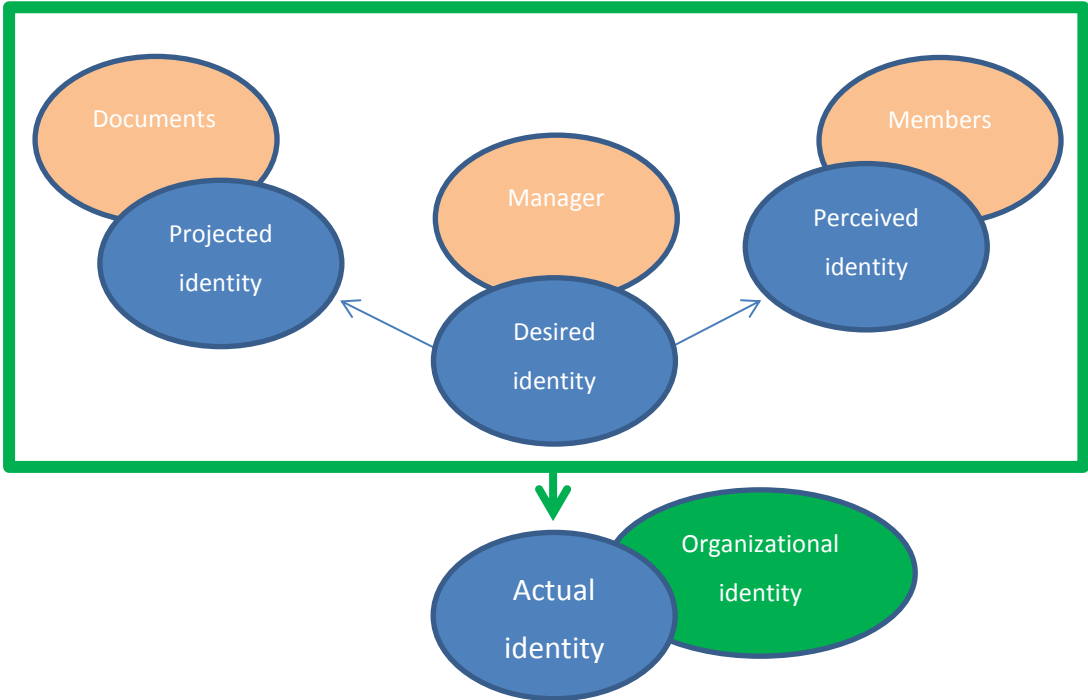


Figure 4: Identity types: four approaches for assessing organizational identity (Adapted and changed from Balmer and Greyser 2002 in Van Riel and Fombrun 2007:72).

As we can see in figure (4) it is the *projected, desired and perceived* identity that makes out the internal identity in the organization and the result is Actual identity as an understanding of 'identity in organization. Depending on which of the identity types that shall be most important and influence more depends on the perspective, manager in a functionalist perspective or members in an interpretative perspective (in this model we also see that there is a strong influence on the other identity types from the managers identity).

When using a functionalist and interpretative perspective it is practical to make three choices; the first is to compare the next two steps according to what they believe is central, distinct and lasting. The second is to look at projected identity and desired identity in a perspective of a functional perspective that believes identity can be managed and governed. This will be addressed in the analysis by looking closer on strategic documents from NODE and by comparing the manager of NODE thoughts through an interview), which will be explore through the manager's own way of constructing meaning of the identity in NODE. At last I will compare how members identify and perceive NODE and its values through looking at interviews of members in an interpretative perspective.

### **Analytical model**

When combining these methods and questions we can use a four step analytical model that will help us structure and research the organizational identity in NODE:

**Step 1 - Functionalist perspective:** Objectively determine which characteristics the organization is currently projecting and test this according to three criteria of Albert and Whetten, continuity centrality and distinctiveness. Simultaneously I will analyze what top management sees as the most desired identity characteristic through a qualitative interview of the manager in NODE.

**Step 2 - Interpretative perspective:** The next step will be to do a similar analysis of the three criteria, but this time according to its members. I will analyze what employees perceive as the projected characteristics and do it through qualitative interviews.

**Step 3 – Locate Gaps:** After step 2 we follow up with a summary and discussion to determine whether there are gaps between the three forms of identity or if they are aligned.

The answers in the analysis will decide the direction further and if we are able to detect a converging or diverging identity. Based on the results a summary will be made.

**Step 4 – Develop strategies and close gaps:** Depending on the results of the gap analysis, it may be necessary to analyze the strong and weak points within the organization regarding the areas of identity, and develop a hypothesis of which communication measures that may be designated to close the gaps between the desired, projected, and perceived identities of the organization.

These steps can be structured in the following figure:

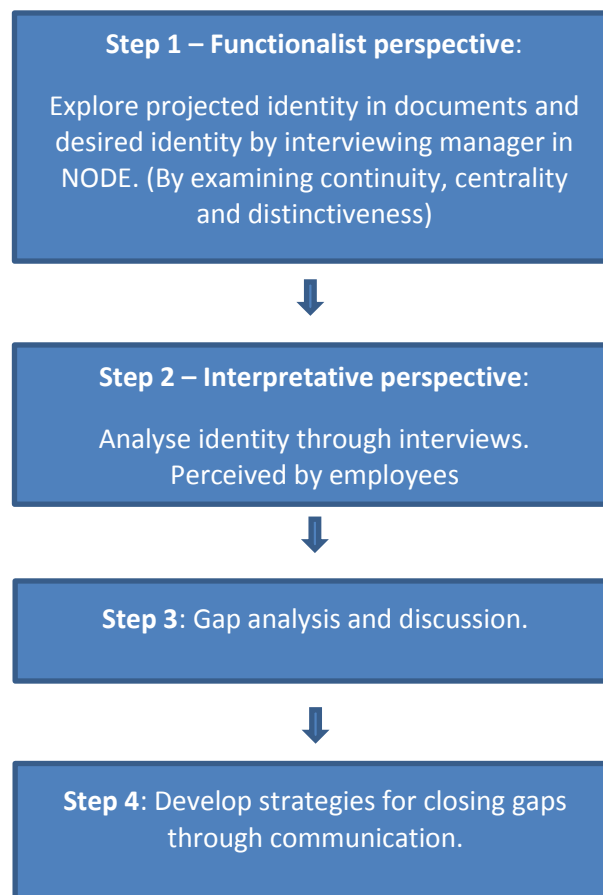


Figure 5: The process of identity management  
(Adapted from Van Riel and Fombrun 2007:78).



## *Limitations*

Following the research question that was put forward earlier I want to investigate whether NCE NODE has focused on their own identity or the identity of its members when they construct their communication strategy. As an example when stating that NCE NODE want to be “*world leading, regardless of competition*”, it makes me question if all members can relate to this and based on the research design I want to repeat my study question:

**How is identity developed in an industrial cluster, and how can communication contribute to a common purpose in such a way that managers and members involved in the cluster converge around a common identity?**

I also want to add the following sub-questions:

- *Based on a strategic selection of members in NODE, what are their purpose of being part of - and how do they identify with NODE?*
- *How can internal communication make it possible to align different perspectives on identity; projected, desired and perceived, to reach a converging and strong cluster identity in NODE?*

By interviewing NODE’s members on how they imagine the organization and which values they can identify and relate to, I want to compare the answers with what NODE’s own manager’s construct through desired identity and what they projected through their documents. Based on the results I hope to conclude the thesis with some thoughts that might express and advice NODE of what their focus should be when communicating with its members and shareholders in the future. I want this research project to draw a picture of the strategies, measures and implementation that might be relevant regarding a communication strategy for the cluster.

## **Selection and strategic sample**

The following selection will be the strategic sample of my data. I will use the following documents; communication strategy, annual report and their web-page ‘about us’. These documents all have some meaning attached to it and it is interesting to draw some lines from what is expressed in these documents with what is said by the manager (this according

to the functionalist perspective). Different from the manager's 'desired identity' these documents also give insight to what have been planned, considered and executed among managers, leaders and other shareholders in NODE. The documents contribute with a different perspective, which makes its analysis diverse. Each document is meant to solve a specific communication challenge and the interesting question is how they specify identity according to the three dimensions of *centrality*, *uniqueness* and *continuity*. In the selection, document-analysis represents the functional level (corporate identity) in the analysis together with an interview of the manager in NODE. By interviewing the manager it is possible to construct an image of who NCE NODE is and the desired identity. In comparing this with the documents analyzed beforehand, it will be an important step in identifying the goals and values that are desired and projected by NCE NODE regarding the functionalist perspective.

I have made a strategic sample of member companies, which is a representative selection from both large and small companies. All participants are a part of the segment that has NODE's business field as its core task. The seven interviews focus on the member corporations and are part of the interpretative perspective (organizational identity). These interviews are based on both managers and middle managers. The reason for this diversity is the consequence that there in several companies have been the head managers that have been in contact with NODE and therefore know them the best. In the other companies I interviewed middle managers with responsibilities as for example recruiting and communication.

### ***Member categorization***

The sample is chosen from two categories; large corporations and small and medium sized corporations (SMB). By choosing members from these categories I want to emphasize how different corporations depend on and use NODE. Some corporations might expect a lot of help and increase their reputation by being a part of NODE, while others are participating for completely different reasons.

The major corporations, that are marked leading, might expect NODE to be a spokesperson and work on influencing governmental decision-making. These companies work with several and almost all aspects of what NODE does, regarding their projects,

networks and courses. They are market leading and the corporations are operators in the oil and gas industry and they are buying services from other suppliers, some located in the cluster. Does this influence and power make them more important than the other members and/or do they identify with NODE's goals to a greater extent since they possibly influence NODE with their own values and goals?

Small and medium sized corporations (SMB) might be members because of the advantage it gives them in closing deals and getting contracts with other larger cluster members. Mainly these corporations work with production; have workshops, repair shops etc. It consists primarily of engineers and production managers. As such these members are typically suppliers to the oil and gas industry. Further they deliver services in certain niches in the oil and gas industry, which they are specialized in. Their number of employees ranges from a few to around a 100. The categorization will give me an advantage in defining how various members might look and expect different advantages in being a member of the cluster. By looking for motives in being a member it might be possible to differentiate how each category identify with NCE NODE and what they expect to be their main goals and values. Then it becomes interesting if there are diverging interests and questions of who should NCE NODE give in to and how it might influence their identity and communication.

### **Analytical method**

After having started with interviews of informants in the sample, I began to categorize and analyze the data. I used an approach where I went from raw data to coding them into different labels. To be able to compare the answers and data found I divided the identity types in three smaller categories, namely what is central, distinctive and enduring. This way coding will make it the analysis easier and give it a firmer structure. Coding has been useful to divide the sample into the main categories. In addition I have added a few sub-categories to make it easier to understand and make out clear topics that are especially interesting.

During the process of categorization it was helpful to ensure that statements of the interviewed may fall under several categories, then the categories were more loose, but the result were that several points were included that normally would have been included with a firmer strategy. Erlandson (ref in the Ryen 2002) believes three steps are important in the

analysis, reducing the number of data, divide it into categories and analyze the negative (divergent) examples. The aim of the categorization is to sort the number of data, but also make it more transparent and accessible through the use of coding.

### Why qualitative methods

Qualitative research is widely understood as the opposite of quantitative research. As some theorists point out; this facilitation is far too simple and uncritical. Denzin and Lincoln (in Ryen 2002) write that:

*"...researchers who use qualitative methods, study things in their natural setting, where they try to understand or interpret phenomena based on the meaning people give them."*

There are several interpretations of what can be placed in qualitative research, but most common approaches such as interviews, observation, document analysis or analysis of visual media pass as qualitative method. In this thesis qualitative method might raise some questions about communication in NODE. It is my hope to either find supportive answers that build up on their identity or try to suggest some actions that might be taken to align their identity mix. There is a qualitatively difference between documents and interviews. Since documents focus on a more functionalist perspective where identity can be managed, interviews have a role of giving the interviewer the informants their own construction of the relevant phenomena. In this way their answers are more dynamic and it is possible to interact with the respondents and ask them to clarify or explain their viewpoint more closely.

The statements from the interviews are crucial to visualize the researcher's conclusions and thus both the trustworthiness and relevance of the answers given. When analyzing the data in this thesis the emphasize are on content and what the respondent says. Another important aspect of analyzing the actors own perspective is to what degree you should trust that what the person is saying is correct. Here I want do divide between a view of sympathy and a critical one. The sympathy focus on how the members construct their reality and focus on the process and meaning that derive from their history and meaning construct. At the other hand you have a more critical view where the researcher focus on checking the consistent as possible and crosschecking them with the history of the

respondent (Ryen 2002). Since I to a great extent focus on the representative's own histories and presentations, it is naturally to focus on the first, sympathy perspective.

### **Document analysis**

Through document analysis this thesis will be given an important contribution to the understanding of NCE NODE and the situation of its members in a functional perspective. NCE NODE is a complex organization, which have numerous projects and networks where people meet. This complexity is important to be aware of when you study an organization like NCE NODE. By analyzing documents of NCE NODE it will be possible to map their own stated and projected identity. The selection of documents is based on the type, quality and access of documents. These documents should be analyzed objectively which means an explicitly focus on their contribution in constructing meaning. When we compare the interview data with the documents, these documents will represent another of the identity types, namely the projected identity. The advantage of analyzing this data is that documents are in their own way interpreted by NODE's members. It is in this interest that the identity types are compared and weighted against each other.

### **The qualitative interview**

The interview has the potential of shedding light on the research question through close contact with the members and an analysis of their own reality and meaning-making as fit with an interpretative perspective. In this thesis the interview is determined by the degree of structure one wish to make use of in the interview guide. If you choose a strong structuring degree, the answers usually will be fixed and you will have a few sets of options to choose from. How an interview is structured have to support the focus in research questions and the criteria of the selection (Ryen 2002). A strong structure might mean that the questioner will commit to it too much and that it might cause misinterpretation of the answers or that you miss out some of the points. I have chosen to use a semi-structured interview that gives me the opportunity to have a conversation with the respondent and gives room to be spontaneous and where it is possible to dig deeper and make the respondent reflect on their own answers. The goal is always to obtain authentic and genuine knowledge through the answers given by the respondent.

This interview process turned out to give me rich and diverse data. It is although important to emphasize that their roles in their own organizations are different, their different positions gives the thesis a certain challenge. After the analysis I have to discuss if this difference in any way cause the data to be influenced. Focus on member corporations, not other shareholders because of its internal perspective. I have made a strategic sample of member companies and made sure I got a representative selection from both large and small companies. All participants are a part of the segment that has NODE's business field as its core task. Interview as a method have the potential to give me rich data and a viewpoint from the representative itself. How the representatives construct meaning and which symbols they use are important aspects in interview as a method. I developed the interview guide<sup>13</sup> through exploring aspects of identity and theory. The focus of the interviews is on aspects that the respondents are able to identify with and which values that person sees as most important. Also about their role and what they think and believe are NODE's values are important.

### Gap analysis

The thesis main objective is to explore if there are a gaps between the three identity types, *projected*, *perceived* and *desired*. After having finished coding, categorization and analysis I will have material about what members see as NODE's most important values and goals. When comparing these three aspects I want to explore if there are any diverging aspects of organizational identity in NODE. Depending on the answers, the next step will either be to discuss both positive and negative sides of the answers and highlight some perspectives that NODE might take into consideration when and if, they eventually alter their communication strategy. Through each sub-chapter I have summarized some of the main points presented by the members. They have been summarized in a descriptive way and therefore it is in the chapter of the 'Gap Analysis' that I will start using theory and discuss some of the findings, which will lead to the final chapter where there will be a discussion and presentation of some ideas in term of communication that NODE might use.

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<sup>13</sup> For a complete look at the Interview Guide see Attachment 6.

## The thesis reliability and validity

Critics directed at qualitative research emphasize the question of whether the data really are reliable and valid. As an example in a paper or report there will be only a few data available because of limited space, and therefore the reader must trust that the researcher has presented the empiric and research data correctly. Another criticism of the reliability of qualitative data is that the researchers might not demonstrate or discuss deviant cases, but instead look for data that might support the researchers own study question (Ryen 2002).

The quality of the analysis is the most important (Silverman, in Ryen 2002) and it is determined by what you do as a researcher and which choices you take that when being aware of the opportunities and tools that support and strengthen each method. Lincoln and Cuba (in the Ryen 2002) have four notions on how to ensure that the thesis is reliable and possesses validity. Firstly, the task of having an internal validity, which means that texts must be based on truth, a thorough review, well-expressed structure throughout the research, and finally have to be relevant to the research questions presented in the introduction. An example is when a researcher should not look for empirical evidence that might confirm the theory or fit into the categories, but instead include those cases that deviate from the earlier findings. In that way the thesis will have *credibility*.

External validity focuses the transferability of my findings, which means how the data might be used and applied to other research projects, and the aim is to be systematic to be able to compare the findings one has with other similar studies, or who may be confirmed by similar theories and thus require the task of *transferability*.

The third approach of reliability is to ensure a clear and transparent method in research so it might enable the reproduction of the results in similar projects. It is important to be aware that it is often more difficult to do this in qualitative than in quantitative studies, because what is perceived as truth will vary from person to person and may change over time. At the same time Seale (ref in Ryen 2002:180) points out that it might be a useful exercise to look at challenges and situations from multiple angles when the aim is to make the task *reliable*.

## Research ethics and practice

Finally it is important to point out that during interviews and other research the researcher I have to be aware of and retain neutrality, and not be colored by subjective opinions, which may alter the result. I have focused on sticking to the empirical evidence and data that appear along the way and which are to be *confirmed* by other methods and members check (Lincoln and Guba, in Ryen 2002). Practical it is important that the researcher approach the data correct and do not affect them, but instead provides high-quality and thick descriptions of the situation (Ryen 2002).

One of the common assumptions is regarding research ethics focus on anonymity. The main purpose is to protect the person or corporation who is being researched and to respect the privacy of information given and make sure it is handled properly and securely. Another factor that may be worth reflecting on is *data safety* during the project (NESH). People are using digital technology every day and use it openly; the danger can both be that data is lost by accident, after technical problems or after unauthorized access. Throughout my work with the thesis I have been aware of the dangers associated with losing data and therefore I have always brought my possessions with me at all times. As always, it is necessary to show *good reference practice* or *source reference* when the research is based on other material, data and research results.

*Confidentiality* and *privacy* is another ethical guideline that has been followed for the personal and organizational information given is to be held protected and hidden to unauthorized persons. There is a natural follow-up of the secrecy, which means that I have a duty of confidentiality to be silent about what that person knows, and has to prevent unauthorized access to sensitive information, in this regard I have also signed a confidentiality contract with NODE. Although I have signed this contract it does not mean that NODE can interfere or influence in my questions, way of analyzing or conclusions. It was signed because of me not revealing any information they might have found sensitive or that might have hurt them or any of the members.

I have presented my requests to the member companies with a notion of their anonymity. There is a fine tuned border between which parts are important to keep confidential or not. To a certain extent it is up to the researcher itself, but in this paper I



have chosen to let the member companies be anonymous. That decision is based on several aspects; first it is based on the fact that the respondents name and identity is not relevant to this paper and because I do not want to damage the relationship between any of the participants or between them and NODE. Second, the participating companies are divided in two categories, major companies and SMB. This means that the name of the respondents or their identity are not relevant, it is only their position and as belonging to either category that is important. Another aspect of anonymity is that I am open about which roles the respondents have. This factor leaves detecting the identity of the respondents easier if the reader knew the company, and after all it is not the name that is relevant, but the position that the informant holds. Because of NODE administration is so small and only consist of six people it will be very difficult to hold the name of the informant anonymously. Therefore the identity of the manager interview from NODE will be public. The manager has himself accepted this. The manager in NODE, Kjell O. Johannessen, will hereafter be called "Manager".

My requests for informants to join the research have been in person through phone calls and email correspondence. In these conversations I have vouched for their anonymity and given them a choice to withdraw from the interview or withhold information if they might want to do so.

## Analysis

It is time to start exploring how identity in NODE is developed from the three identity types; *desired*, *projected* and *perceived*. According to step one and two in the analysis model we need to look at these identity types through two paradigms, a functional and an interpretative. These two perspectives give each identity type a set of tools for how to do the analysis. Together these perspectives make up a diverse background for research on organizational identity in NODE. All three identity types are subjected to analysis through three criteria made by David and Whetten, what is central, what is continuing and finally what is lasting. These perspectives help us understand various viewpoints from different levels in the organization, and together they will make out a vision of who NODE is compared to what their members believe them to be.

### Projected identity

We first start this analysis with projected identity and we are exploring it through a look at several documents from NODE. Some documents are official while others are for internal use only, and looking at the short list of documents that are analyzed; Annual report 2010 and 2011, their temporary communication strategy for 2012 and at last; their webpage “about us”. These documents give useful and interesting descriptions of who NODE project and say that they are. Their annual report gives a statement of their current situation, what is going on, some short-time, but also future aspects of where they are heading. On the other hand, their communication strategy is a planned statement of who they are and which communication goals they want to achieve, while at the same time what actions are ought to realize NODE’s communication goals.

The documents from NODE will therefore give us an idea of identity that can be observed, shaped, and managed in NODE (Balmer and Greyser 2002:38). Through these characteristics there are variables that prove to better fit the want and need of managers and shareholders in an organization, both through internal and external perspectives. According to step 1 in the analysis model we will now objectively determine which characteristics the organization is currently projecting and test this according to what is central, distinctive and continuity.

## What is central in their projected identity?

A first look at the *central* aspect of NODE describes their core activity and main goal. When looking at documents it is interesting to look at texts that describe NODE's central activity and how this activity is defined. The idea is to look closer at documents to recognize if they portray the same meaning or if it might be different from other perspectives on identity. Especially their core values and what the documents themselves see as most important are in this regard interesting. Because identity of an organization are developed and created according to core values, practices, and through products that are constructed, it is the interaction with, service by and tasks of employees that is important (Whetten and Godfrey 1998:22).

Central to most companies are their vision which in many terms are their statement of what are their most important tasks and goals. At the same time it is an ambitious goal that might have the potential to create feelings for shareholders and make them feel proud. NODE's vision is as follows (About us):

*"NODE's vision is to assist in assuring that the oil and gas industry in southern Norway will maintain its globally leading position regardless of outside competition."*

During the last few years NODE have become one of the leading oil and gas regions in the world, and to make that success of their position continue they have to do hard work to make sure it stays this way. Here NODE says that they are assistants to their members and that it is not the organization itself, but the members that have to do the work in staying world leading. In addition it is the work of their own and quality that ensures their field to be in this position compared with its competitors. NODE further states as their main goal that they want to:

*"... develop a cluster culture designed to contribute to its member companies maintain their leading, global market position" (Annual report 2011).*

In other terms it is important for NODE to be developing a culture where the members can use each other's abilities to grow and develop together. This culture depends on NODE's and their member's ability to cooperate despite internal competition. At the same time it is important for the members to maintain the leading market position they already have. This

means hard work for the members and might apply that it is the quality of their business that are vital. As such, NODE members have after its six year in making had an enormous growth, and when they were awarded a status as NCE, it was because they were apprehended as:

*“...among the country’s best operated cluster” (Annual report 2011).*

This gives them leverage towards the state and make their influence important in a Norwegian perspective. This fact also makes it even easier to work closer alongside the government in developing policies for the business and infrastructure in the region. This status also says something about their situation in Norway and that they are a step ahead of the others in some way. Further on NODE see as it main task through their membership of being a NCE to:

*“...reinforce innovative activity in the strongest growth and internationally-oriented business clusters in Norway” (Annual report 2011).*

We see that their focus on innovation and knowledge building are important, but still will become even more important in the future. A part of this is how important growth and working as a well-functioning cluster appears to be one of their main goals. Having goals like these will give you a certain edge towards competitors and it also gives them a direction towards a focus on more innovation and expanding outwards into international markets. As an example, from 2010 they have changed and developed their goals to emphasize a more academic oriented and clear perspective:

*“...to make Southern Norway become a world leading region in mechatronics” (Annual report 2011).*

This focus on mechatronics is a step towards basing their position as world leading in an emerging field that is especially important to NODE’s members, the industry and their production. Mechatronics<sup>14</sup> is important because it at the same time gives NODE a clearer direction while at the same time gives the vision more content and a concrete direction. This

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<sup>14</sup> Mechatronics is a multidisciplinary field of engineering and a combination of Mechanical engineering, Electronic engineering, Computer engineering, Software engineering, Control engineering, and Systems Design engineering in order to design and manufacture useful products (Wikipedia – Mechatronics).

perspective of their work is essential, and depending on their vision it might continue to be so in the far future.

### *Core projects of NODE*

Their core projects are NODE Brazil, NODE Miljø Footprint, NEW (NODE EYDE Women), and especially the logistic and supply change management cooperation between the members and especially NOV that have extensive knowledge and experience in this field. These projects are also part of central aspects that are required through being a part of a NCE. For example there are measures for; going global, increased participation of women, sustainable development and communication (Annual report 2011). It is clear that for NODE being a part of a NCE brings along some specific requirements that they need to follow. These requirements also contribute in making NODE a more distinguished cluster and give them a clearer direction.

### *Communication strategy in NODE*

In their communication strategy (2012) they state that their most important values are; *dialog, cooperation* and *impact*. These values should be visible and be recognized by its member companies as NODE's main goals. With dialog they refer to their role as facilitating a network where members can meet and discuss certain topics that are of common interest, but also that communication between members are crucial for their success. Cooperation refer to the internal cooperation as the same as dialog, but as for both of them, the cooperation with other shareholders and organizations are crucial for developing and becoming a global market leading cluster. The last value of impact might refer to their close work with the government and state in helping facilitating with for example infrastructure and logistics for the members of NODE and the region.

In their Annual report (2011) they state that their main focus in 2012 will be to work on current projects and start a new area with a focus of learning and further on they want to focus on three new areas; robotizing, logistics and management. In addition they want to focus on a reputation-program that has been initiated lately and this will be an important aspect of their work and it its collaboration with three other clusters in Norway. The agenda will ensure that the NCE program improve its reputation and receive more attention from the government and as a result the government should become more submissive in giving

financial aid etc. The next part of the projected identity will look more into how these central aspects have NODE becoming distinctive from others.

### **What is distinctive in the projected identity?**

In this sub-chapter we will look into factors that make NODE distinctive, but also at some aspects of how they work and how they are organized in their network. What parts their network consists of and what part is made by its members depends how they as an oil-and gas cluster work with specific tasks that depends on their products. The complexity in these tasks might make it difficult for others to copy these ways of functioning and therefore it is an important part of the strategic choice of a company to find its own way of being unique. In this thesis I am not going to compare NODE with other clusters, but my intention is rather to look at which factors they themselves feel are distinctive and central for their business.

One thing that makes them distinctive from others clusters or organizations are their vision of making Southern Norway stand out from other regions and clusters in Norway. The degree to which they are successful might depend on if there are any other organizations that work with the same objects and with the same type of companies.

### ***Communication as distinction***

Beginning with the topic of communication we see that NODE in their vision statement explicitly say that they have goals which state the organization should:

*“Contribute with; a good framework, cooperation, innovation, competence development, education of necessary competence and promotion of the cluster”* (My translation: Communication Strategy 2012).

This list emphasizes some of the tasks that NODE sees as especially important. As an interest organization for the corporations it is self-evident that one of their tasks is to improve the framework for their member companies in the region. Further on NODE emphasizes on cooperation between members and that it is important that the cluster internally use their competence and make the participation important for all its members through extended cooperation. As another point innovation and further competence building is regarded as very important goals for the cluster. Innovation shows that they still see knowledge and

further technology development as an important factor and as a focus for their work with their members. If we go into more detail about communication goals, NODE list two important communication goals for its members in their communication strategy (My translation of communication strategy 2012):

- (1) *“The companies shall recognize NODE’s vision, values and goals, and see its contribution as an important part”.*
- (2) *“The companies shall be informed of which offers from NODE that they at any time can use and which an important contribution to reaching its goals”.*

These communication goals are important for NODEs development and identity. If the members do not recognize these aspects, the possibility for the members to be heading in the same direction might become challenging. We see that their idea of dialog and cooperation between members are becoming clearer in these communication goals. For example the corporations should know about the values of NODE because it is important for the members to work towards the same goal and in the same direction as the rest.

According to the second point it continues to emphasize the importance of dialog through informing the members of the possibilities they have in NODE. This also suggests that NODE want to be an open organization for its members and a place that is open to receive and share new ideas. For example through some strategic decisions it is important for NODE to give out:

*“...information through; network, newsletters to several thousand employees, for actual departments and managers, on its webpage” (Communication strategy).*

It is clear that at the same time that communication with members of NODE is very important and that the employees of member companies should have access to all the information NODE has. Nevertheless this might at some times be hard to keep track of and follow up by the administration in NODE because there are a lot of people, and therefore communication to all members is difficult.

### *The new direction of NODE as an NCE*

It has been mentioned before that from their early beginning NODE has done many changes and has experienced an enormous growth in just a few years. Much of this is due to their status as a NCE.

*“Being selected as an NCE creates opportunities and requires commitment. In order to be awarded NCE status, an organization must meet a certain set of criteria. It must for instance be related to an expert cluster on a world-class level, have an international orientation and demonstrate great potential for innovation and growth in the relevant cluster” (About Us).*

We see that becoming a NCE is a large step from being an ARENA project. Together with the change of status several new challenges followed. These new criteria also influenced the direction of NODE from when they started. An important question will therefore be how this translation affects the members and their goals. The new direction are NODE’s focus on projects related to logistics, developing new intellectual platforms, recruiting and focusing on women’s competence, focus on environmental questions etc., and they show different aspects of how NODE is distinct from others, such as the government and other organizations. If you constantly change the direction you are heading in searching for ways of being distinctive, how does it affect the continuity of the organization? As mentioned earlier companies and their employees have a need for stability, if there is great uncertainty and changes keep occurring it is very hard to stabilize and create a clear and unwavering identity.

### **Factors of continuity in projected identity**

We have now touched the subjects regarding NODE’ centrality and distinctiveness, this means that we have an impression of which values they state as central to their business and main goals. Additionally we have seen what makes NODE distinctive when emphasizing what they themselves highlight as important in their own business. The third dimension emphasizes the importance of *continuity* and long-term goals to create stability for the members. By looking at NODE in a long term and historically perspective we might find some characteristics that have been altered during its existence. Either way, we have to keep in mind that indifferent from its growth and impact, NODE is still a young organization in its



starting phase. Findings here might be contemporary and change even more in the following years, but even if there are some challenges we have to remember that it is in the first years of birth that a company have the potential and possibility to be formed as they want, it is these early choices that define who they will become in the future.

An all-encompassing change that happened in 2011 was that because of the large orders from Brazil they had to focus more on recruiting instead of their currently innovation and R&D activity. This was a clearly spontaneous adjustment and has in several ways changed their focus to recruiting because of the sudden demand; NODE also had to give up some of the things they were working with at the moment (Annual report 2011). Several of their projects were subjective to change because of this and some of them were even locked. A result was that their main strategies for 2011 (Annual report 2011) have been to adapt more to the acute needs of their members. The consequence is that they have only continued with two of the potential eight pilot-projects and because of a rapid growth in demand NODE had to adapt to their members want of leaving R&D (NOU) aside and focus more on recruiting. After it happened NODE quickly realized the need of their members.

*“The members are more conscious about what they want to use the cluster for, and the clusters tasks are still getting closer the tasks as former were natural as organizations such as NHO and Norwegian Industry etc.” (Annual report 2011)*

This clearly portray that NODE is moving in a direction where they are becoming less distinctive as a cluster with tasks that conventionally have been there, but have instead undertaken tasks that have traditionally been other places. This has happened naturally because of the need of its. NODE itself states as a challenge that their member corporations changing preferences of what the main activity of NODE should be and that it is a difficult and demanding aspect of their work. NODE themselves state that they are becoming more similar to the work of NHO and Norwegian Industry, which are both interest groups (Annual Report 2011).

These are not the only changes that have happened; during the last year there have also been internal changes that have influenced their work when a change of staff before the summer gave the secretary major challenges (Annual Report 2011). These challenges are also visible in connection to other activities. Now we have an idea of how important people in NODE are with their special competence and knowledge. Therefore it is worth mentioning

how necessary coherent and lasting staffs are to their business as a facilitator for many different activities (Annual report 2011).

### **Summary of projected identity**

We have seen what is central their vision is the focus on; *dialog, cooperation and impact*. But also the way they organize the cluster and the statement that focus on becoming a world leading cluster. Their projects are following some guidelines for what is important for them and their focus. Their vision of becoming world leading in the field of mechatronics shows that they are ambitious and work hard in reaching those goals. It is also important to NODE to focus on getting other collaborators such as Universities etc. What is distinctive in their projected identity is how all the members are focused on quality and that they work as one organization in developing their projects. The last changes and the development are in a direction that focuses more on influence on government to help facilitate certain resources for their members. This also makes them look more similar to other organizations. Some of their aspects on communication are also important for how they work and organized as a cluster. What is continuously at first they followed to develop from ARENA to NCE, but lately there have been some evidence of NODE wanting to adapt to its members and focusing more on their basic needs such as recruitment, means that they need to reconsider their role and assignments. This has led to some changes in their projects and their priorities. The personal status in the administrations has influenced some of their projects, which shows that NODE is quite dependent on the people.

### **Desired identity and managers choice**

The next step will be of desired identity is also a part of the functionalist perspective where identity is observed as something manageable and where the manager has a chance to influence the identity it-self. As with the former identity type we will here do a similar analysis of the three identity criteria, but this time according to the manager of NODE. The goal is to analyse what the manager sees as the most desired identity characteristics in the organization. By looking at desired identity in NODE several aspects of the managers wanted direction comes into attention; What he believes are the most important values and goals of

NODE will become visible, but also the reason for them being so important. Compared to documents this vision may vary and change in its direction, but it does not necessarily make it more ideal than visions in the documents. Both are ideal, but from different perspectives. The interview of the manager in NODE adds more depth to the data.

### **Central perspective of the manager:**

Compared with the documents in the last sub-chapter we will now focus on the central perspective from the manager of NODE's viewpoint. His choice of direction and meanings are very important for the organization and their future path. Desired identity is a link between projected and perceived identity and a way of understanding the importance and their equally influence on each other. Therefore it is what the manager does believe is the central aspects of NODE's activities and what are their most important values that will be researched in this sub-chapter.

### **Central factors of NODE's success**

The *central* aspect of an organization describes their core activity and their main goal. In the view of the manager we will now look at the central aspect from his perspective.

*"What is special with the NODE cluster is that we are in the top of the world in three technological areas of expertise and that the largest companies are all in this region"*  
(Manager).

This particular important characteristic of NODE, which the manager also specifically note, are the quality in what the companies in NODE stand for and which is also one of the most essential definitions of their success (Manager). It is the overall quality in every order that define how successful NODE is. Customers ask the companies of certain specifics and if they have the machines that does specific things and has certain abilities depending of their need and when companies are able to deliver special and customized products it expresses something about the quality of its work (Manager). When doing this work the field of mechatronics is an essential part of the products. This success and widespread knowledge have also made NODE become a leading region of the world within mechatronics (Manager).

### *Quality depends on trust and competition*

Working with quality and thus being professional is another thing that makes NODE successful and it is especially because of how they manage business and their meetings. There are unwritten rules that say that no one outside the cluster can present things when they have meetings about projects, then that is the only focus and not anything else (Manager). The meetings itself are very professional and straight to business and by making the meeting-points as such, NODE has been able to build up trust among the companies. This fact has also made it easier for members to participate.

A specific and important turning point which really had a great influence on NODE was to get the status as NCE. The members and board of directors had to meet and decide what this title would mean to their activity. The reply was clearly 'to build knowledge' (Manager), although it took a while before they had a strategy that was accepted and agreed within the participant group, this really changed the direction for NODE. To be able to succeed with this the manager says that;

*"...we were able to put some things on the agenda that they saw as right and important"  
(Manager).*

The success of NODE was to make a common goal with its members. By succeeding in doing this and having a common goal they learned to trust each other and they quickly saw the benefits of cooperation. Letting people talk together even if they are competitors is a difficult aspect of this project. There is always uncertainty of someone saying something sensitive or giving away information that they should not, but at the same time people meet and they do it with a pride to their own company. Trust is a vital factor and when people meet and discuss problems they are also able to find new solutions or agree to work together in solving shared difficulties. This is what has given them so much attention lately and also that they in such a short time have managed to develop a well-functioning cluster and further the manager explains that;

*"The fact that large competitors, tough competitors comes together in a cluster and are able to work together...we receive a lot of attention for being able to in such a short notice to make so large companies cooperate"(Manager)*

This is one important aspect of the success of NODE because the fact that some of the toughest competitors have come together and working with the same project is difficult. For this reason it was something that was essential for NODE. The manager further point out that cooperation and collaboration between competitors is in cluster theory said to be very difficult because of the situation they are in. Several of the companies are under heavy market surveillance which put extra pressure on the cooperation, competition have been challenging when making people meet:

*“The first thing you do is to build a platform where people want to and are not afraid of meeting, from not wanting to meet. To as the matter of fact have some physical discomfort by being together...” (Manager).*

In order to build trust among the participants it is the right type of meetings that is essential. Key to the start of NODE was a common problem which several of the current members had interest in solving. This was the start of a grand research project that became the beginning of NODE.

### ***Famous but invisible***

From being able to get companies to meet and have a common goal, another central aspect of their work became in the field of marketing and making the region become better known:

*“NODE... triggered a need for visibility... for both small and large (companies)” (Manager).*

This need for visibility was general to everyone, but in special members wanted to become more visible towards the municipality, county, government, investors and clients. This was felt for both small and large companies. Certain aspects of this need for marketing provided NODE with knowledge about how important external communication of the existence and quality of the cluster is to its members.

*«... it is a paradox that we are better known in Houston than in Norway, which is world leading. We were able to tell it over there, and you need to, when you are in a business that you don't do that too often, you prove it... (so) it is the market that decides (Manager) »*

We see that the absence of communication might not have been conscious, but it is rather a lack of focus that is the main reason for not working on telling the story about the strong industry and companies in Southern Norway (Manager). Although the marketing of the

cluster could be better, an important aspect of what the manager self seems to be content and pleased with is that:

*“We have done a lot of things wrong... (But) one thing we have done right is to build the name as a brand” (Manager).*

Important in this brand was the ability to see quality in everything, for example deliver products on time and being proud of the competence that exists. Another important reason is the way they are different from others by how they brand the name, NODE. Other clusters are called ‘the cluster’ and do not have their own brand in the same way as NODE. NODE has been careful with branding the name from the beginning and an important question that rises is a question of who should be able to be a part of NODE. Being a member give certain advantages but also some rules you have to follow. By doing this it makes sure that everyone knows which rules to follow, and what to expect both from other members and NODE itself. It is visible that most of the members are active, it is only a few that is not, and this is something NODE don’t want (Manager). It is important for them that when you are a part of the group, you have to participate and include yourself in the development and direction that NODE is heading, without the contribution of its members NODE is nothing.

Regarding communication NODE wants to send out information to members themselves, but to reach 8000 employees are very difficult. The consequence is that the managers themselves have the responsibility of making sure communication exist. Therefore offers of courses go through the management and they themselves decide who is invited or eligible (Manager). Although communication is a challenge, a certain thing was that they were able to get a project manager that:

*“(NODE) got a project manager that was willing to lend his face (and) was willing to use all of his experience” (Manager).*

If you compare NODE with a football team you can compare it with the fact that the changing of manager would not be a clever decision. When football teams change their coach they also lose their continuity. When developing NODE he (Manager) has done the same thing as when he developed his own company, but:

*“The difference is that I have used very much of my life experience to be able to get top-managers to talk together” (Manager).*

This is a central factor of their success. It is their success in working with certain aspects that the members see as important and they fully can stand behind. Also important is the qualities in the work they do are important when you want competitors to meet and work on joint projects. At last when NODE started with marketing the cluster they saw how important it was for its members.

### **Managing distinctiveness:**

What is *distinctive* for an organization is its own way of being unique and all organizations have their own way of organizing and doing things. In this perspective it is interesting to explore what the manager of NODE think make them distinct from others and how they are able to develop like that. As we saw before a central aspect of NODE was their focus on quality. The newly received prize as ‘golden cluster’ is not because they reached 8000 employees or 40 billion in turnover, it is rather a certification of quality.

*“That is why I wanted it so much, because we have developed NODE from day one after very strict rules... has set the bar at a very high level in all the things we do” (Manager).*

NODE has made themselves more distinct from others (clusters) by receiving this prize. The focus on quality has been present from day one and is something you can recognize throughout the whole organization:

*“Because it is in style with where the companies are and they are used to work with quality assurance, and we have made (NODE) thereafter” (Manager).*

Quality in their work is the factor that has made them who they are today. Without this effort of becoming the best, things would have been different. By becoming a NCE, NODE had to change and alter their focus; they had to become a ‘knowledge region’. We see that some effects of NODE are how the region itself understands them as a host region for knowledge and thereby develops thereafter. The whole region has taken a new position to work and implement it as a knowledge and competence region (Manager).

The diversity among the 59 companies and their contrasting interests has become a test for NODE’s success. Between the small and large companies the manager had to use

different tactics and all his experience to make it possible for members to work together (Manager). They communicate with different companies in different ways ranging from phone calls, coffee, meetings and presentations, they use all methods possible. For example the SMB companies have their own meetings and a breakfast. Here they are urged to get to know each other and set up business deals with each other. Some even participate in meetings with the government; here they learn a lot about how things work and are organized (Manager).

What makes NODE distinctive and successful compared to other cluster and knowledge intensive regions are their ability to make products and put them together in one coherent piece and it is this interaction and cooperation between companies that makes NODE and its companies so special. A special part of this is mechatronics which is a systemic competence of several technical factors put together (Manager). Except from this competence it is hard for the manager to say what the companies would have without being a part of NODE, because they would have received their contracts independent from their membership. On the other side they would not have received the same attention from the government without NODE.

*“When we started going to the departments and the government... it was almost unknown that here existed an oil –and gas cluster in Southern Norway” (Manager).*

After this there are more interest in NODE and when looking at examples such as the classes of mechatronic at the University of Agder, that have never had more applicants than now (Manager: 6). Therefore it is important to look for something in an organization, and here NODE, which make it stable and gives members and shareholders something constant and safe.

### **The desire for continuity:**

The third dimension emphasizes the importance of *continuity* and long-term perspectives to create stability for members. Becoming a NCE is according to the manager of NODE completely different than being an ARENA-project. It is different through its demands of having a certain degree of innovation, research and R&D activity. This change was another turning point and an important one in that matter, there were no room for adjustment



because it needed to be revolting. They needed to demonstrate that this change would make them leading experts in these areas for the whole country. To become larger and better this was necessary and it made it possible to focus on building a competence region (Manager) and the ambitious goal of becoming Norway largest cluster was essential to start working with this project.

At last another factor that changed the atmosphere in the cluster was that it evolved to become a place for better cooperation between small and large companies. Before they started NODE some of the smaller companies felt threatened and treated badly by the large companies, but after they became members in NODE and started the SMB network, many of them feel that they now are better treated than before (Manager).

### **Summing up a managers perspective**

We have seen that desired identity of the manager have a large focus on central aspects that are related to the quality member companies put in their work and products. The cooperation between members and their ability to build trust are very important; this is despite that many of them are world leading companies that are in a very tough competition with each other. Working with projects is central to NODE's specific tasks, but they have seen that members want more focus on visibility and marketing. The people in NODE are very important for their overall success, without them NODE would be nothing. Differential aspects are regarded towards their ability to cooperate and how they work together in moving in the same direction. Because of this it is important to be professional, build trust and have effective meetings. We have seen that what makes NODE distinctive from other organization is their focus on quality and branding the name. To be able to evolve and reach their ambitious goal of remaining world leading NODE has to develop and expand their business. In that matter these changes and continuously looking for new markets or new projects may also change their identity. Factors of continuity are the way they work to become a competence region. In that way their transfer from an ARENA project to a NCE has proved crucial. At the same time their newly received price as a 'Global cluster' has proved that the things they do and what they work for are very important and have an international and world-class level. Other factors of continuity are stability of staff in NODE.

## Identification and perceived identity

We have now seen how NODE is understood and managed through a functionalist perspective by looking at *projected* and *desired identity*. While these perspectives are believed to potentially influence, manage and create identity, it is now time to look at identity in NODE from the member's perspective. We have an understanding that companies have different interests and motives of being members in NODE and this might both be a weakness and strength for the cluster. Some are more active and have a better understanding of NODE and their organization than others, but at the same time this seems general for NODE; the activity level of the members are different. In this part we will have the chance to look closer of what effects diverse activity means for the members and how it is influenced by the characteristics of the member corporations, both in their own perspective and from other member's perspectives. I especially want to draw the attention to the various size and power of influence that different member corporations have and how this influence the way they perceive NODE. Let us first start with the central values for the members.

### Central values for members:

Compared to the other two identity types we can understand the central aspect of perceived identity as having a greater focus on present and past. Members see NODE from the outside, while at the same time taking part in some of their activities. The result is that they have several perspectives they themselves must have in mind when working with NODE. They are part of the organization, while at the same time they are in a position of tough competition. Therefore looking at the perspectives of members and their perceived vision of NODE will allow us to see how these mechanisms influence their cooperation in, and vision of NODE.

The idea for a cluster has traditionally been that it ought to facilitate good working conditions for member companies and for example to improve their working conditions and strengthen the influence members have towards government and policy makers. Therefore NODE's mission, like its members point out, should be in facilitating good working conditions for the companies so that it becomes easier to exist (Respondent 3). We see four main directions that the members believe that NODE might be heading; the first is to improve the members influence, visibility and marketing. The second is the members benefitting from

the network they get within the cluster itself. The third concentrate more on cooperation and competition and the last and final one is about directions that the members do not want NODE to be heading. These four topics will illustrate how members see and express NODE's central values.

### *Influence, visibility and marketing*

The most important aspects for Respondent 1 is the visibility you receive through building networks and as a forum for exchanging information, but most importantly towards government. The recognition that is given both nationally and internationally gives the cluster and companies more influence. In that way NODE has helped the companies with matters such as taxing and framework, and this has been realized through their network and all the connections they have to government (Ibid).

*"It is very valuable that they continue promoting the members of the cluster, and also this is about them trying to influence government and municipality organs as well". (Respondent 2)*

NODE contributes to the region and the political system gives the cluster and its members something in return in form of support or more influence in the creation of policies.

*"I believe that the most important tasks are to do branding by showing that we are a cluster and marketing of this cluster both as a whole, but also each company that is there. This is to strengthening and making (members) more visible." (Respondent 4)*

As an example respondent 4 notes that tutoring and presenting new fields of study as for example mechatronics is working out as beneficiary to NODE and its member companies. Respondent 7 feel that NODE is ambitious in their vision and that they are offensive and take good decisions and initiatives. They also work on their basics, which are in Respondent 7's mind political and networks-lobbying, but it is also possible because there are major corporations that live and deliver within that vision of becoming world-leading. Although several of the interviewees recognize NODE and their effort of marketing the region, they still believe that they can work even harder to become more visible. Respondent 5 emphasize that NODE could in some way make a greater effort in getting themselves and their members more visible. As an example there was one example of an article about NODE in the local newspaper where the members were not mentioned, and the point from

Respondent 5 is very clear; it is the member companies that are NODE and not the prizes they receive. Several of the respondents want more focus on the region itself.

*«When you start opening your eyes for Southern Norway then we can begin to compete for the heads, when they are on their way or decide to move here, but before that we need to unite and start profiling the region” (Respondent 7).*

Respondent 7 suggest that there should be cooperation between NODE, UIA, the municipality and the largest companies and that the initiative have to come from the municipality or NODE. Respondent 7 questions the way NODE in a way profile the organization itself, the important thing is to profile the region. There are several benefits of marketing the cluster, and it is an advantage that NODE market the cluster as a whole and that is another important factor.

*“We want to be a part of the cluster so that we won’t be sidelined ... we are promoted through them throughout the world” (Respondent 2).*

You see that being included in the decision making are something that the members do want and something that they expect. Marketing and influence is the most important aspect of NODE’s work and Respondent 3 further emphasize the importance of recruiting students and potential labor to come and work in the region, but there is a problem when people don’t know what the region have to offer. To make this possible the job of recruiting has to be much more directed and focused on aspects that focus on knowledge about the region. Another point is that some people from the region of Southern Norway itself have to be represented while doing this and not people from Houston or Oslo (Respondent 3).

*«For example; how good the region is known, how good do they know the region dependent of what is needed of competence and what is produced and made here (Ibid).*

That is some content that should be focused more on than they already do, because NODE has much of the potential already:

*«What is great about NODE is that you have a strong cluster with high technological companies that contribute in making this cluster strong and visible, and for the branding of Southern Norway and the region, this is very good” (Respondent 4).*

We see that some effects are that NODE and members are getting contacts towards the political system, which makes sure things happen and from this perspective there are several advantages (Ibid). Being who they are and doing what they do according to the knowledge intensive products are very important. All these things add up and together they help brand the region. Respondent 4 further explains that one of the most important assignments for NODE are to do branding in a form where NODE are one cluster, and market that cluster as both one unit to be able to strengthen them and make them more known.

*“We are members (of Node) to profile us, promote us and participate as a player in the market” (Respondent 6).*

By being a part of NODE the company Respondent 6 has become more visible and that might have a long term benefit, which are great effects of their membership. In addition to the visibility in the region, by being a member in NODE they also become stronger and more visible in the market. As noted several times by its members, NODEs most important goals are their effort in promoting the region and to promote the competence that exists.

*“It have been mentioned that this oil-adventure that exist down here... that it is a well-kept secret” (Ibid).*

Outside the region few know what is happening in the region so it is positive that NODE has started their task of presenting themselves on the universities and that they illustrate the need for recruitment in this region (Ibid). To be a part of the brand and be more visible in events is a quality mark of being a member in NODE, then members show to others that they are serious actors (Respondent 6 and 7).

### ***Benefits of a strong network***

For Respondent 6 members will get a chance to create new contracts and opportunities by being a part of NODE. As an example being a part of the HR network are important to discuss certain themes and exchange experience, which are more relevant and specific for a certain area in the organization. Members with a solid network have several benefits and have a great opportunity to become stronger and develop their cooperation further, which makes the cluster obtain more advantages. One aspect of this is that the competence in the cluster and region is unique. The competence they possess in the cluster is something they do not

have in China and that it is special and impressive. Therefore the buyers get orders with companies in NODE and not from other places (Respondent 1). The advantage of competence is something that attracts new members to become a part of the network in NODE. NODE has become an important part of the business in Southern Norway so it was essential and a great way of expanding its network for several of the companies, and they have considerable influence towards various shareholders:

*“...they do lobbying that makes us stronger towards Oslo and the departments, and it makes us visible for the value creation we stand for” (Ibid).*

After all it is important for the cluster and the industry itself to be supported from the central government; it is them who have the power to construct policies that will support value creation in the region. Respondent 2's company benefits from the information about the market and the possibility of being a member gives to participate in presentations so you can teach other companies to increase their learning (Ibid). Through the network of NODE they also receive many new contacts, both in business and social terms. This aspect adds potential benefits to several of the participants in the cluster.

NODE makes it easier for companies to get in contact with others that some companies in other situations would not be in contact with, and the result is that members to a greater extent use each other and give each other opportunities through the network (Respondent 5). When there are other companies that work in the same business it is easier to cooperate and align the effort of development. Important parts of being NODE is its tasks of combining all the companies and make the best out of them since they all are stronger together (Respondent 2). Another benefit is that you know what other companies in the cluster are working with and it makes cooperation possible if the other companies have some competence Respondent 2's own company may need. The result is that companies have better contact with various institutions as a consequence of being a member in NODE:

*“...NODE does things that are very difficult when being alone” (Respondent 2).*

Together members benefit from sharing resources and costs on projects and in this way common goals are easier to reach than if you would stand by yourself. Respondent 1

believes that knowledge is and should be the most important factor in the region, and as a factor to be able to do that the region has to be world-leading:

*“...when we stop running and start to walk, others will catch up.” (Respondent 1).*

For example what NODE does with the mechatronics project is definitely an important aspect of this development. As such NODE also contributes with connecting students with the business environment, and for students that is very important (Ibid). This is also something they can do even more, to help students get some experience and be a link between educational institutions and places where students might receive practical experience, which:

*“...That I also believe NODE can contribute a lot with, becoming a link between the educational institutions and places for learning (companies). This again gives education more legitimacy into businesses.” (Ibid).*

This will make business aware of the fact that they need education and students, and through education and competence building NODE will be able to contribute with common understandings such as setting things on the political agenda, but at the same time in relation to education they will further expand their work with education and competence building. The fact that members cooperate with the University and their students and at the same time having a cluster working for education or institutions makes it easier for the member companies (Respondent 3).

### ***Being tough competitors while sharing***

Several of the members in NODE are large and world leading companies in their field. This fact makes the competition tough, but independent of the tough competitive situation, these companies work closely in several areas within NODE. As mentioned before questions were asked whether there is a challenge with competing and cooperating at the same time. For example you have small companies that logically are influenced more by the large companies, which in this situation are drivers of the region compared to the other and smaller companies with just a dozen or more employees. NODE is a good thing for members, but because of all the small companies it might be difficult to get the necessary support from

everyone at all times (Respondent 2). On the other hand respondent 3 suggest that there is too much emphasizes and attention on the major companies:

*“...it is a question if NODE should be a networking cluster for NOV and Aker Solutions, and that is one of their challenges” (Ibid).*

It is important to not forget the other companies that together contribute to the same amount of jobs as them (Ibid). At the same time Respondent 4 believes that the small companies have a considerable greater outcome in being part of NODE than the major companies. They get the possibility to learn and enjoy their experience and knowledge. Respondent 6 do not feel that its company has that much influence on NODE even if they are able to participate on events, but except from that they are just a part of the group. It is evidently a sign of the small companies does not influence NODE in the same way as the large companies (Ibid). Without noticing directly the influence that major companies have, they are still the front figures and therefore they probably influence NODE more than others (Ibid).

Sharing resources independently on competition happens in respondents 3 own profession, while NODE might contribute with recruiting people to the region. The important factor is how to draw people to the region (Respondent 3). Recruiting is also one of the things members compete with, because there are always questions of salary and collective bargaining that influence the competition among the companies. Something that would be really helpful is to coordinate these aspects and respondent 3 believe this is an asset of being a member in NODE. It is important that you share the resources with the smaller companies so they might use this knowledge. At the same time NODE's forums is experienced as a place where you can have a conversation and cooperate to get better.

It is important to remember there is always a boundary of what you can share and what you cannot because of the competition (Respondent 4). Respondent 7 further notes that being a member and part of a cluster together with other competitors mean that there are something you don't share. However, challenges with business as for example the problem with corrosion and how they can prevent such problems might become an advantage for business (Ibid). To share experiences and best practices is listed as the most important experience of being a part of NODE. Although respondent 4 note that it is



continuously a question of competition, it is a balance point of what is possible to cooperate on and what is not, it is not easy to share:

*“...what we are good at (and) what we can share of our experience... without loose our distinctiveness which for some of us are a competitive advantage” (Respondent 4).*

It is not easy being a competitor while at the same time sharing knowledge, therefore the importance of member cooperation and openness are crucial to NODE and their success.

*“But, we have of course a wish of being honest and open, because here we are sitting across the table together with competitors, so you have to be open and honest” (Respondent 5).*

It is the trust that differentiates the cluster from others and makes cooperation possible. Having a meeting with competitors that cannot trust each other are impossible. Trust is crucial in this business.

### ***Influence for both large and small?***

Being a member in NODE make more impact for the company as Respondent 1 notes: being a part of NODE have made it possible to get the industry ministers down to Southern Norway, a deed that the companies themselves would never have managed, this is also noted as one of their most important things, making the companies visible both nationally and internationally. This is about facilitation of the industry which is something that everybody enjoys. There be might be a difference since the largest companies have more influence because of they have some members of the board. When you are on the board there are two interests you are looking out for, the one of your company and that of NODE. Then it is obvious that the smaller companies that have no seat at the board have less influence on how NODE should develop (Respondent 7). Especially for the smaller companies that would never have the chance if they not had been a part of NODE (Ibid).

### **Distinctive and members:**

Many of the central points that were highlighted in the last sub-chapter are closely connected with some of the things that are evident when looking at what is mentioned by

the informants as distinctive. It will therefore be possible to transfer that to what makes an organization *distinctive*, and also its own way of being unique. Regarding distinctiveness in perceived identity it is in several ways different from the functionalist's perspectives because it focuses on the members own perception on how things are organized. As such, the members own roles and characteristics contribute in illustrate of how members perceive NODE and its uniqueness.

### ***NODE and development of projects***

As a very important branch of the organization the projects that are initiated by NODE are important for its members. As an important player in the market Respondent 2 company's is dependent on always developing:

*"...In this market you always have to develop and to always think of competence development" (Ibid).*

Since you can only raise competence in a company in two ways, by either recruiting or through further education, developing competence in a company is very important. To recruit and employ new people is not easy because of the tough competition. Therefore the idea to get better contact with centers of competence, universities and colleges would be better. Courses do add something they don't already have for Respondent 6 and the chance for NODE setting up their own courses which the company can take advantage of. They also have available assets from the government, and there are several things we can apply for, NODE are good at administering and organizing. NODE also identify knowledge that each company has, and with this information they can make courses that are better adapted to their demands, it is easier when several are participating on one thing instead of doing it by themselves (Respondent 4).

What NODE does by receiving funding for competence development is seen by respondent 4 as something very positive. Here funds for Continuing Education is especially important for a company like the one of respondent 4, because they already use a lot of money on education and it is something that is very costly. Respondent 4 also believes that NODE could try to get even more funding to raise competence in the cluster. In developing further Respondent 5 also states that education might be very important, since development

of competence NODE might give members a chance to shape and modify courses after what is necessary and relevant for them-selves.

Regarding other projects as for example marketing the region and making cooperative projects as for example NODE Cargo ensures that specific projects will be possible for several other companies to use them.

*“It is a thing that other companies would have trouble in doing itself, but together it is possible” (Respondent 3).*

In their work for the industry in getting new flight routes from Amsterdam or Oslo they put pressures on these things like this (Respondent 5). Working on the issues export-financing, which have effects on the companies, makes this part specific as the work NODE have in this matter been of great importance to the members (Respondent 7).

### ***NODE has the whole value chain***

The different parts make NODE holistic and Respondent 1 believes that with participating in NODE they are contributing, but also to their products which can make what NODE have and offer more complete. As an example the company adds a product which NODE does not already have and in this way companies themselves contribute in making NODE more diverse and distinctive (Ibid). Together with other companies NODE then has the whole value chain of companies ranging from production to end-products (Ibid). Respondent 3 points out that this make NODE and its members differentiated from others because they make the whole chain themselves. This might also be true because of all its small members and as Respondent 2 notes, working together on different projects which companies can cooperate on are important. Even if it is a cluster with many competitors, with a wide range from small and large. It is even special in the way there are so many small companies present. How much focus should the small companies get, they will also be on the map.

As a short summary it is important to note that NODE, with its companies have the whole value chain and they develop projects that are in thread with the need of its members. Adding important and relevant courses and how are they different from others? Have I said something about quality and that it makes them more distinctive as a cluster, and also towards other organizations.

### **Continuity and future development:**

The third and last dimension emphasizes the importance of *continuity* and long-term goals to create stability for members. Therefore when looking at aspects of continuity from member's perspective we will look at what kind of characteristics they describe as more relevant than others. In this way members will have the chance to highlight the importance of what NODE has done and where they might be heading in the future. In this sub chapter members have made some examples of what NODE should not become and some directions that they both need and want them to go in the future.

### ***Negative directions for NODE - too specialized***

Some members have specific ideas of what NODE should not become and it is their idea that NODE might develop in several directions that after a while have the urge to meet even more demands. Then it also becomes a question of preferences and what should be more important:

*«... (NODE) has now developed to become a large forum without self-interest, but instead an interest for their members». (Respondent 1).*

Members are more in focus now than before and it is a good thing because Respondent 1 does not want NODE to become a large bureaucratic organization that creates new assignments merely to endure their activity level. The most important assignment (Ibid) is that NODE focus on the external aspects of their work and not on themselves as an organization.

*"They (NODE) have to be outgoing, they have to be in the media, (and) they must do lobbying all the time" (Ibid).*

Respondent 2 hopes that NODE will be a cluster that can be there for a long time and that the things they are doing drives them in the direction towards their common goal and vision. At the same time Respondent 3 is satisfied with their work and the way it is developing:

*"(If) it becomes too specialized; you will make NODE something it should not be... Then it becomes an organization in the organization (and) that can impossibly be NODE's assignment" (Ibid).*

Respondent 3 is afraid that NODE might start living their own life and that by doing this it might result in new structures to expand and survive as a cluster. Eventually it might become a problem because it is important that they do not forget their main goal.

*"...it is a connection regarding the way they use time and resources to open doors that members don't have time or knows about... Just to be a part of the debate on things of interest, as for example infrastructure..." (Ibid).*

As a door-opener NODE give the participants a chance to be a part of their development and be included in the development of the industry and also the region. The point for NODE is not to help the companies develop products that they can manage themselves, but more important it is to work as a facilitator working with other aspects than simply product development (Respondent 7).

### ***Members Fear of Self Centration***

The members have earlier stated what are central values and advantages of being a part of NODE at the same time there are certain aspects that they do not want NODE to inherit because of the direction they are currently heading in. It is important to remember that it is only the companies that can sell their products and not NODE because it is not their responsibility. To distinguish between the area of responsibility of NODE are up to the organization of the cluster, but it will affect the member's use of the organization. It is dangerous if NODE forget to listen to the companies since they are the customers:

*"It is very important that NODE do not become their own and independent thing that have their own thoughts and move in a different direction than the companies..." (Respondent 4).*

NODE exist because of their members and if they start moving in a direction where only a few companies see the participation as important it may have crucial consequences for their existence. Another danger is to become self-centered because of conflicting ideas and that is also why they should have a plan and a vision, something to reach after so they will not stagnate. In this regard it is important that:

*"...they work for the companies and... (they) wont stagnate, that they need some visions and goals to reach after and that they do not become satisfied" (Respondent 5).*

If NODE and its members become satisfied and will not do the extra effort of becoming the best it is difficult to see how NODE will be successful in the future. The competition is extreme and it will not let anyone relax or stop moving forward.

*« (NODE) have been great to keep a steady development since their foundation by discovering potential areas which might become important to focus on» (Respondent 4).*

A final feature of their work should be to focus on things that will improve the cluster further. Respondent 4 explains that it is the development of technology and focus on innovation which can contribute to push things forward.

### *Conflicting ideas and companies*

There are more and more companies that become members in NODE and as a consequence the needs and wants of the companies might change and become extra tasks for the organization. As stated by Respondent 4:

*"I see this as challenging for NODE because of the companies wanting different things..."*  
*(Ibid).*

When there are so many companies of different size that constructs so different products it is impossible to not have companies that are in NODE with conflicting motives. What is not NODE's job regards to things that contribute to both smaller companies the major and market driving companies, but another side of this development is that the ones that create and contribute the most also shout the loudest. It is in that connection that NODE should be able to sustain their quality of work and sustain the importance of their member's equality. The danger are that they after some time will stop listening to some of its members, which according to Respondent 2 should be of the highest importance and one of their main objectives:

*"... or else it becomes a network cluster for the major companies, then the smaller one decide that this is not something for them (and) after that they will find other arenas to cooperate, and then eventually everything fall apart" (Respondent 2).*

This is the core of the challenge between having both major and small companies. It is obvious that they want different things through their participation in NODE, but at the same time they are important for the survival of the cluster.

*“It is clear that some companies and natural enough the largest have more influence ... (because) they are on the board (of NODE). And then, when sitting on a board like that then you have in a way a two-sided coin. You should contribute to the board and contribute to the organization, but ... (at the same time) companies will safeguard its own interests (Respondent 7).*

### ***Their willingness to adjust to increase cooperation***

As NODE become more and more powerful and simultaneously acquire more and more assignments, their role might change and as a result their direction becomes less clear. The danger of continuously developing without having a clear vision in mind might eventually hurt the organizations and its members. In this case Respondent 4 points out that:

*“NODE would not have existed if no one had seen any values in it” (Respondent 4).*

As a reminder it becomes obvious that the members are aware of the perils with a rapidly growing organization with loose defined goals. Additionally respondent 4 points out that is a fine line between elements of competition and what direction the company does through its strategies and goals. Respondent 4 notes that the times when there has been a conflict there was also a feeling that NODE were willing to adjust to that of the members, which is very important. Because of the high number of members it is obvious that this might become a challenge. While developing the companies own competence is important, Respondent 5 believes that increasing the cooperation between members might be the most important thing for the company and this is a great potential for talking together and developing further cooperation between members.

*“Either we give feedback on our needs so that we can cooperate and make groups in our business so that mechanical companies might meet and be able to talk and discuss our needs, and after that we can report them to NODE” (Respondent 6).*

Together with other companies and NODE it is easier to find and organize courses according to respondent 6. Another potential for NODE will be to make a link where people can cooperate in creating new procedures to help develop the industry in the Southern part of Norway. Respondent 6 believes that NODE's competence and their courses will help putting together something members have in common and that are relevant for the same business and branch. You can get links which will help with finding some procedures that can help everyone with diminishing the total workload of all the companies.

Adjusting to members demands are both a necessity and something that might create diverging results. Even though members are happy with the work NODE do some of them still feel that they could become better in adapting to the members demands (Respondent 7). In some of the respondents eyes NODE has focused too much on political issues and export finances while they instead should focus more on the region. Since the companies have been desperate after recruiting in a year or more, Respondent 7 find that it is strange that they have not chosen communication and recruiting as important matters before. They should have adopted and make this as one of their main issues right away:

*"They have focused on other things, and in my case I would have worked closer to profile the region. NODE should be more engaged in... (and) making an effort in being more visible"*  
(Ibid).

If they can cooperate together on working with profiling and promotion, that would have worked better and this is widely shared by the other respondents. Making companies more visible is very important for the members and have been mentioned several times. The fact is that many companies need help with profiling and it suggests that NODE could be better with this part of their work. It is important to be known in the region and internationally because of attracting potential employees.

### **Communication**

Importance of communication for Respondent 7 means that the person expects something from NODE is things that relates to communication and information, and branding or reputation management of the members, but also the entire South of Norway. It should be a place where people can come together and work closely on these specific issues. They should, together with the county, show and communicate the region and not just the one



company (Ibid). Respondent 7 feels that communication has not been such an important subject within NODE and wish NODE could focus more on storytelling of the region, but at the same time have to admit that it is very cost demanding to do that kind of marketing. As an example NODE mainly work with targeting political groups, and that is also why it so important to focus on reputation management of the whole business (Ibid).

### **Gaps and potentials in NODE**

Following step 3 in the analytical model we will now discuss whether there are gaps between the three forms of identity or if they are aligned. We do this because a company with a strong identity has a greater chance of generate identification, both internally, but also externally. Through comparing what is central, distinctive and continuing the aim is to explore if members in NODE have different needs and purposes of being a part of the cluster. Companies do have several identities or several sources of identity formation methods, but it is important to be aware of that a lack of alignment or a divergence between any of the identities may cause disagreement and potentially conflict. If for example one identity type in NODE present one thing and another part of the organization present a different, the receiver or the interpreter will end up with a lack of trust with the sender or the projector, which again may hurt the reputation or brand of NODE and potentially also its members. As we have seen through the last pages there have been presentations from all three identity types. It has showed us how NODE is observed from a range of viewpoints according to a set of specific values and statements. This chapter will focus on comparing the most important findings from the three categories made by David and Whetten<sup>15</sup>. First I will start with highlighting some interesting findings before I present some potential solutions that will be brought along to the final chapter.

### **Central in Becoming NODE**

Most important for the success of NODE is the vision of maintaining their position as world-leading in their business field. This position has so far been presented as successful because of the quality and professionalism that NODE possesses. Quality has been mentioned several

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<sup>15</sup> What is central, what is distinctive and what is continuing in an organization.

times and is essential in not just NODE's work, but most importantly their member's everyday activity. High quality and the administrations experience have also been essential for NODE being nominated as one of the best operated clusters in Norway and later becoming a NCE. It is also the reason why NODE this year was awarded a prize as 'golden cluster'<sup>16</sup>, which means that they have stood out in comparison to other clusters in Europe.

As mentioned before, collaboration between tough competitors and the factor that companies have different agendas might result in making cooperation difficult. Several members mentioned cooperation as very positive and even better than before the foundation, and as a result NODE has been able to further facilitate competence building in the cluster. Members have also pointed out how content they are with the joint effort that makes it possible for employees to participate in Further Education. Even if they are strong competitors, cooperation in the cluster has been vital for its success. It is because of the experience of the administration in NODE, but also the professionalism and structure of the cluster. Without organizing NODE like they have, developing to what it is today would be difficult. Together with hard work and member's competence, it is the ability to create trust that has been the most important factor of success. In this sub-chapter we will discuss and look at potential gaps that exist in NODE, and according to the analysis three points will be emphasized in the discussion:

1. *Cooperation and differentiation (Distinctiveness)*
2. *Members need for visibility (continuity)*
3. *Effective communication flow (Align identity)*

These observations will be the main focus of this sub-chapter and will make out the foundation for the last chapter where some ideas and suggestions will be presented.

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<sup>16</sup> 200 European business clusters have been subject to an initial benchmarking and certification process that is a part of a new system for quality development of business clusters, initiated by the EU European Cluster Excellence Initiative. The evaluators identified three business clusters throughout Europe with the potential for a recently developed and enhanced level of benchmarking which would qualify the clusters for a "gold certificate". NCE NODE was the one of these three business clusters that received the 'Golden certificate'.

## Distinctiveness as Cooperation and Differentiation

Several of the member companies in NODE are top of the world in their business field and it has been demanding to create a cluster that combines both SMB and major companies in such a competitive industry. From the beginning the manager of NODE pointed out that the facilitation of successful meetings between competitors made the realization of the cluster possible. We earlier saw some indications that small companies want to be a part of NODE because of their name and the brand they represent. Being a member of NODE without doubt gives them more options, helps with facilitation of their business and makes existing become easier. On the other hand major companies might be members in NODE because of examples such as more influence towards government and towards projects that make further development easier. As we saw in the theory chapter for an organization to have several identities might be common.

It is important to emphasize that cooperation has been mentioned from most of the companies as the most important and direct contribution from NODE. It has made several benefits in creating more courses and letting members develop themselves and their business field in discussion with each other. A strong cooperation have presented the need for companies in working together and that there are great benefits in sharing resources and thereby also expenses, but spending them to reach a common good. Some members will at the same time stress the situation that there is a balancing point between cooperation and being competitor. Some mentioned that it is impossible to share everything, which were neither the goal of NODE.

What was the successful factor for being able to cooperate despite the competitive situation was to differentiate the structure of the organization. Through adapting to each 'member' the NODE administration has been able to meet several of the company's own specific communication demands. The use of communication has been significant, but more important it is the competence and experience from the administration in NODE that has made the differentiation successful. By focusing on strict rules and quality of the meetings, where people cannot say what they want, NODE has been able to make sure participate for one reason only, which is to make deals and develop their company further. Another result of the success of cooperation is trust, which is a crucial factor in continuing the good relationship that already has been established. Trust have had great value to an organization

because it is the foundation for a long-lasting and strong relation and the one factor that make cooperation possible.

### *Becoming a NCE and further building the brand*

Building NODE as a brand was also something the administration and its shareholders were aware of when they first started. Now the name brings a lot of connotation to a successful and growing cluster, and according to the manager in NODE the other Norwegian clusters in Norway have not been as successful. One factor that made this possible was a consequence of NODE becoming an NCE, because it had made them change, become more professional, meet higher demands and develop the organization. Its result was that they needed to change their way of working and focus more on innovation and larger projects. It was in many ways a revolution. Core of this evolution was their knowledge and special competence in 'Mechatronics'.

NODE has convinced regarding quality and professionalism, which has become a part of their brand. It has created several benefits and offered solutions to some of the challenges for their members. Members have gained more influence towards important institutions both locally and nationally, and have received even more visibility internationally. An important part of this is its 59 members and as a cluster they could offer almost all kind of knowledge to its buyers, which makes them distinctive because it is something very few of its competitors are able to. It is the knowledge and competence that is both central to NODE and its members, but also what makes them distinctive. Therefore the wave in a demand of recruiting that hit them in 2011 came as a surprise. NODE had to realize that indications on the regions desperate need for visibility came true, but faster than anticipated. Projects became less relevant for many of the companies and they all started working on recruiting as fast as possible.

Their focus on NODE as a brand, and thereby giving NODE more impact and influence towards government had made them known in Houston and the world, but at home few knew or had hardly heard about NODE. What people knew was that there existed a few large companies positioned in Southern Norway that worked in the oil business. Members demand and focus on recruiting made a new day in NODE, a need for members to focus

more on becoming visible in the region, but also make the region become more visible in Norway.

Several members pointed out visibility as something they felt was missing in NODE. As noted from NODE, it was something that came as a surprise, and it has turned out to become the most important need for its members. As a potential gap between its members and NODE it might be perceived as NODE is focusing on their own brand and focusing too much on impact and governmental influence. As being one of their most dire needs at the moment it is a question of NODE should be focusing more on recruiting, and thereby the visibility of companies and the region. It is also a question of how these points should affect internal communication.

### **Continuity, Adaptability and Visibility**

When NODE first started it came as a surprise that there were such a craving demand for visibility. As mentioned before it had long been an understanding that just by being good at what you do would make you visible. Experience showed that this was not true. Most of the members had neglected their focus on visibility. To be successful it is important to sustain the activity level and continue to develop and a crucial factor for growth is to attract new people and thereby recruiting new heads. Therefore a lack of visibility made recruiting more difficult. Whether you want to be more visible or focus on something else is about priority. Here NODE has shown will to adapt to member's needs, but is it enough? NODE has presented their ability of *adaptability* when needs arise. Adaptability is crucial in an organization as NODE because a new demand arises and members continuously change. As we saw in the theory chapter, being distinctive and developing to meet new demands are crucial for future success in the cluster. However, this factor also suggested that continuously evolving might hurt the stability of identity.

As an example it has showed how members expect NODE to be there for them and help them with what they at every time need the most, and maybe this demand of visibility made it clear to NODE and its member what was required. As pointed out by some of the respondents making companies visible and more know are expensive, but necessary. It is at the same time a task that craves large resources from NODE. It might be something that

would need a larger and complex organization. As several members mentioned the fear of self-centration comes after similar organization such as NHO and others have been in similar situations. After a while they have turned out to become self-centered and continued expanding the administration. Members want for more from NODE, while at the same time wanting them to be minimalistic may be a paradox, because acquiring new tasks and projects are also results in a demand for more people. Another aspect of further growth of companies are the more companies the more differentiated the cluster will become. At this point it has been evident in the analysis, that this amount makes working in NODE more complex and time consuming. If continuously development, like it has done in the first few years of birth, happens it is evident that the organization will grow to become more complex. The challenge turns out to be what should be the main task of NODE. Continuing differentiating and meeting demands from a diverse group of members are difficult. Should the priority be to continue building NODE as a brand or should the focus be altered to make members and the region become more visible?

The vision statement is an important tool in reaching the ambitious goal of staying world-leading and this was made clear when NODE in their 'Annual report 2011' pointed out that they continuously received new tasks, tasks that traditionally had been with other organizations. This can mean two things; first it can be that the work of other organizations is becoming less important or they are losing their ability to meet the demand of NODE's members. Or, secondly, it can be that members see great value in NODE and their success in making a bigger impact on state and regional government, and thereby put more effort in communicating their work. This also suggests that NODE should listen to its members and make a larger effort on making members and the region more visible.

### **Communication and the dialog-gap**

NODE has experienced rapid growth and today its 59 members are cooperating in a continuously developing organization where a future challenge might be how each and every one can become aware of each other's strengths and qualities. Another question is how NODE can make sure everyone identify with the qualities that exist in the cluster. Important aspects in making this possible are a good and effective flow of communication.

Important communication aspects for NODE was mentioned as their focus on three values; *Impact, cooperation and dialog*. Impact has been created through the building of NODE as brand and has become successful when they got more influence towards government. By doing this they have been able to get more influence of policymaking and also develop the region. Without *impact* a lot of their work would not have been possible and is therefore an important part of their identity. This also leads us to the second value of developing *cooperation* between companies. Both small and large companies and even competitors have flourished under the NODE brand, and as mentioned before cooperation was and still is crucial for NODE's success in facilitating and giving member values.

Because of the focus in this thesis is internal identity let us focus on dialog as relevant for the internal organization of NODE. Dialog, which is an important and crucial aspect of effective communication suggest that being a member in NODE gives you a right and a opportunity to go into dialog with whom you may wish. This has been made possible through participating in the various forums that facilitate meetings between specific interests groups. If this should be a benefit from the membership it is then a question of how dialog should be facilitated. A way of measuring if this point is successful is to look if the members have received information and if they feel it is relevant or not. In this way NODE has been successful in facilitating potential for expanded dialog between members. Members have felt the forum relevant for going into dialog with other members and thus getting to know them better. Further NODE presented two work-ways for communication (Communication Strategy 2012):

- (1) *"The companies shall recognize NODE's vision, values and goals, and see its contribution as an important part".*
- (2) *"The companies shall be informed of which offers from NODE that they at any time can use and which an important contribution to reaching its goals".*

As mentioned above, dialog between members has been made possible through the forum. However, dialog and thereby communication between NODE and its members have been mentioned as a challenge and something that is very difficult to manage. If we take a closer look on the communication aspects mentioned above we see that it is one way communication and not dialog. Another challenge, which also was a problem, was that there are no channels that can help NODE with information sharing. As mentioned earlier,

members should be given this information through; their network, newsletter, on its webpage etc, but sending out information to 8000 employees is not done in a twist and even the flow of communication becomes questionable. How can you effectively give out information to all members without having a channel of your own? It has become a difficult task for NODE and it is one aspect of their organization that has the potential of creating a gap. If members are not informed or aware of what is going on, identification will be difficult.

**Communication gaps in NODE**

After a short discussion we have discovered that there might be gap a between what member organizations get of information from NODE, and also there is a potential gap of what members and NODE experience as the most important challenge when it comes to visibility.

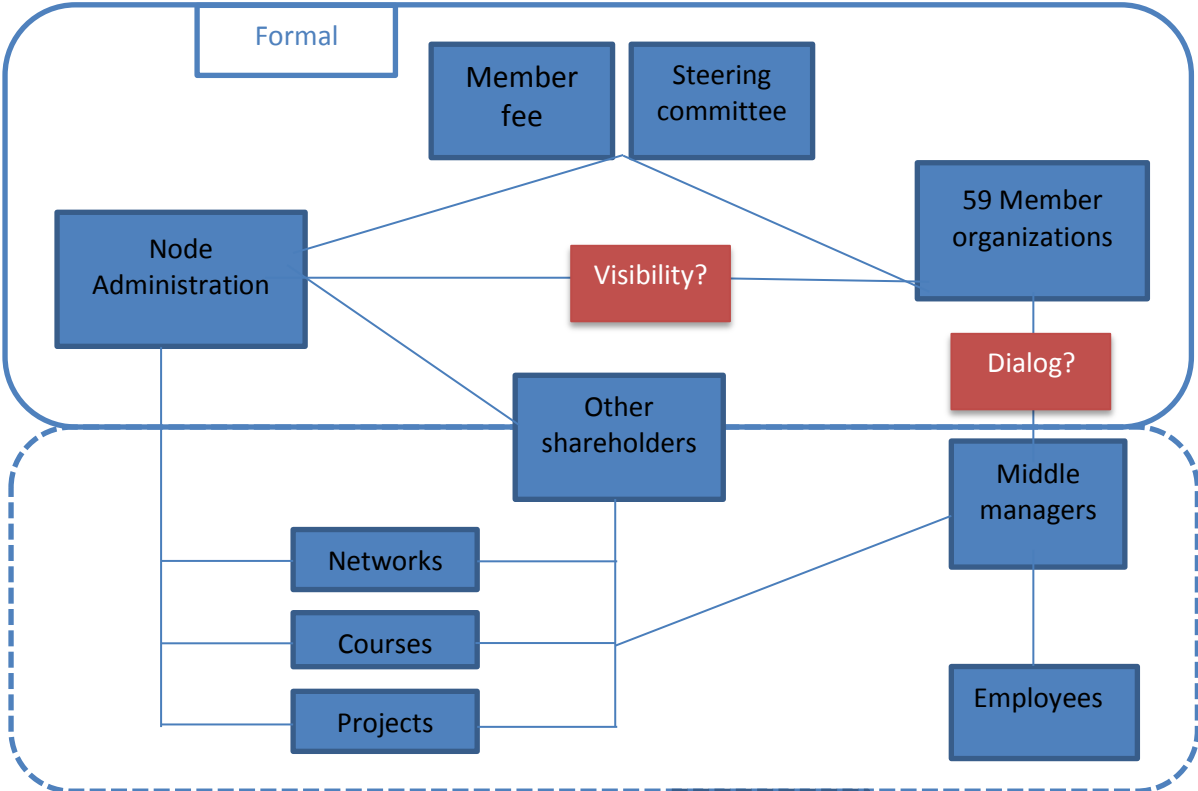


Figure 6, Organization map and gaps (in red) in NODE.



Figure 6 illustrate some gaps that are evident in the NODE organization. The fact that the members want something different from that NODE implies that the identity and values of NODE does not converge entirely with that of its members. The lacks of alignment in these gaps are despite of its relevance something NODE has been able to handle. However, it is necessary to remember that divergence might lead to internal discussion and disagreement. There should be made efforts to offering internal solutions to prevent the situation from escalating and eventually influencing the cooperation between members. In the next chapter we will see some ideas and suggestions for activity measures that might close those gaps.

## Communication strategy and the aim at actual identity

In this chapter we will further elaborate the gaps that were mentioned earlier. Depending on the results of the gap analysis, it may be necessary to analyze the strong and weak points within the organization regarding the areas of identity. Some solutions of communication measures that may be designated to close the gaps between the desired, projected, and perceived identities of the organization should also be offered. After having located a few gaps that might influence the identity creation in NODE we will in this chapter look at a few aspects with the intention of increasing employee identification in NODE. First of all there will be a presentation of some communication aspects on how to close these gaps.

We have looked at identity from two angles, the first from a functionalist perspective and the other from an interpretative perspective. It is important to note that these two perspectives are not mutually exclusive, but by combining these two it gives us a beneficiary view that let us understand that there are two ways of looking at identity in an organization, and that both perspectives are dependent on each other. As example managers are in the position to manage and alter the identity as they want, they can either do it by creating values that they believe are important themselves, or do it more thoroughly and create surveys, questionnaires internal in the organization, and for its members. Therefore it is interesting, and necessary, to include a perspective of interpreted identity. No matter how much a manager or the organization try to manage or influence identity construction, it is finally the member's interpretations and how they perceive the organization and its values that are vital. That is why it is rather a question of how management can increase member identification. As suggested by Van Riel and Fombrun (2007:76) it can be done in two ways:

*“By regulating the human resource management systems (reward and recognition practices, appraisal processes), and by guiding the communication system.”*

Further it is interesting how the first aspect of increasing identification that is the most used, while the last perspective is less understood as a tool. Here we will focus on the last and focus on three ways for internal communication to enhance identification (Van Riel and Fombrun 2007:76):

- 1) *When employees perceive that they are receiving enough information with which to do their jobs.*
- 2) *When employees perceive that they are receiving enough information about what the organization as a whole is doing.*
- 3) *When employees perceive that they are taken seriously by their managers.*

These four will contribute in developing the following ideas in this chapter and end up as so suggestions on how NODE can start working with closing the identity gaps in the organization. NODE is an organization with rapid growth that is becoming more and more complex, and because it is still young and developing, they have the opportunity to create and form the organization as they want themselves. Therefore it should be a goal of becoming the organization that member does believe it is and want it to be, with a sense of a converging identity.

### **Communication internal in NODE:**

There have been presented a challenge of creating a dialog with members of NODE. Because participants in NODE are not directly employees and since they 'belong' to their own company, creating an organizational identity and constructing successful and effective communication channels becomes a substantial challenge. The advantages of better communication-flow might respond to what was mentioned as a potential in enhancing member's identification with NODE. Summed up, the three of them suggest that members need information to do their jobs, to know the main idea and direction, and feel that they are a part of the organization. According to what was mentioned by the manager and some of the members, giving out such information is difficult. It might come for several reasons. But as some examples:

- A webpage for NODE has been made, but probably few members want or have time to visit a webpage external to that of their own company (This because there are too much information that goes around every day).
- Secondly a webpage has to be updated continuously, which also takes a lot of resources.

- NODE does send DM (emails) to members to be updated (For some this information seems too general) and there is a challenge with sending information out to all members (Need to updated contact lists).

It seems clear that NODE has challenges in giving out information that feels useful for its members. It is mainly up to its member companies to pass on information to its employees because having this many layers also prove it difficult to share relevant and useful information that answer demands of the one in need of NODE's services. The benefits of improving and closing the gap of 'dialog' and 'internal communication' might contribute with:

- Making members (employees) create band awareness of NODE.
- Improve organizations feedback loops because members have direct contact with NODE.
- Will close communication gaps because members will feel a stronger identification towards NODE.

In this way members will be able to be a part of NODE to a greater extent. At the same time reaching these goals seems difficult and time consuming, but a more concrete and simple solution are to create a channel were member can become subscribers easily by logging in and receiving news and updates constantly. A suggestion is to create an app (application for smart phone). The advantages are as follows:

- It's popular and simple to use (user friendly).
- It's easy to manage - you can choose from a short menu what you want to do:
  - 1: Latest news (also available as a subscriber by email).
  - 2: More information about upcoming projects.
  - 3: Courses are offered in a 'shop'. Becoming a subscriber/getting access to downloading the 'app' give you access to the 'shop' for courses offered by NODE.
  - Feedback loops where members can give instant feedback = less chance of information gaps (also identity gaps).

- For those without 'apps' it can be written in a DM (subscribe to a newsletter, which if you choose an option will direct you to the homepage for further information and same access as on the phone).
- Security: Need a password which is made by NODE, further you need log-in details, create an account etc.
- Can also create a room of "our stories" on the webpage where employees are encouraged to come up with stories. The one with the best story will win a prize or something (Internal pride), this creates internal pride and are a good way of starting storytelling.

As a very simple idea this might be a useful step in improving the communication flow in NODE and they might be important steps in enhancing members identification according to the three steps mentioned above. The advantage for NODE is that with members identifying more with the brand is that it gives them more leverage towards its shareholders. Additionally a better communication flow will help members becoming aware of and being updated on information about NODE. Thereby there might be fewer incentives (easier) to give feedback and close information gaps between the two parts.

### **Being both famous and visible**

The other gap that I want to highlight was the want of members to become more visible towards the region, which will enable them to easier recruit new people. The reason for this being an internal gap is because NODE has focused on branding their name and cluster. It is obvious that this has been successful and worked out to everyone's advantage and benefit. The influence and impact NODE and its members have received is invaluable. However, its members have presented some requests that focus more on a need of recruiting and branding of the region. Both aspects are important, but members suggest the priority should be different. Branding NODE, the region and its members altogether would be too complicated and costly, but as mentioned by all identity types, visibility and recognition are important and an aspect that have been neglected for a longer time. To prevent these disagreements or different viewpoints of what should be prioritize, and thereby prevent

gaps in evolving, I have developed an idea, which might encourage working with the subject of becoming more visible.

As a second suggestion I shortly want to present an idea of increasing visibility of NODE. The idea was presented by an informant (7) and from the background of the other interviews it seemed necessary to contribute by sharing an idea of how a solution might help realize a final goal of becoming more visible. First and foremost for NODE and its members, but also the region as a whole. This is of course not any easy task and it have been tried several times (several projects initiated by local government etc.), but still seems to be less successful than anticipated.

The idea is to create a '*Southern Norway Pavilion*'<sup>17</sup> as a way of combining better regional awareness in the region of Southern Norway with visibility. The aim is to make Southern Norway more known in Norway as a region of competence with the goal to attract a larger work stock. Another aspect of the idea, which is a foundation and a first step in creating this pavilion, is to make the regions own companies known to the population. Present day it has been indicated that many from the region itself do not know how many companies there are or what they do. The idea might are to create a common meeting place where companies participate and contribute to one common platform (Pavilion). Here businesses will be able to share information and be a part of a common purpose of marketing and promoting the region as a whole. There should be an overview of companies and possibilities that exist from the region and the focus should be on business and as an example it should be directed towards students and workers. How this idea might differentiate from others is that the visibility and promotion should not just be on one platform online. It should be a complete strategy on several platforms:

- Need to be online (internet).
- Main focus should be offline.
- Should include a complete branding strategy with main focus on storytelling.
  - Focus should be on diversity and potentials for the whole the region.

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<sup>17</sup> This solution is based on an idea from Respondent 7. Because of interests in this idea, Respondent 7's has agreed that its identity might be revealed to NODE upon request.

- Another part of it should be to create certain networks that are more specifically related to certain business, industries or topics.

This strategy should be differentiated through a bigger emphasize on offline activities and branding the region. You need to be 'out' there where people are, as an example it could be a traditional regional festival or a couple of coherent events. As another example it could be something similar to ONS<sup>18</sup>, with conferences, exhibitions and a festival. It should be organized as cooperation between several companies from the region. The important aspect of this 'Pavilion' is that the initiative needs to come from the local government or NODE itself. If it comes from some of the companies it will be harder to get through because of the competitive factors. Products might be:

- A yearly "regional awareness festival", where companies and local government present their future plan and make it open to public etc.
- Invite government officials from Oslo
- Focus on branding the region and the companies that are here. The competence, the quality, interesting aspects and innovations etc.
- The advantage, it has never been done before... People meet and not only interact online. It benefit everyone; locals, students, local government, culture, companies and tourist businesses.

At first glance this might seem as utopia. At first there are challenges of who should pay the bill, or who should facilitate it because it takes time and might be difficult to organize. However, an important point is that this has to be agreed upon in one common channel, as for example NODE. From the start there need to be an agreement of what NODE and their member wants it to become. From my knowledge similar things have been tried before, but a reason why it has not succeeded is because of diversity, incompatible wishes of what should be the main goals and internal disagreements. The benefit of an organization as NODE is that they are already successful and have proved several times that they are able to make things happen. Another important aspect is that members, who also have resources to share, have stated this as something they want, but most importantly; it is something they need.

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<sup>18</sup> ONS Norway 2012/2013 - The conference at ONS Norway will focus on specific opportunities on the NCS (Norwegian Continental Shelf) – oil related industry.

## Conclusion

From the beginning of the 1970s southern Norway took initiative in becoming a part of the growing oil adventure. With long traditions of competence in seafaring and good infrastructure for transport and communication, these factors created the basis of businesses that today have had long traditions with collaboration. We have seen that NODE have built its foundation on a proud heritage, and through facilitating cooperation between companies that range in size and aim, they have been successful in creating a strong and rapid growing organization. Becoming a cluster was reported from the manager of NODE something that took time, effort and all of his experience. In the region competence was available, the major companies were present and the competition was fierce. However, the most important factor was missing, namely cooperation. Despite of all the other factors building a successful cluster depended on cooperation and member's possibility of showing confidence and trust in the project. An important feature from a communication and organizational viewpoint was that of identity. To be able to collaborate a company needs clear goals, clear values and a clear structure, and despite of their differences there have to be a converging identity in the organization. All these factors have been essential in creating a strong identity in the NODE cluster.

This thesis might be viewed as a test of which identity NODE, themselves want to develop, and what the members feel is the result. The advantages of doing research on organizational identity are that NODE might get some ideas of what the members feel and perceive as the most important for the organization. On the other hand it can also be seen as an investigation of what might come in the future. Members have had the chance to express their ideas and comment on what they see as important and what is successful from their perspective. It is clearly that NODE is successful and it is obvious from two perspectives: their members feel their work is important and that they want to be a part of NODE. Second NODE has proved through first becoming a NCE and thereafter a 'Golden Cluster' that they are one of the top clusters in the world. It becomes clear that members are vital for its existence, but also the NODE administration have made many decisions that have been the right ones for its members. Therefore it is important to remind ourselves that previous experience proves that continuing being successful depends on hard work to become even better and continue developing.



Through the last chapter some ideas and suggestions have been offered to help NODE prevent gaps from evolving and eventually create disagreement and conflict. The suggestions will hopefully contribute in improving the communication in NODE so that they can develop even further. NODE has proved that they have been successful in facilitating and structuring the organization in a way that instead of fragmenting the diverse group, instead have encouraged to better cooperation between its members. And as mentioned before this is a consequence related to the professional and strong formal governing that NODE are recognized for. It has resulted in a converging identity in NODE that will continue leading the way of future growth and in a direction of staying world-leading.

## Postscript

When looking back at the beginning of this thesis there have been few challenges underway. As with any other project the job of getting hold of informants and participants turned out to be more difficult than anticipated. Another challenge with respondents was to create the perfect interview guide. If there was one thing that could have been improved it should have been a more differentiated interview guide that more reflected on the different categories for the members.

The most difficult thing has been to find relevant literature and combining a perspective on organizational identity and cluster development. These two perspectives have been challenging to combine and it has created a lot of extra hours spent reading and looking for the perfect angle. I believe I have grasped the chance to see clusters from a different and interesting angle that hopefully might contribute with some helpful knowledge to NODE and its members.

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NCE NODE home page; <http://www.nodeproject.no/about-us> (uploaded 2012-08-23)

Arena Program – Homepage: (<http://www.arenaprogrammet.no/>) (uploaded 2012-08-23)

Norwegian Centers of Expertise – Homepage: (<http://www.nce.no>) (uploaded 2012-08-23)

Wikipedia – On Mechatronics (<http://en.wikipedia.org>) (uploaded 2012-11-28)

ONS Norway home page (<http://www.ons.no/>) (uploaded 2012-11-28)

List of figures and attachments

Figure 1

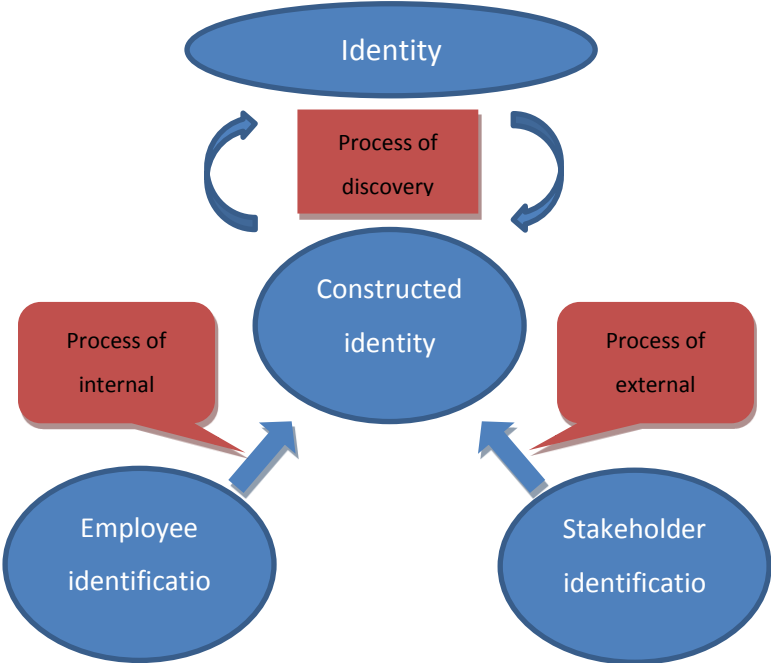


Figure 1: Linking identity and identification (Adopted from Van Riel and Fombrun 2007:75).

Figure 2

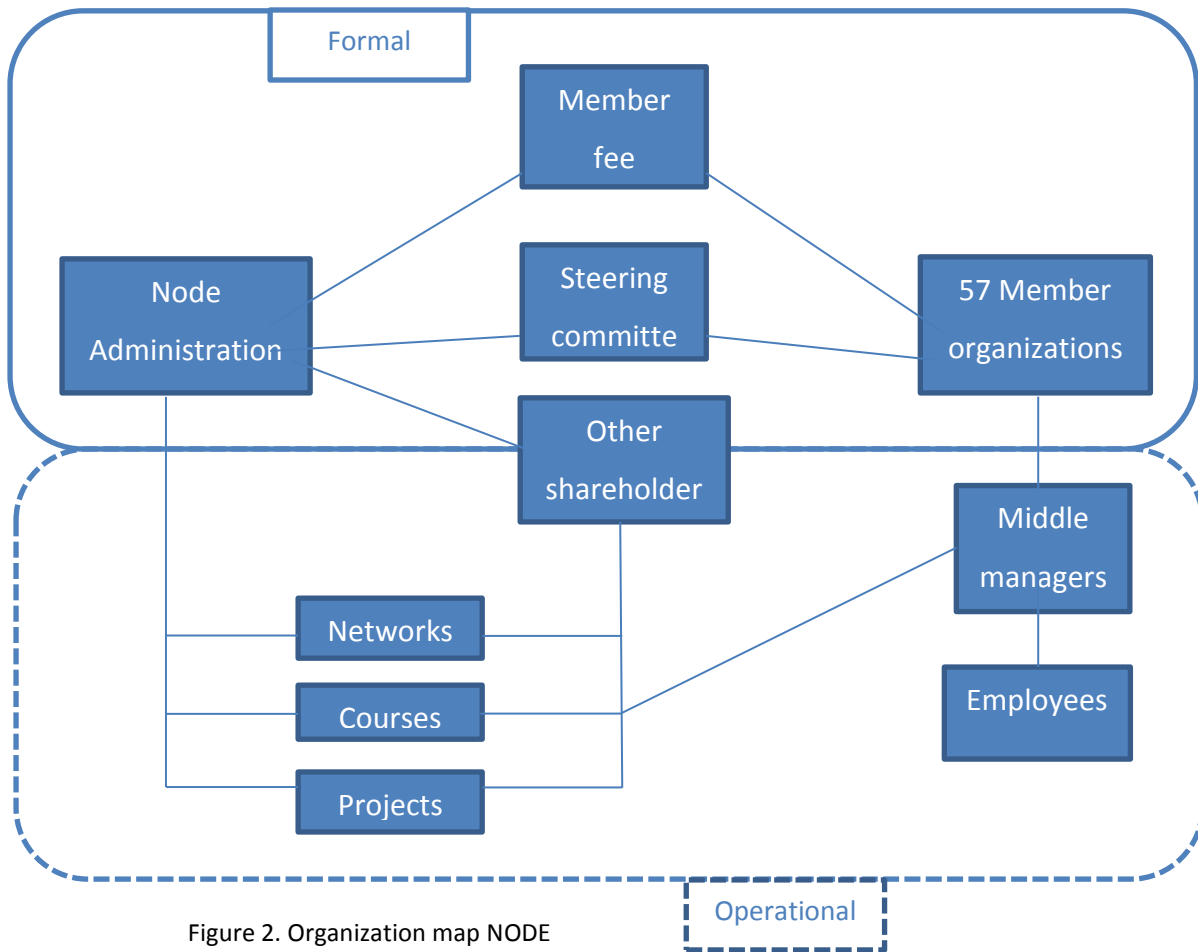


Figure 2. Organization map NODE

Figure 3

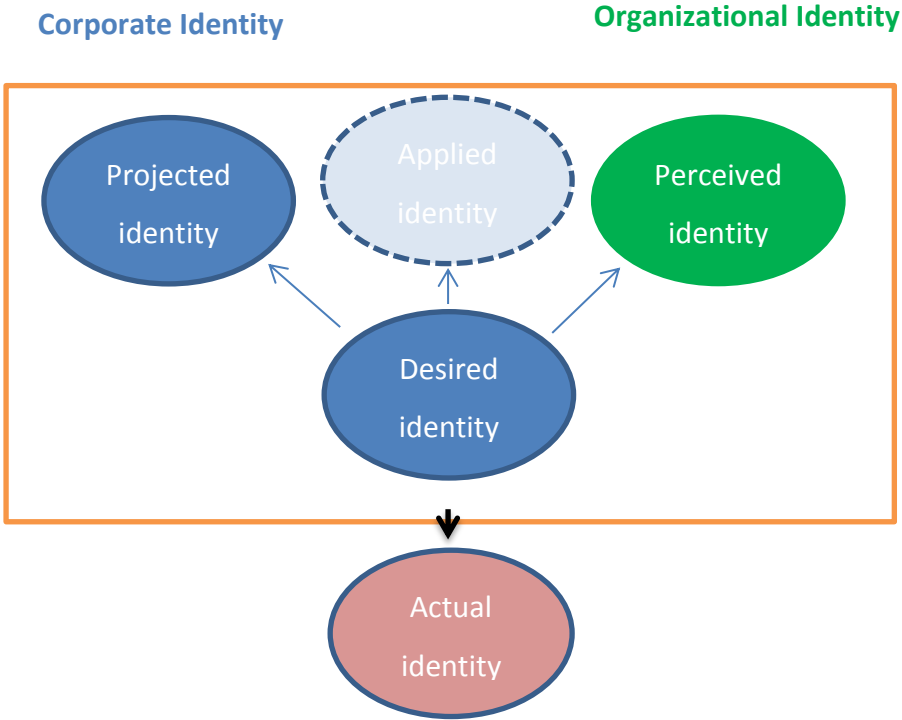


Figure 3: Identity types: four approaches for assessing identity in an organization (Adopted from Balmer and Greyser 2002 in Van Riel and Fombrun 2007:72).

Figure 4

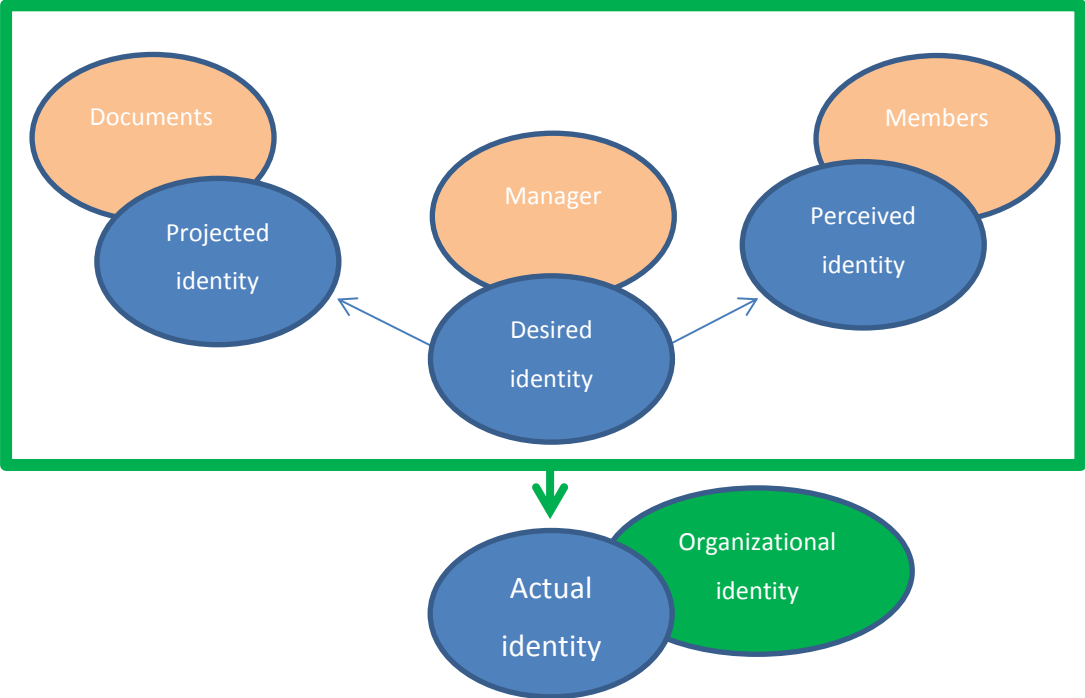


Figure 4: Identity types: four approaches for assessing organizational identity (Adapted and changed from Balmer and Greyser 2002 in Van Riel and Fombrun 2007:72).

**Figure 5**

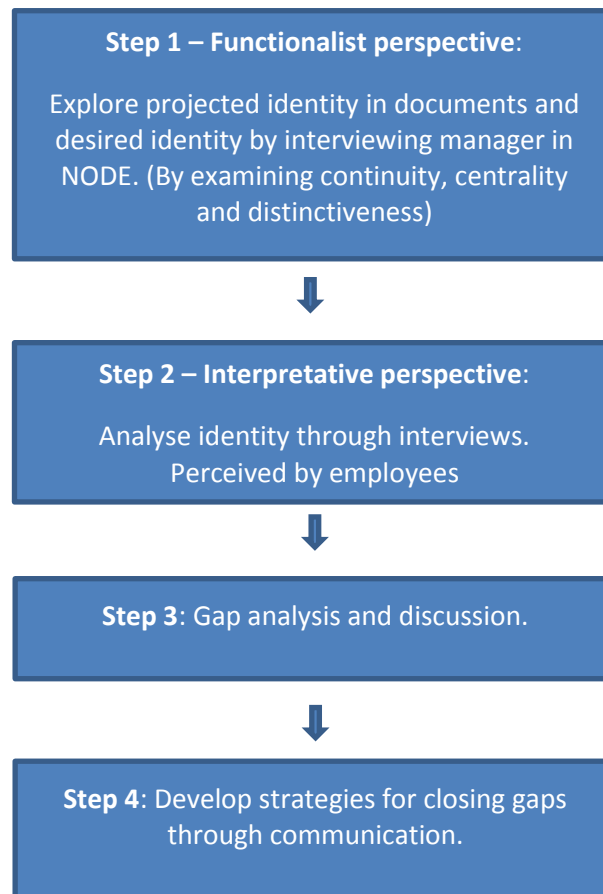


Figure 5: The process of identity management  
(Adapted from Van Riel and Fombrun 2007:78).



Figure 6:

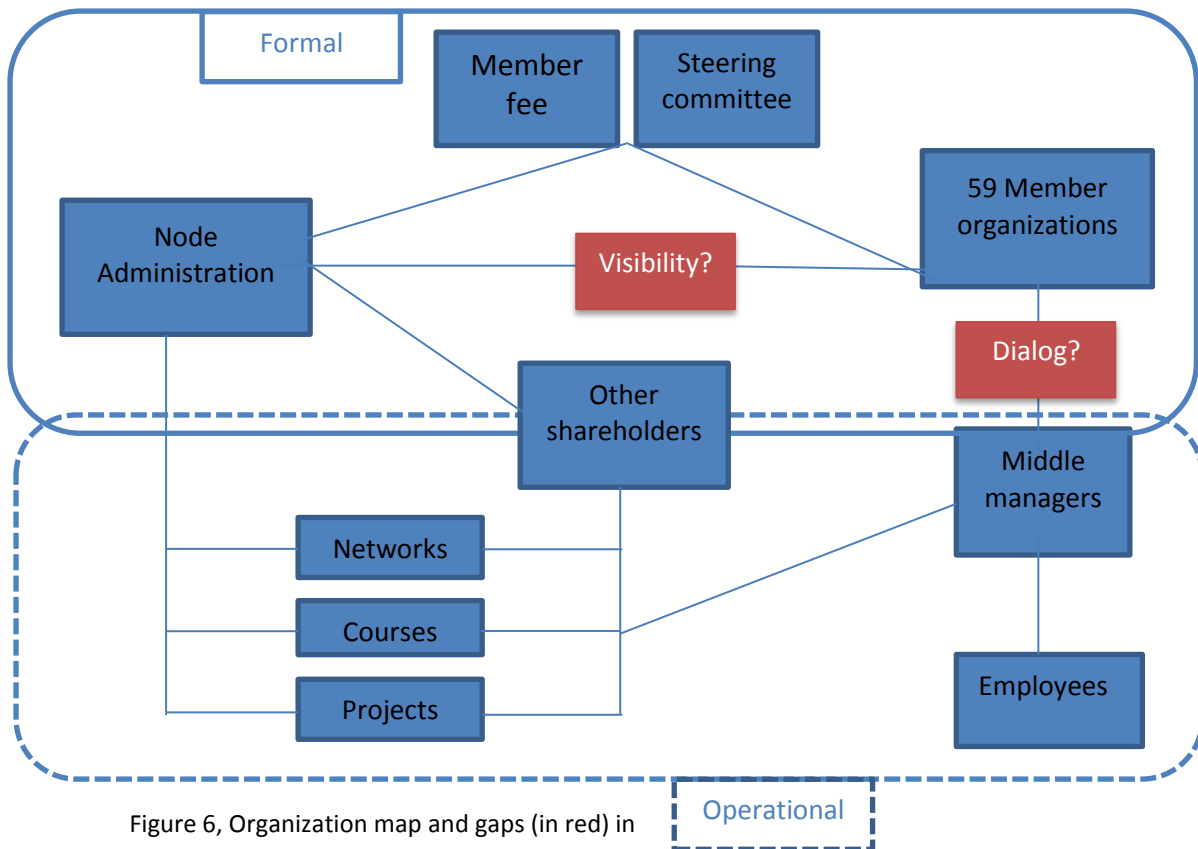


Figure 6, Organization map and gaps (in red) in NODE.

## Attachment 1: Intervju – Medlemmer

In Norwegian.

Bakgrunn

- **Når ble din bedrift med i NODE klyngen?**
- **Hvor mange ansatte er dere?**
- **Innenfor disse fire kategoriene, hvilken hører dere inn under? (fire nisjer; offshore boring, offshore last-, losse- og forankringssystemer, aktiv bølge kompenserte kraner og komplette plattformløsninger.)**

**Kan du fortelle litt om din kontakt med NCE NODE**

**(eksempler)**

- Hva er du med på, hvor ofte?
- Hvordan får du det tilbudet, hvilke kanaler?
- Hva prater dere om? (Tillit vs lojalitet til egen bedrift)
- Har dere noen regler for hva dere kan og hva dere ikke kan prate om?

**Kan du fortelle litt om din bedrifts kontakt med NCE NODE?**

**(eksempler)**

- Hvorfor er dere med i NCE NODE, hvilke fordeler får dere?
  - Kan noe gjøres annerledes?
- Hva er dere med på av nettverk eller prosjekter i Node?
  - Noen andre prosjekter dere ville hatt?
- Noen spesielle bedrifter innenfor dere samarbeider med? Med tanke på størrelse eller virksomhet. Hvor viktig er dette?
- Hvordan kan dere samarbeide med andre konkurrenter? (tillit mellom bedriftene, kunnskapsdeling og suksess mellom relasjonene?)
  - Konkurrenter innen noe annet? Personell?
- Hva kan din bedrift tilføre eller lære andre i NCE NODE?

**Hvem er NCE NODE?**

- Hva mener du er NODE's viktigste arbeidsoppgaver?
  - Andre ting?
- Hva er NCE NODE, hvordan vil du karakterisere dem som organisasjon, type?
  - Verdier: Dialog, samarbeid og gjennomslagskraft.
  - Ser du på dem som en enhet eller nettverk?
- Kjenner du til deres visjon? (Forbli verdensledende uansett konkurranse)
  - Hva betyr dette? Kjenner dere dere igjen?
- Hvordan er tillitsforholdet mellom medlemsbedriftene? (Lojalitet, stolthet, kunnskapsdeling og suksess mellom relasjonene til medlemmene?)
- Hvem ønsker du/dere at NODE skal være? Hva skal de gjøre for dere?
- Hvordan utvikle NODE videre? (Noe de mangler?)
  - Er NODE perfekt? Hvem skal de ikke være?

Har du noen spørsmål?