How are We Keeping “Who are We?”: Organizational Identity of Fujifilm

Yosuke FUKUSHIMA

Abstract: Existing research often cites continuity as a characteristic of organizational identity. In today’s world of dramatically changing business environments, however, how are organizations to maintain continuity? This paper uses text mining to analyze 14 years of annual reports, from 2002 to 2014, of FUJIFILM Holdings Corporation to understand changes in characteristic terms. Results showed that even as the market for FUJIFILM’s primary business, photographic film, shrunk dramatically, the term “film” continued to be used in various contexts, and the meaning of the term updated in response to changes in the company’s business structure. The company’s management used this process to deliberately keep continuity in an effort to maintain organizational identity.

Keywords: organizational identity, text mining, annual reports, FUJIFILM, Fuji Xerox

a) Global Business Research Center, 3-34-3 Hongo, Bunkyo-ku, Tokyo, Japan, youfksm@gmail.com
A version of this paper was presented at the ABAS Conference 2018 Winter (Fukushima, 2018).
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Introduction

Organizational identity takes the concept of identity in social psychology\(^1\) as to “Who am I?” and expands it, as per Albert and Whetten (1985), to organizations in order to answer the rhetorical question “Who are we?” This paper proposed three characteristics of organizational identity: (a) central, (b) distinctive, and (c) continuity. A conceptual extension of these characteristics made it easy to analyze organizational identity (Yamashiro, 2015).

Organizational identity defines the awareness of an organization’s members at various levels in the organization’s hierarchy and influences their behavior. Weick, Sutcliffe, and Obstfeld (2005) focused on the relationship between organizational identity and sense-making in an organization and pointed out that the question “Who are we?” influences the behavior and interpretations of members of an organization. In addition, Livengood and Reger (2010) proposed the concept of “identity domain” and asserted that strategic decision-making by top management is based on awareness, motivation, and capability and that these elements determine identity.

In the phases of organizational reform, organizational identity is a starting point for change and plays an important role (Sato, 2015). Dutton and Dukerich (1991) used the case of the Port Authority of New York and New Jersey and their review of a worsened organizational image in their response to homeless issues that then led to changes in organizational behavior. Hatch and Schultz (2002) focused on variable properties to model dynamic organizational identity that changed along with organizational image and organizational culture, emphasizing an image of organizational identity built amidst social processes. They noted the dysfunction

\(^1\) See Mead (1934) for more on the concept of identity at the individual level.
caused by disconnects in some interactions within and without an organization (Fukushima & Kumazawa, 2017).

Cornelissen (2002) asserted that organizational identity was nothing more than a metaphor, while Gioia, Schultz and Corley (2002) argued that organizational identity is not a concept to which only researchers subscribe but rather something through which members of an organization understand that organization and that it is actually being used as a means of communication. In many studies, researchers qualitatively identify the identities of the organizations they study, making their analyses arbitrary (Sato, 2014). As such, there is a need to quantitatively analyze organizational identity using observable sources.

Method

This study analyzes the process of organizational identity transformation in FUJIFILM Holdings Corporation (below, “FUJIFILM”).

FUJIFILM was founded as a domestic manufacturer of photographic film in 1934. Since its founding, it has ventured into motion picture film, optical film, lenses, and optical equipment based on its accumulation of technologies as it expanded its photographic film business and gradually developed into a comprehensive photo industry company. In 1961, the company entered a new era of actualization with the advent of electronic photography and entered into a technology partnership with Rank Xerox, forming a joint venture named Fuji Xerox Corporation the following year.

FUJIFILM was founded with the intent of domestically manufacturing photographic film, though in the 1970s it aimed to

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2 At the time of its founding, the company name was “Fuji Photo Film,” splitting off from the photographic film business of Dainippon Celluloid, founded in 1919.
globalize in the face of a fierce international competition. The company fought overseas with the global photography giant Kodak to capture market share, all the while improving quality and reducing costs. The company aggressively moved into new business ventures, gradually increasing its presence as a comprehensive manufacturer of imaging processing equipment.

However, with the wave of digitalization that hit in the 21st century, the company faced a rapidly shrinking market for photographic film and undertook thorough management reforms. In 2006, the company was at risk of dissolution due to losses in its main business and underwent a “second founding,” laying out a strategy for new growth. That same year, the company announced\(^3\) that it would “protect the culture of photography,” on the same day that major domestic players Konica and Minolta announced a retreat from the film business. In addition, in October of that year the company moved to a holding company arrangement, placing FUJIFILM and Fuji Xerox under FUJIFILM Holdings, and by strengthening its consolidated management bolstered its ability to generate strategies for the entire group, optimize overall allocation of resources, and expand its areas of collaboration. Changes in its business structure at that time are shown in Figure 1, along with revenues and percentages by business segment.

Characteristic of FUJIFILM is its need to rethink its organizational identity in conjunctions with major restructuring in its strategies and business structure, when the company’s founding and primary photographic film business was faced with an existential crisis brought about by technological advancements bringing changes to its external environment in the form of a rapid shrinking of the market.

In this paper, text mining was used to create a list of terms

\(^3\) “Heisha no shashin jigyou he no torikumi nitsuite” [Our efforts in the photography business] (http://fujifilm.jp/information/20060119/)
generated from text files of annual reports from 2002 to 2015, when these dramatic market changes occurred. This list was then ordered by frequency of use, and a contextual analysis was conducted on terms selected for their continual high frequency to determine the context in which they were used each year.

**Results**

The results showed that out of 8,097 words (selected from a total of 507,901 words), the terms “film,” “technology,” and “digital” appeared to be characteristic. Table 1 summarizes changes in meaning to these words, given a careful view of the context in which they appear. Periods with terms used in a highly similar fashion are noted as phases of multiple years. Based on the results shown in Table 1, we then considered changes in the company’s organizational identity in each phase, along with the environment of FUJIFILM.
Phase 1: 2002–2004, Progress in digitalization

In this phase, the high frequency of the term “digital” in annual reports is notable. This is due to the many references to digital devices such as “digital camera” or “digital multifunctional machine.” The company seemed to be aware of the wave of digitalization, viewing it as a business opportunity that it would aggressively pursue to capture the digital device market. Shibata, Kodama, and Suzuki (2017) pointed out that at this time, FUJIFILM “worked aggressively to explore digital cameras as the market environment came to be quickly predominated by digital technology.” In addition, there are many references to “film,” such as “photographic film” or

Table 1. Changes of words’ meaning

|                  | Phase 1     | Phase 2     | Phase 3     | Phase 4     |
|------------------|-------------|-------------|-------------|-------------|
|                  | 2002-2004   | 2005-2007   | 2008-2009   | 2010-2015   |
| “film” meaning   | Color film  | Shrinking of film market | Technology from film development | High-function al film |
| number           | 43          | 29          | 46          | 43          |
| percent          | 3.0%        | 1.8%        | 3.5%        | 2.8%        |
| “technology” meaning | Imaging technology | Technology development | Technology from film development | Technology deployment to healthcare |
| number           | 62          | 47          | 117         | 90          |
| percent          | 4.4%        | 2.9%        | 5.9%        | 4.4%        |
| “digital” meaning | Development of digital camera | Depression of digital camera | Digital multifunction machine | Digital multifunction machine |
| number           | 72          | 42          | 59          | 37          |
| percent          | 5.1%        | 2.6%        | 3.0%        | 1.8%        |

Note: a: Average appearance times (round off); b: Appearance times of the word/appearance times of the top 30 words.
Source: FUJIFILM Holdings Annual Reports.
“color film,” and we can see that the company intended for the existing photographic film business to coexist even as it rode the new wave of digitalization.

**Phase 2: 2005–2007, Critical shrinking of photographic film**

However, after 2005, the company was overtaken by dramatic changes in the market. Revenues of imaging solutions (cameras and photographic film) in that period rapidly shrank and, by 2007, had fallen to about two-thirds of their peak in 2003 (547 billion yen vs. 831.4 billion yen). Despite overall company revenues during this period being on the rise, the film business alone had quickly fallen on hard times, to the point of crisis. At the same time, a view of annual reports during this period shows that while there are references to “digital” and “film” just as in phase 1, these terms had lost their meaning as major businesses and were referred to in such contexts as “trouble in the digital camera market” or “decrease in demand for color film.” This indicates that the company was in a severe crisis in this segment.

**Phase 3: 2008–2009, Reconsideration of identity**

Because of the quickly shrinking traditional photographic film market and troubles in the digital camera market, the company’s main business, imaging solutions, had also fallen into a crisis situation. With these changes in the external environment, the company appears to have undergone changes in its organizational identity. This occurred in phase 3, from 2008 to 2009. Two characteristics appear when the annual reports from this period are analyzed.

The first lies in changes in the meaning of the word “film.” In phases 1 and 2, there are many references to “photographic film” and “color film,” both of which are positioned as major businesses. However, in phase 3, the term “film” increasingly
appears in the context of “high-function film,” such as “polarizing plate protection film,” “WV film,” “medical-use film.” These film businesses were not part of the camera-related imaging solutions but were rather businesses that could be categorized as material- and healthcare-related information solutions, with the same term “film” taking on a broader array of meanings. It must be noted that the term was used aggressively even as its meaning was changed.

The second characteristic of this period is the dramatic increase in the appearance of the term “technology.” It was used 33–74 times between 2002 and 2007, though in 2008 it was used 107 times, jumping dramatically to 126 uses in 2009. Moreover, a close look at the contexts of usage shows the term—technology—increasingly being used to demonstrate the company’s strengths, such as with “advanced technological capabilities,” “technological advantage,” and “unique technologies.” Based on the use of expressions such as “applying photographic film technology,” “fundamental technologies developed in the field of photography such as photo-like optical materials and xerography,” we can see why the company is able to maintain its technology. We also witness that core technologies acquired through the company’s traditional photographic film business were being applied to new areas and continued to be used.

The CEO of FUJIFILM at the time, Komori (2013) noted the following about the expanded use of the word “film” and the process of identity transformation that emphasized technological continuity.

Photographic film has become just one of many businesses, though the fact that photographic film is a fundamental technology for FUJIFILM remains unchanged. If I can explain what FUJIFILM is doing in these businesses and why, there is no problem with us keeping the FUJIFILM name. (Komori, 2013, p. 87)

This statement underscores this paper’s analysis. We can see that FUJIFILM’s top management was aware that core technologies
accumulated through the photographic film business were fundamental and allowed the company to maintain its identity.

**Phase 4: 2010–2015, Stabilization of identity**

In the final period starting in 2010, defined herein as phase 4, one can see trends after the transformation of organizational identity was complete. A characteristic term appearing in annual reports in this period is “high-function film,” which shows a shift in the company’s main business to this area. This is consistent with the business structure shown in Figure 1. In addition, other references to “film” describe a continuation from phase 3 of the company’s unique “technology” strengths through the development of “photographic film,” and we can see the definition of a new identity supported by core technology.

**Discussion**

FUJIFILM was forced to undergo changes in its business structure caused by dramatic changes in the photographic film market. As it underwent these changes, the company intentionally continued to use “film” at the terminology level to maintain a common concept for the new and important high-function materials business. The company did this to maintain continuity within the company’s organization.

Existing research has feverishly focused on variable properties while not paying sufficient attention to continuity, one characteristic of organizational identity. However, when changes occur thoughtlessly, a company risks losing sight of what makes it unique and losing its traditional strengths.

At the same time, there is a self-defense function that comes into action (Brown & Starkey, 2000), causing adherence to existing self-awareness and rigidity in organizations. In fact, organizational
identity defines how knowledge is used in organizations, can block the acquisition of new knowledge or modifications to strategy (Nag, Corley, & Gioia, 2007).

Today, with even greater changes in business environments, the example of FUJIFILM shows one way that organizations can balance variability in organizational identity with seemingly contradictory qualities to maintain an identity. As suggested by Gioia, Schultz, and Corley (2000), core continuity is maintained by conforming the meanings of sustainable organizational identity labels to environmental changes.

**Conclusion**

This paper clarifies the process by which organizational continuity is maintained in response to external environmental changes, through expanding the meaning of terms that are harmonious with an existing identity. In studies on organizational identity to date, the characteristic of continuity is defined as organizational identity, though the findings of this study show that management takes pains to intentionally give identity continuity. When a company loses sight of its strengths in a crisis situation and members of the organization feel anxiety, transforming an organizational identity while allowing for continuity transforms the strengths accumulated in the past into something explicable in light of current circumstances and may also provide an outlook for the future. For the management of an organization, organizational identity is a type of “grammar” that provides consistency among an organization's past, present, and future. An effort to make in answering the rhetorical question “Who are we?” plays a vital role in the survival of an organization.
How are we keeping “Who are we?”

Acknowledgments

This work was supported by JSPS Grant-in-Aid for Publication of Scientific Research Results, Grant Number JP16HP2004.

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