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Balancing multiple organizational identities

The communication and evaluation of multiple identity organization Sanquin

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Reputation and Legitimacy of an MIO: Stakeholders in Search of a Paradigm

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Heckert, R., Boumans, J. & Vliegthart, R. (2021). How a Multiple Identity can impact the Legitimacy of an Organization

ABSTRACT

Identity multiplicity constitutes a distinct type of organizations, which face unique challenges due to identity underlying incongruent value systems. The purpose of this study is to identify how the perception, reputation, and legitimacy of a multiple identity organization are affected when the central, enduring, and distinctive organizational identity characteristics belong to two different sets of values. Building on organizational identity theory, insights from corporate communication, and stakeholder theory, the potential vulnerabilities are listed and illustrated by the case of Sanquin, the Dutch blood supply foundation. The case assessment relies on interviews with stakeholders and journalists complemented with an analysis of newspaper headlines. The ideological identity is projected more intense by the organization. That this can be problematic becomes evident when communication and performance in the utilitarian domain are interpreted within the framework of the ideological domain. This mismatch leaves legitimacy in dire straits. Of stakeholders' reputation and legitimacy judgments their legitimacy judgment is affected most, since legitimacy is based on the conformity to norms and values, the area where the identities clash. The inherent tension between the ideological and utilitarian identity cannot be avoided completely, but an equilibrated identity projection could help a better understanding of MIOs.

INTRODUCTION

How an organization is perceived and evaluated in terms of its reputation and legitimacy is of utmost importance for its “license to operate”. The overall goal of this chapter is to determine which specific challenges *multiple identity* organizations face to retain favorable perceptions, a sound reputation and high levels of legitimacy. We will elucidate the vulnerability of legitimacy of a multiple identity organization (MIO) by focusing on the Dutch Blood Supply Foundation Sanquin.¹² An MIO is, in the context of this paper, an organization that houses an ideological identity as well as a utilitarian identity. These different types of identity will be explained more thoroughly in the next section. Guarding legitimacy might be the key challenge for a multiple identity organization. The crucial role that the media play as co-constructors of organizational identity in their intermediate position between the organization and its stakeholders will be discussed.

Reputation and legitimacy play a crucial role in private as well as public and semi-public organizations. If there is no congruence between an organization, its activities, and value systems on the one hand, and the expectations, activities, and value systems of the larger social system in which it operates on the other hand, it is difficult to gain legitimacy. And without legitimacy it is difficult to find resources, active and passive support, and a license to operate (Frandsen & Johansen, 2019). Frandsen and Johansen illustrate the vulnerability of legitimacy by the severe damage to reputation and legitimacy of Danske Bank when the “culture of greed” at the Danske Bank was brought into the open in a money laundering affair.

Academic literature on multiple identity organizations is scarce (but see for examples Gioia et al., 2013; Pratt & Foreman, 2000) and the interplay between such an identity and the organization’s public perception, reputation and legitimacy has hardly been investigated.¹³ Our contribution is to fill this gap. In this paper we shed light on how identity multiplicity affects an MIO’s public perception, reputation, and its legitimacy on a theoretical basis and by discussing a casus that serves as an instance of identity multiplicity. Here, we rely on an empirical evaluation by means of interviews with stakeholders and journalists, complemented with an analysis of newspaper headlines.

LITERATURE REVIEW

In this section we give a brief overview of relevant notions within three academic fields: (1) organizational (multiple) identity, (2) corporate communication (perception, reputation, legiti-

12 “Sanquin is responsible for safe and efficient blood supply in the Netherlands on a not-for-profit basis. Sanquin also develops and produces pharmaceutical products, conducts high-quality scientific research, and develops and performs a multitude of diagnostic services (Sanquin, n.d.)”

13 Wæraas (2008) studied this for public organizations.

macy) and (3) stakeholder theory. This is a coherent triplet since organizations act consistent with their self-view (Foreman et al., 2012, p. 180) and, combined with their projection of identity (Argenti, 2013, p. 72), their behavior impacts the perception, reputation and legitimacy for general audiences and specific stakeholders (Friedman & Miles, 2006). We will first introduce the multiple identity concept and then perception, reputation and legitimacy which can be seen as key outcome variables affected by the identity multiplicity of organizations.

I What is a Multiple Identity Organization?

As introduced above we focus on how a *multiple identity* organization (MIO) comes across, since this kind of identity could affect identification, perception, reputation, and legitimacy. What is such an organization? Identity consists of a set of core characteristics, traits of the organization that its members find central, enduring, and distinctive features that are typical for their organization (Albert & Whetten, 1985, p. 292). These characteristics define the organization, and they give the employees an anchor to identify with. When the answer to the question what the defining core of the organization encompasses is not a single one, but multiple, and especially when those differing answers could be linked to different and even problematically compatible underlying value systems, it is a matter of a multiple or a dual identity organization (e.g., universities, cooperatives; Schultz et al., 2009, p. 15). We will use the most frequently used notion “multiple”, even if there are just two identities.

When each of the multiple identities inherent in the organization is held by all organizational members, we call it a *holographic* multiple identity. In the case of *ideographic* multiplicity, there is a lack of consciousness about the existence of the multiple identities and two seemingly opposed value systems within the organization (Pratt & Foreman, 2000). The multiple identities are retained by specific subgroups that exist in different parts of the organization (Sillince & Brown 2009, p. 1832). The holographic and ideographic MIO are ideal types. In practice, the organizational identity type can be situated at any point on the “holographic–ideographic scale”.

MIOs differ from hybrid organizations. Hybrids have integrated civil society and markets systematically. They balance the tension between social and economic issues (e.g., organizations for homeless people that only integrate market concepts into their management practices, Duque-Zuluaga & Schneider, 2008), whereas MIOs lack a systematic integration of their identities (e.g., universities that receive direct funding and perform contract research, Jäger & Schröer, 2014). Still, findings of hybrid organizational scholars can be relevant here as well because underlying principles are quite similar. A hybrid combines distinct institutional logics, for instance social and commercial logics (Gopakumar, 2017, p. 2). There are indications that only the organization that can balance contradictory logics by establishing a common identity can survive (Battilana & Dorado, 2010).

In a previous study (Chapter I) the two identities often found in an MIO (Pratt & Foreman, 2000) were present in the casus that serves as an illustrative example in this paper as well, Sanquin. Those identities are the ideological and the utilitarian identity. The normative or

ideological system (emphasizing traditions and traditional symbols, internalization of an ideology, and altruism) is like that of a church or family, and the utilitarian system (characterized by economic rationality, maximization of profits, and self-interest) like that of a business (Albert & Whetten, 1985; Foreman & Whetten, 2002, p. 621; Schultz et al., 2009, p. 15). Here, we want to outline the specific challenges MIOs that have those two identities face concerning public perception, reputation, and legitimacy. We expect these challenges to be complicated because of the complicated nature of organizational multiple identity.

In the projection of their identity MIOs tend to over-emphasize their ideological identity. This overstressing is not necessarily present in their public appearance, for example in media coverage. The balance between the identities in the media portrayal can change over time, often without a clear trend. If the identity balance in a semipublic or other non-profit organization is developing in one direction, it is usually in the direction of the utilitarian identity (Chapters 1 and 3).

2 What is Public Perception, Reputation and Legitimacy?

Companies and organizations often worry about how they are perceived by internal and external stakeholders, how their overall media reputation adds company value (Van den Bogaerd & Aerts, 2015, p. 27) and about the impact of these perceptions on their reputation and legitimacy (Gibson et al., 2006, p. 15). They realize that their license to operate and the supportive behavior of their stakeholders relates to how they come across. Before we focus on the importance of these notions for multiple identity organizations, we will describe what is understood by perceived identity, reputation, and legitimacy.

Perceived identity.

The organizational perceived identity is defined by external stakeholders (and can thereby differ across stakeholders). This perceived identity can partially be shaped but not controlled by an organization because factors such as media coverage, governmental regulations and surveillance, industry dynamics and other external forces simultaneously influence impressions of the firm (Barnett et al., 2006, p. 340). Stakeholders construct and articulate images of the organization based on information, perceptions, and interpretations they develop or receive from both organization-generated and outsider-generated communication, as audiences try to make sense of the organization in an image-filled information field (Price et al., 2008, p. 175). This external perception-oriented notion is often also called “organizational image”.

Identity, Reputation and Legitimacy.

The identity of an organization is what its members find central, enduring, and distinctive properties of the organization. For the theoretical framework of this paper, the basic assumption is that organizational identity is underlying and affecting reputation and legitimacy. The identity of an organization is derived from the categories it is associated with and denotes what the

organization is and is not (Foreman et al., 2012, p. 182) and specifies how the organization is both similar to and different from other organizations, a specification that is also key in reputation and legitimacy definitions (Whetten & Mackey, 2002, p. 393).

Reputation.

Reviewing all existing definitions and formulating one based on evaluation, reputation is defined as “the ‘observers’ collective judgments of a corporation based on assessments of the financial, social, and environmental impacts attributed to the corporation over time” by Barnett et al. (2006, p. 34). We will use this definition when examining the impact of having multiple identities on an organization’s reputation; although we acknowledge that a “collective judgment” is not a self-evident notion, since different observers can see different things. Reputation is often measured by stakeholders’ scores on standardized reputation dimensions, for instance RepTrak (Fombrun et al., 2015) and TRI*M. The TRI*M index is a commonly used index in stakeholder management, originally designed for the profit sector (O’Gorman & Pirner, 2006). It is now also widely applied in the public sector (Sondervan, 2008). Reputation indices are generally based on competence drivers (e.g., financial, products, innovation) and emotional appeal (e.g., sympathy, trust, leadership).

Reputation is affected by identity. Although sometimes we could be surprised by the behavior of an organization we know, identity is generally the most reliable predictor of its future conduct. The organization acts consistent with its self-view (Foreman et al., 2012, p. 180). In a reputation judgment, stakeholders’ perceptions and past experiences with the organization are used to identify the unique organizational features and to anticipate the likely future behavior of that organization, including its reliability and honesty. That is why the analysis of past actions of the organization plays a key role in the formation of a reputation judgment (Bitektine, 2011, p. 162). Reputation is affected by who the organization is and serves as a means of recognition and representation. It provides external entities with an efficient mechanism for identifying and categorizing or classifying the organization (Deephouse & Suchman, 2008) into a pre-existing cognitive category or class (Gopakumar, 2017, p. 26).

Reputation has for decades been the concern of commercial enterprises. Since the 21st century, public sector and semipublic organizations are increasingly beginning to understand the importance of reputation as well. Good organizational reputation among stakeholders is understood as reputational capital. This capital is claimed to contribute to reduced transaction costs, easier recruitment, added employee loyalty as well as to the legitimacy of the organization (Luoma-aho, 2007, p. 124). Reputation is increasingly recognized for its influence in creating stakeholder support and engagement with companies (Fombrun et al., 2015, p. 3). The impact of reputation on customer loyalty has been an issue of some contention, with competing perspectives. Either a good reputation serves to buffer the immediate effects of “bad weather” or seen from an expectancy-violation perspective, customers expect more of a firm with a good

reputation which subsequently has more to lose in the case of a violation of expectations (Helm & Tolsdorf, 2013, p. 150).

Legitimacy.

Legitimacy is the generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions. Legitimacy is socially constructed: It reflects a congruence between the behaviors of the organization and the shared beliefs of some social group and thereby dependent on a collective audience (Suchman, 1995, p. 574). In addition to legitimacy being an evaluative judgement, based on conformity to social norms or values, it also presupposes compliance with legal requirements (Foreman et al., 2012, p. 184), but should not be confused with legality. Having benchmarked the organizational features and performance on a set of relevant dimensions against the prevailing social norms and regulations, the stakeholder renders a legitimacy judgment as to whether the organization, its form, its processes, and its outcomes are socially acceptable, and hence should be encouraged (or at least tolerated), or are unacceptable, and hence the organization should be sanctioned, dismantled, or forced to change the way it operates (Bitektine 2011, p. 162). Refining the Suchman (1995) definition that mentions the generalized character of a legitimacy judgement, it is argued that legitimacy evaluation cannot only encompass sensemaking of collective actors who act upon a collective legitimacy judgment but can also take place at the level of individuals (Bitektine & Haack, 2015, p. 51). Organizations that are perceived as legitimate are likely to receive support and resources from constituents and are also more likely to gain the commitment, attachment, and identification of members (Elsbach, 2003, p. 301).

In identity terms, legitimacy is an evaluative statement about the appropriateness of the organization's central, enduring, and distinctive features, relative to a self-defining set of social requirements (Foreman et al., 2012, p. 179).

Difference between legitimacy and reputation.

The difference between legitimacy and reputation is that legitimacy emphasizes the social acceptance resulting from adherence to social norms and expectations that qualify one to exist, the fit with normative values and beliefs (Rindova et al., 2006, p. 54), whereas a reputational assessment of the organization does not focus on “the appropriateness of an organization's characteristics and conduct, but on the effectiveness of its performance — as a predictor of that organization's ability to meet future performance-related expectations” (Foreman et al., 2012, p. 184) and it is based on comparisons among organizations on various attributes (Deephouse & Carter 2005, p. 350). Summarizing it may be stated that reputation focuses on differentiation whereas legitimacy focuses on homogeneity (Deephouse & Suchman, 2008).

The distinction between reputation and legitimacy is not a mere theoretical contrast. There is empirical evidence for the different effects they bring about. In the commercial banking

industry for instance, it appeared that higher financial performance increased the reputation but not the legitimacy of a bank (Deephouse & Carter, 2005, p. 329). This could be explained by the fact that reputation judgments resemble aspects of the utilitarian performance, whereas legitimacy judgments depend on an organization's adherence to ideological norms and values. MIOs need to perform in both domains.

Relevance of legitimacy and reputation.

The legitimacy or reputation judgment of the organization by stakeholders can serve as the basis for their action with respect to the organization. This can take a nondiscursive form, such as engagement in exchange relations, imposition of sanctions, or just maintenance of the status quo with respect to the organization. Alternatively, the action can take a form of discourse as the evaluators express their judgments to other actors through social networks, the media, or other channels. The dissemination of judgments through discursive means plays a major role in the rise and fall of institutions and organizations (Bitektine, 2011, p. 164).

For public organizations having legitimacy for what they do is judged more important than a strong reputation (Wæraas & Byrkjeflot, 2012, p. 201). This might be the same for semi-public organizations like our case study organization.

Having defined reputation and legitimacy as stakeholder assessments, in the following section we will delve into stakeholders and their significance.

3 Stakeholders and intermediaries

Stakeholders.

The oldest definition of stakeholders goes back to 1963. From the 55 definitions that Friedman and Miles (2006) reviewed out of hundreds of different published definitions (Miles, 2012, p. 285) we choose the relatively recent definition of Gibson (2000, p. 245): Stakeholders are "those groups or individuals with whom the organization interacts or has interdependencies and any individual or group who can affect or is affected by the actions, decisions, policies, practices, or goals of the organization." An organization's stakeholders may include governmental bodies, political groups, trade associations, trade unions, communities, financiers, suppliers, employees, and customers (Freeman, 2015). The interests of all stakeholders are of intrinsic value (Friedman & Miles, 2006, p. 29).

Gibson's definition surpasses the strict dependence criterium, like "without whose support the organization would cease to exist" (Bowie, 1988, p. 112) or "a direct influence on organizational performance and survival" (Scott & Lane, 2000, p. 53) by using the notion of "interaction". This broader definition makes perfectly sense since there are stakeholders that might not be literally of vital interest but are nevertheless of utmost importance to the organization. This is germane to for instance the media, that are part of the stakeholder *network*,

a notion that recognizes that organizations and their various stakeholders are embedded in interconnected social networks (Yang & Bentley, 2017, p. 276).

Media as intermediary actors.

The focus of strategic communication researchers is typically on the organization and its stakeholders. But there is a third type of actors: intermediaries. The media are the most salient example. Some researchers define them as “influencers” or “stakeholders without stakes.” Other researchers call them “stakeholders by proxy” (Frandsen & Johansen, 2015, p. 269). They hold an important position in the interplay between organizations and their (other) stakeholders. They can play the role of arbiter, facilitating communication among stakeholders and providing counterarguments from different opinions (Friedman & Miles, 2006, p. 227). The importance of a favorable media coverage as an asset of the organization (Deephouse, 2000, p. 1108) is uncontested and the literature about agenda setting by the media (e.g., McCombs, 2014) and shaping the public opinion (e.g., Holtz-Bacha & Strömbäck, 2012) is abundant. But, despite frequent references to the role of the media as a source of legitimacy for industries and firms, the media’s role in shaping public perceptions of *organizations* and firms has relatively long been unexamined and undertheorized (Rindova et al., 2006, p. 67). In recent years however evidence is growing for the impact of media coverage on corporates (e.g., Jonkman et al., 2020) and public organizations (e.g., Jacobs & Schillemans, 2016). The way news pieces are presented can determine how audiences form their opinion about public issues (e.g., Soderlund, 2007, p. 31). The agenda-setting effects of the news media on people’s attention to comprehension of and opinions about topics in the news can also influence corporate reputations (Carroll & McCombs, 2003, p. 36).

Each organization has a specific character that reflects its commitments to particular constituencies and that embodies certain values (King, 2015, p. 149). The media coverage of an organization can be down to earth factual but can also hold dramatic narratives making use of three elements of drama: the portrayal of dramatic conflict, use of a firm as a protagonist of an industry, and by casting the organization as a main character in their dramatic narratives (Zavalyova et al., 2017). A *dramatic conflict* usually begins with a disturbance to a seemingly balanced situation by changes in for instance the technological, political, or cultural environment. All such changes enable journalists to portray dramatic conflict, because they disrupt the status quo and present both firms and their stakeholders with new risks and challenges. By selecting an organization as a *protagonist* for their dramatic narratives, the media engage in the organization’s “character development” (Rindova et al., 2006, p. 52). One way in which journalists can develop the character of a firm is by providing information about the firm’s culture, identity, and leadership, because these organizational attributes reveal values, beliefs, and behaviors that are distinctive characteristics of the organization (Rindova et al., 2006, pp. 57–58).

Other intermediary actors, for instance trade associations, will not be discussed here, since they play no or just a subordinate role for MIOs.

Figure 5.1 shows how the concepts we discussed relate with and affect each other. In our analysis we will try to find theoretical and empirical support for this interplay. We will refer to this model throughout the analyses below. The main focus of this study is on the right side of the model.

The model shows the MIO with its ideological and utilitarian identity, separated by a dotted line. These identities are communicated by the organization itself. The perception of this projected identity is part of the input that stakeholders assess for their reputation and legitimacy judgments. These assessments are also influenced by their expectations, by other stakeholders and intermediaries in the network as well as by the way the organization performs and how it is portrayed in the media (Price et al., 2008). The media base their portrayal of organizations on their own news gathering. This media portrayal does not only affect external stakeholders, but also the way organizational members assess and define their organization (Dutton & Dukerich, 1991), which closes the loop.

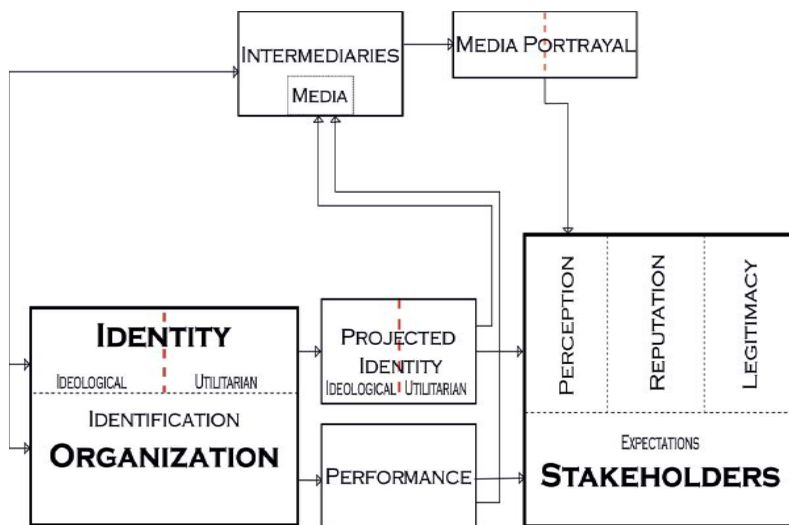


Figure 5.1. The interrelations between an MIO and its constituencies.

THE IMPACT OF MULTIPLE IDENTITY

We will start with a theory-based deduction of what could *potentially* be the consequences of having multiple identities for perception, reputation, and legitimacy of an organization. The impact on the internal stakeholders has been illuminated in Chapter 1 and will not be addressed in this chapter. The focus is on *external* stakeholders.

The perceptions and the evaluation of an organization by stakeholders is highly affected by pre-existing thoughts about and expectations they harbor for this organization. Expectations contribute to stakeholders' assessments and perceptions and can lead to behavioral responses.

Expectations act as reference points for future assessments and guide how the organization is perceived, making unmet expectations a potential reputation threat or even an indication of a legitimacy gap (Luoma-aho et al., 2013, p. 248). This coherence is reflected in the model we introduced above (Figure 5.1). Important is the red dotted line in the boxes of the organizational identity. It marks the (permeable) border between the ideological identity and the utilitarian identity.

Perception

Both aspects of the ideological and the utilitarian identity of the organization are communicated to stakeholders. This communicated identity is called the “Projected Identity” (Figure 5.1). The public or specific stakeholders perceive organizational messages (“Perception” in Figure 5.1) with dominantly ideological identity characteristics as well as messages with dominantly utilitarian identity characteristics. This would be natural in an ideographic multiple identity where the identities “house” in different parts of the organization, and the communications could even be originating from these different business units. But in a holographic multiple identity too, both identities will pervade the external communication and the perception by stakeholders, despite or thanks to an orchestrated organizational communication policy.

Although communication professionals in general plead for clear and unambiguous organizational communication, recently scholars have been breaking a lance for polyphonic organizing (Hazen, 2011) and polyphonic communication (Christensen et al., 2015). Christensen et al. suggest that “unaligned” communication is not per se problematic. They argue that the polyphony of corporate values is valuable because it facilitates organizational change by inviting alternative interpretations and stimulating participation and constructive criticism (Christensen et al., 2015, p. 9). An organization might continue to be inconsistent and still gain status (Wæraas, 2008, p. 206). From a multiple identity theory point of view this might not really cut ice since this approach addresses polyphony rather than *antithetical* value systems. The public appreciation of inconsistent *values* is low (McLain et al., 2015).

What holds true for the projected identity, communicated by the organization itself, also holds true for content about the organization produced by others, such as news media: Reflections or elements of both identities are in the media portrayal (Figure 5.1) communicated to and perceived by the audience. For our case, since the normative identity prevails over the utilitarian identity in the projected identity (Chapter 2) as well as in the media portrayal of MIOs (Chapter 3), we expect that the normative identity is dominant in the stakeholders’ perception.

Reputation

In organizational reputation, stakeholders’ expectations play a key role as well, for as we saw that in a reputation judgment of stakeholders the behavior of an organization is seen as building upon past experiences with the organization and supposed distinctive characteristics of

the organization. These central, enduring, and distinctive characteristics, the identity traits of the organization, can stem from either the ideological or the utilitarian identity. We cannot consider it self-evident that stakeholders will anticipate “multivocal” messages from one and the same organization. Since stakeholders use their experiences for identifying, categorizing, and expectations-building, the upshot of these observations will, from an identity point-of-view, be determined by the vigor of the one identity or the other, or the well-balanced combination of the two.

The multivocal messages could initially confuse stakeholders. Also, we identified the potentially antithetical value systems as the drawback of an MIO. Nevertheless, we must conclude that organizational identity multiplicity does not necessarily affect reputation judgements positively nor negatively. After all, stakeholders’ reputation assessments are based on competence and emotional appeal drivers and not primarily on values. Conformity to norms and values chiefly affects the legitimacy statement. Since perception, reputation and legitimacy judgments are interrelated, they are modelled in one box (see Figure 5.1).

Legitimacy

The potential consequences of organizational identity multiplicity might be more delicate, complicated, and far-reaching for legitimacy than they are for the reputation of a firm. A legitimacy judgment is specifically oriented towards compliance with social values and beliefs. The ideological identity, however, is based on completely different values and beliefs than the utilitarian identity and the underlying value systems of the two identities are even antithetical to some extent. When stakeholders evaluate the organization’s performance (Figure 5.1, bottom box in the middle) or communications in the utilitarian domain with a set of values belonging to the ideological domain, their final legitimacy judgment might be negative. And the other way around: Utilitarian values are not very well-suited to judge performance and communications in the ideological domain. This unconscious quest for the right criterion leaves the legitimacy judgment in dire straits. Our proposition is that organizational multiple identity can endanger legitimacy.

Research on hybrid organizations, which as mentioned have communalities with MIOs, demonstrated that stakeholders have difficulties making sense of hybrid organizations or conferring legitimacy on them and this might lead to stability and survival concerns for the organization (Gopakumar, 2017, p. 2). Gopakumar’s starting point is based on the idea that legitimacy evaluations are engaged in recurring relationship between the organization and its stakeholders. Stakeholders assess various organizational characteristics and based on this assessment they confer legitimacy on the organization. In this dynamic concept of rendering legitimacy, organizations may introduce step-by-step new logics. In the example of Gopakumar this is an NGO that first collects unused clothes for the poor. What is called charity logic here, would in identity terms of an MIO represent the ideological identity. Later, this NGO produces and sells cheap sanitary napkins derived from rags, applying a commercial logic, corresponding with the utilitarian identity notion. Gradually stakeholders accept “new” logics. Those experiments which get

conferred legitimacy by stakeholders, persist, and become integral to organizational functioning (Gopakumar, 2017, pp. 27–28). Bearing in mind that hybrid organizations actively try to combine different logics more than multiple identity organizations try to harmonize their identities, these observations might be relevant for multiple identity organizations. The main assumption that we derive from this for a multiple identity organization like our case in the next section, is that stakeholders in the long term will accept or at least “get used” to utilitarian identity-based performance and communication, which allows the organization to get the utilitarian part of the identity better understood and accepted. We will scrutinize this predisposition, presenting a case study.

THE IMPACT OF MULTIPLE IDENTITY, CASE STUDY

In the following section the conceptualization sketched above will be applied to a specific case to test the propositions that we theoretically deduced. We will introduce the organization using its own description.

Sanquin was established in 1998 through a merger between the Dutch blood banks and the Central Laboratory of the Netherlands Red Cross Blood Transfusion Service (CLB). The Foundation is responsible for blood supply on a not-for-profit basis and advanced transfusion medicine as such that it fulfils the highest demands for quality, safety, and efficiency. Sanquin delivers products and services, conducts scientific investigations, and provides education, instruction, in-service training, and refresher courses. On the basis of the Blood Supply Act, Sanquin is the only organisation in the Netherlands authorised to manage our need for blood and blood products. It is also a not-for-profit organisation and thus has no profit motive. Sanquin employs approximately 3,000 workers across the Netherlands. (Sanquin, n.d.)

The order to provide blood plasma-derived medicines (“blood products” in the quote above), is received from the Minister of Health. The pharmaceutical products are meant for Dutch patients in the first place but are sold on an international competitive market. This legally based multiple identity makes Sanquin a most likely case of an MIO.

In a previous study, identity issues resulting from this identity multiplicity were identified (Chapter 2). They concentrate on the tension between the identities that are based on an ideological and a utilitarian value system. This tension expressed itself when for instance the non-remunerated donors were pleading for getting their travel expenses compensated, when the top executives were accused of accepting a too high remuneration, or when a rationaliza-

tion of blood centers caused compulsory redundancies of staff and lengthening travel distances for donors.

Who Are Sanquin's Stakeholders?

In an enumeration of the most important stakeholders, (350,000) donors come first. Sanquin is completely dependent on the voluntary donations of blood donors who are recruited from the adult Dutch population. Without new donations the blood supply would be running out within a week. This means that public opinion in general and the attitude towards the organization of donors in particular is paramount. Because of the societal impact of the availability of save blood Members of Parliament are also important stakeholders. The Ministry of Health and some of its inspectorates have a legal stake in the organization. The key stakeholders in the utilitarian domain are hospitals, pharmaceutical companies, and other life science organizations. The role of the media as intermediary stakeholders for such a "high-reliability organization" (Belasen 2008, p. 19) is evident. Below we will delve into how stakeholders perceive and judge this multiple identity organization.

In this study, the following five presuppositions that we proposed in the theory section will be examined. The first assumption to be tested is whether organizational identity multiplicity indeed confuses stakeholders in how to perceive the organization. Second, we hypothesized that this multiplicity endangers the organization's legitimacy rather than its reputation. Third, we proposed that legitimacy threatening issues would resonate in the media, giving the media a critical position in the co-construction of organizational identity. Fourth, we suggested that rendering legitimacy to an MIO's utilitarian identity is a matter of time and getting acquainted to its utilitarian characteristics. Fifth and last, we will discuss how attacks in the media on the organization affect the appraisal of its committed stakeholders.

Method

In-depth semi-structured *interviews* have been held with ten, well-informed, stakeholders in 2016 and with a dozen of journalists in 2020-21. The *stakeholders* were selected based on having for the case organization relevant positions in different areas (Appendix M). The *journalists* were chosen after a Uni Lexis search for articles about the organization in Dutch news media. The journalists that had been writing about the case organization most were selected (Appendix L). All the interviews were done by the principal investigator, using an interview guide, taking 30 to 60 minutes in a quiet room on their preferred premises with no other people around or in an online conversation if needed for health security reasons. The interview recordings were transcribed manually or automatically (by *Amberscript.com*) and then corrected by the first author. For the process of open coding *Atlas.ti* software was used, applying procedures derived from qualitative methodological literature (Corbin & Strauss, 2015; Braun & Clarke, 2013; Golden-Biddle & Locke, 2007). The first author thoroughly read the transcripts line-by-line and added twelve codes. Then the codes were clustered in reputation and legitimacy statements.

Examining the quotes enabled listing data similarity and variation per topic. Revealing quotes were marked. To the interview quotes interviewee numbers are added, corresponding with the list of interviewees (Appendices L and M).

Furthermore, a concise text analysis has been performed of news media article headlines and the articles where necessary, to provide additional illustration for some of the insights gained in the interviews. The analysis investigates if reputation or legitimacy threatening issues arising from identity multiplicity resonate in news media. The articles were obtained by another Uni Lexis search for the 100 most relevant articles, relevance determined by the Uni Lexis algorithm, about Sanquin in Dutch newspapers, issued between 1998 and 2019. Only relatively recent articles, from 2008 till 2018, were used.

For the quantitative and qualitative underpinning external sources are used as well. A quantitative longitudinal survey research, using a representative sample ($N = 1,200$) of the Dutch population between 18 and 65 years old, supplies us with information about reputation judgments (TNS NIPO,¹⁴ 2014). A qualitative research exploration provides us with the insights of blood donors about the two identities of the organization (True Research, 2014). Both surveys were executed by trusted third parties (TNS NIPO and True Research) by order of the case organization.

The data used for this case study are collected between 2016 and 2021 and cover the years 2008–2021. The interviewed stakeholders have a long-range experience with Sanquin (3–16 years) to base their reflections on, also with hindsight.

Analysis

Presupposition 1: A multiple identity confuses stakeholders.

When it comes to the exposure to identity characteristics and their public perception, the particular nature of this organization is that about a million people of the ten million counting adult Dutch labor force have had personal experiences with Sanquin, because they are or have been a blood donor. This means that they have been in direct contact with the performance, communications, symbols, and other tangible aspects of identity (Argenti, 2013, p. 72), at least of the identity of the Blood Bank which represents the organization's ideological identity (box bottom left, Figure 5.1) best (Chapter 1). This one-sided exposure is amplified, also for non-blood donors, by the identity projection of the organization (box in the middle) in its external communication (Chapter 2). This means that, referring again to Figure 5.1, the perception of the organizational identity (box bottom right) concentrates on, but is not limited to the ideological identity. The transmission of identity characteristics mediated by journalists' portrayal (box top right) adds some characteristics from the utilitarian domain. Specific stakeholders, like Sanquin's pharmaceutical or hospital clients, will be exposed more to utilitarian identity traits than others

14 TNS NIPO is a large and well thought-of research bureau, now rebranded as Kantar TNS

since their relationship with the organization is business-like. The stakeholders are confronted with identity characteristics “that would not normally be expected to go together (Foreman & Whetten, 2002, p. 621)” and qualify it as “confusing (Int. S7).”

Only well-informed stakeholders seemed to consciously perceive the multiple identity status of the organization. A former high-rank Ministry of Health civil servant came straight to the point at the start of the interview: “The most distinctive is the hybrid character of the organization. At the one hand it is a public service and at the other it is a pharmaceutical company. To secure this hybrid character there should be a balance between the two contradictory faces (Int. S8).”

Presupposition II: A multiple identity harms the organization’s legitimacy (but not its reputation) and

Presupposition III: Multiple identity-linked issues resonate in the media

Stable reputation.

A reputational judgment starts with the identification and categorization of a firm. Most people associate Sanquin with blood donation (TNS NIPO, 2014). Production of medicines did not pop up spontaneously as a Sanquin activity. When proposed, 9% of the Dutch adults recognized it. This low figure might be good for the organization’s reputation since the pharmaceutical industry’s reputation is low; not much better than that of the financial sector or tobacco companies (Kessel, 2014, p. 983).

Sanquin’s reputation, measured by a survey (TNS NIPO, 2014), was rather strong. The TRI*M index¹⁵ was 53 (benchmark healthcare: 52, public utilities: 33, public authorities: 30). The general audience thought of Sanquin as an expert and a trustworthy professional. Pressure points in the external assessment bore a close resemblance to the identity traits the employees were worrying about (Chapter 1): lack of transparency, questions about proper handling of the blood revenues, integrity, sympathy, being a *social* organization, and worries about the foreign activities. Seventeen percent mentioned the *commercial* attitude (TNS NIPO, 2014). These objections might not have had a huge impact on the reputation level, but they are more likely to put pressure on legitimacy, discussed below.

Reputation and trust were higher among blood donors, but both were decreasing, compared with 2011 (reported in TNS NIPO, 2014). A previous study (Chapter 3) showed that the press coverage often focused on the supposed incompatibility of the identities. This is for instance substantiated in the newspaper article “The red gold.” “Red” refers to the blood donated by voluntary donors (ideological identity) and “gold” refers to the substantial revenues (utilitarian identity) it brings in. The article explains that the combination of the two is disput-

15 A TRI*M index between 45 and 70 is considered to indicate a strong reputation.

able (Heighton & Rengers, 2008). This supports our third assumption, that identity tension issues would resonate in the media.

The absolute reputation number given by donors was still high ($TRI * M = 54$). Donors appreciated the not-for-profit status of the organization. They reported a growing commercial character of the organization (True Research, 2014). Note that *social* and *not for profit* are characteristics of the ideological identity and that *commercial* is a utilitarian identity trait.

The interviewed stakeholders acknowledged the importance of how an organization is covered by the media (box top right). Investigating how journalists contextualized their role, drawing on our interview data we saw that journalists were aware that they were able to make or break organizations' reputation: "Representation can be very probing" (Int. J3) and "Media are powerful" (Int. J8). They realized that organizations put a lot of effort in how they come across: "They have entire departments that are working on media exposure all day" (Int. J6), but they generally did not consider their impact when they reported on a firm or organization: "I understand that media messages have their consequences for an organization's reputation, but it is not our mission to consolidate an organization's reputation (Int. J11)." Several journalists recognized that a sound reputation can also reinforce itself through media attention. Journalists judge an organization by its reputation to decide "if we find this organization interesting enough to write about" (Int. J14). The trustworthiness of an organization as an oracle also depends on its business model: "a commercial organization is less credible than a non-profit" (Int. J9).

Endangered legitimacy.

A legitimacy judgment is based on the conformity to norms and values. The ideological and the utilitarian identity do not share the same values. The potentially uncomfortable position (e.g., Glynn, 2000, Pratt & Foreman, 2000) of the multiple identity case organization was vocalized in quantitative surveys, qualitative interviews with stakeholders and by news media. Testing our second assumption —that legitimacy is more at risk than reputation— we identified the following four issues as legitimacy vulnerabilities of an MIO, i.e., Sanquin: lack of transparency and checks and balances, remuneration at the top, monopoly, and failing as a commercial enterprise. These four issues will clearly demonstrate the vulnerability of an MIO's legitimacy.

Lack of transparency and checks and balances.

The stakeholders' criticism focused on performance, as discussed below and on transparency. The remarks about transparency sometimes touch on the organization's integrity, as in the next quote of an executive of the Dutch Health Council:

"One always wonders if scientific authority is the source of Sanquin's scientific claims, or a business model consideration. The organization justifies the product prices with the research costs. That is a shadowy story. And they seem to have an interest in this shadowiness (Int. S1)."

Stakeholders emphasized that Sanquin should be transparent about the business model and cost structures: “It is difficult to understand why Sanquin houses all those activities. Producing medicines is foreign to its nature. But it works. Then, you must explain why you do these things and how, and what your considerations are (Int. S3).” Most of the interviewees think that the organization is not very successful in explaining its position. A former representative of the Ministry of Health (Int. S8) stated: “Sanquin doesn’t do many unreasonable things, but it neither puts a lot of effort in getting things understood and accepted.” He also worried about appropriate recovery mechanisms (Zeithaml & Bitner, 2003): “Checks and balances are of utmost importance. Which mechanisms are put into action when suddenly a Maserati drives up to the front?” Here a utilitarian symbol par excellence, an executive’s Maserati, was judged with an ideological value: to exercise restraint with public money.

Remuneration at the top.

Almost half of the reputation critics (general audience, TNS NIPO, 2014), the survey respondents that graded the organization’s reputation unsatisfactory, referred to the wages of the Executive Board. They criticized the combination of the non-remunerated gift of blood donors and the remuneration of the Board, thirty percent above “Balkenendenorm”, salary cap for Dutch government and civil service officials equal to the salary of the Prime Minister. This illustrates how multiple identity challenges legitimacy. The remuneration at this level seemed to be associated with the utilitarian identity while being evaluated from the ideological point of view. This was also voiced in some of the newspapers (e.g., “Sanquin’s top gets more”, Van Mersbergen, 2011, another underpinning of presupposition III) and in interviews with stakeholders. A member of parliament even called the identity multiplicity an identity characteristic and supposed the issue could become the divisive element for the hybrid organization model: “The image of the Blood Bank can become too *commercial*. It will be hard to recruit *voluntary* donors. The *social* basis is under fire” (Int. S2, identity characteristics in italic). The remuneration issue was also covered in news media headlines, for instance “Donating is useful, but the fun is over” (Veenhof, 2009) and two years later: “Blood donors threaten to boycott for executives’ wages” (Efting, 2011).

Monopoly.

The monopolist position of Sanquin as a blood supplier is part of the hybrid business model that constitutes its multiple identity, imposed by national government. It seems to evoke criticism, about the price level of products and about the appropriate disposition for commerce. In 2012 the price issue made it to the newspapers (e.g., Remmers, 2012: “Professor questions continuous price raises”) and in 2014 a medical specialist urged the government to let him buy blood in Belgium, because that would be a lot cheaper (Omroep Brabant, 2014).

A civil servant complained about the price level and again, transparency: “The price of a unit of red blood cells is about twice the price in neighboring countries. If you want to have a multiple identity you must accept the consequences. And where do revenues finally go to?” (Int.

S8). The subject made it to the newspapers too: “Sanquin’s monopoly raises questions again” (Vaessen, 2018b). An MP and a client denounced the organization’s attitude: “Monopolism grows laziness” (MP, Int. S3). “Monopolists don’t listen to costs. Creating stimuli wouldn’t be so bad,” according to a client (Int. S6). These considerations initiate the next and final issue.

Failing as a commercial enterprise.

Being a pharmaceutical company with global aspirations demands a business-like spirit. Some stakeholders consider the ideological legacy a barrier for real entrepreneurship. A representative of a pharmaceutical company denounces the organization’s bureaucratic character: “A new culture and a new set of skills is necessary. That takes time” (Int. S6). “Working for the Ministry of Health, I thought the hybrid organization model was a realistic model. Now I have serious doubts. Running a pharmaceutical company isn’t easy at all and this complexity has not been faced up in time” (Int. S8). Whereas the remuneration issue identified the legitimacy judgment with the “wrong” paradigm, these last quotes show the double-edged sword of multi-identity criticism. Once the utilitarian identity is acknowledged, the performance of an MIO (Figure 5.1, bottom box in the middle) can be criticized employing utilitarian standards. This mechanism was also illustrated by the following headline, holding ill-disguised irony: “Conquering America is blood-curdling for Sanquin” (Rengers & De Vrieze, 2014). It refers to the difficulties that the organization met in getting the Food and Drugs Administration’s permission to bring its blood-derived medicine on the American market. A few years later a journalist suggested that the organization was seized by panic for the FDA: “Level I alert at Sanquin’s Pharma: The FDA comes over” (Vaessen, 2018a).

Reviewing the legitimacy issues discussed above we can conclude that journalists regularly pick them up for their productions, concentrating on remuneration questions and commercial failures. This underpins the third presupposition.

Presupposition IV: No habituation.

The fourth presupposition was based on hybrid organizations research. In the interviews with stakeholders who were familiar with the organization for many years there was nothing to suggest that stakeholders would gradually render legitimacy to the organization’s utilitarian characteristics, as suggested by Gopakumar’s research (Gopakumar, 2017). Faith in the organization model was rather decreasing than increasing over time (see quotes S1 and S8 aforesaid).

Presupposition V: Bad news hurts.

Does the commitment to the organization of its ambassadors outweigh the violation of expectations when the organization is under fire? No. During the years 2011-2014 the appreciation of blood donors for Sanquin decreased stronger than the appreciation of non-donors. This negatively moderated effect was probably caused by their involvement (Helm & Tolsdorf, 2013). The Sanquin case demonstrated that the organization’s “customers”, in this case the blood

donors, were more sensitive for negative media coverage than uncommitted audiences. They probably had higher expectations, analogous to the high expectations of a high reputation company's customers. The overall reputation judgment of these "ambassadors" was still positive.

We must realize that in this time and age members of parliament and the media in the Netherlands go over public and semi-public organizations with a fine-tooth comb. Housing corporations for instance have lost their credibility in the course from 2006 to 2011 by focusing on utilitarian goals at the expense of their public duties (Koolma, 2011) and in 2021 the Dutch Tax Service was embroiled in a fine kettle of fish about its misbehavior against citizens (Frederik et al., 2021). The ideological–utilitarian tension and the David (the citizen) and Goliath (the institutions) combat provided a credible and consistent master frame (Snow & Benford, 1992) with a high chance of success in the public sphere (Koopmans & Muis, 2009). This yielded increased attention of the media for public and semipublic high reliability organizations and enabled critical interpretation, as this journalist articulates: "These organizations have brought a high status on themselves and when this is staggering only just a bit, then it's interesting (Int.J7)."

DISCUSSION AND CONCLUSIONS

The public perception and the evaluation by stakeholders of multiple identity organizations in reputation and legitimacy judgments is undertheorized, and underexamined empirically. This paper tried to fill part of this gap. Legitimacy rather than reputation appeared to be at stake for an MIO due to the, for audiences, incomprehensible combination of ideological and utilitarian values. Making sense of an MIO and rendering legitimacy to an MIO are difficult, and the critical perspective of the press on the supposed incompatibility of the identities poses an additional challenge. Communication plays a key role in disentangling uncertainties.

Discussion

The reputation judgment as a categorization instrument may encounter difficulties when the distinctive characteristics of an MIO come from different "worlds". More severe judgment complications arise when legitimacy is concerned. A legitimacy judgment sees to the appropriateness of an organization's behavior within a system of values and beliefs, whereas an MIO holds antithetical values.

The MIO casus of Sanquin showed that audiences perceive communications from both identities but the exposure to the ideological identity through the organization's performance and communications is stronger than the utilitarian identity conveyance. The media use characteristics from both identities in their portrayal and sometimes tend to magnify the inherent tensions between the value-driven identities. This seems to be due to their role perception as a "watchdog" of society and the necessity to write newsworthy articles for their demanding

readership. The media and other stakeholders judge the multiple identity organization's actions within the framework of the ideological identity, also if these actions could be seen in the perspective of the business-like domain the organization inhabits as well.

Conclusions

The theoretical considerations as well as the empirical results of this study illustrate the intractable character of a multiple identity organization. The model we introduced in the theory section (Figure 5.1) showed the interrelations between the organization's identities, the stakeholders' perception of an MIO, and the stakeholders' reputation and legitimacy judgments. Our model is by and large confirmed by our case study, but nuance is also added. The most important distinction is the identity multiplicity's impact on stakeholders' legitimacy statements rather than on their reputation judgments.

The other nuance is the proportionality of the two identities in the two identity boxes. The model suggests equal sizes, but in reality, the exposure to the ideological identity substantially exceeds the utilitarian identity, especially in the projected identity. The systematic underexposure of the utilitarian identity of an MIO appeared not to be beneficial for stakeholders' legitimacy judgments. It is perceived as "shadowy" by stakeholders, who urge MIOs in general, including Sanquin, to be transparent about both their ideological *and* their utilitarian identity. This might help to interpret and judge the organization's communications and actions within the right paradigm. For the media communication from the utilitarian domain could come as a surprise. "Surprise" as an important news factor (Boukes & Vliegenthart, 2020) generates media coverage that is rather negative than positive in the context of organizational multiple identity. The Holiday Inn slogan "The best surprise is no surprise" would be a useful mantra here (Holiday Inn, 1975). An MIO's (e.g., Sanquin) position as an oracle for its "owned" domain (e.g., blood and blood supply themes) could be capitalized on better by an equilibrated identity projection.

Limitations and Future Research

Since much of the findings are related to the interpretation of value systems by general audiences and stakeholders and by the role perception of journalists, we acknowledge that for generalizability beyond Western European countries, with comparable social values systems and journalistic mores, more case studies situated in another hemisphere need to be done. Another avenue for future research would be to expand the focus beyond non-profits and public and semipublic organizations. Social pressure has grown on commercial companies to not only exercise their profit-generating activities but also take their social responsibility (Bian et al., 2021). This would garnish their utilitarian identity with an ideological identity. Would the same mechanisms and vulnerabilities occur as identified here for the "traditional" MIOs?