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Citation: Nunes, F. G., Anderson, J. E., Martins, L. P. M. & Wiig, S. (2017). The hybrid identity of micro enterprises: Contrasting the perspectives of community pharmacies' owners-managers and employees. *Journal of Small Business and Enterprise Development*, 24(1), pp. 34-53. doi: 10.1108/jsbed-05-2016-0069

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The hybrid identity of micro enterprises: contrasting the perspectives of community pharmacies' owners-managers and professionals

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The hybrid identity of micro companies: contrasting the perspectives of community pharmacies' owners and employees

Abstract

Purpose - The purpose of this paper was to examine the effect of ownership of community pharmacies on the perception of organizational identity and its relationships with organizational performance.

Design/methodology/approach – A survey was carried out on a sample of pharmacists working in community pharmacies in Portugal. The sample comprised 1,369 pharmacists, of whom 51% were owner-managers. Measures of pharmacies' normative (community health oriented) and utilitarian (business oriented) identities, identity strength (clear and unifying), substantive (stockholder focused) and symbolic (society focused) performance were included.

Findings – Both owners and employed pharmacists rated the normative identity of pharmacies higher than the utilitarian identity. Compared with employed pharmacists, owners perceive a lower level of utilitarian identity, the same level of normative identity, and higher levels of identity strength. Normative identity and identity strength predicted symbolic performance. Normative and utilitarian identities and identity strength predicted substantive performance. The relationship between utilitarian identity and substantive performance was significant among owner pharmacists but not among employed pharmacists.

Research limitations/implications – The limitations include the use of perceptive measures and the focus on the individual level of analysis.

Practical implications – In order to improve pharmacies' performance, pharmacists who manage community pharmacies are challenged to reconcile tensions arising from the co-existence of business and community health identities and from their own agency (self-serving) and stewardship (altruistic) motives.

Originality/Value – This study draws on institutional, identity, and stewardship theories to understand how pharmacists, owners and employees view the identity of community pharmacies and how identity relates to organizational performance.

1. Introduction

In Portugal as in many developed countries, community pharmacies have refocused their activity to emphasize patient-oriented care (Wiedenmayer *et al.*, 2006; National Association of Pharmacies, 2010). This expanded role is led by pharmacists who provide pharmaceutical services aimed at improving or maintaining patients' quality of life, thus moving away from a strict focus on medicine supply (Bush *et al.*, 2009). Until 2007, Portuguese community pharmacies had to be owned by pharmacists and a qualified pharmacist was required by law to be on pharmacy premises at all times (COV and FEFE, 2007). As a consequence, the pharmacist per pharmacy ratio increased from 2.3 in 2007 to 2.8 in 2012 (INFARMED, 2012) in micro enterprises with an average of five to six employees. After 2007, changes in legislation allowed for non-pharmacist ownership but the presence of a qualified pharmacist remains. In this context, owners and employed pharmacists work together serving patients but may not have the same value systems and views about the nature of pharmacies and their role in society, a difference that can undermine pharmacies' performance if not properly managed.

Owners are expected to see pharmacies as businesses whose efficiency and performance should be improved as a means of maximizing individual, family or shareholder utility. However, like employed pharmacists, owners are extensively socialized in an occupation that places patient and community health at the top of professional duties, in line with the professionalization and extended role of the profession. Therefore, it is not clear whether there are differences between owners and employed pharmacists in their views about organizational identity. If confronted with the question "who are we as an organization?", the touchstone of organizational identity (Albert and Whetten, 1985), owners and employed pharmacists might be expected to give different answers, reflecting the hybrid nature of the organization's identity. Because organizational identity has a strong influence upon the action of individuals who are required to play a consistent role on behalf of organizations (Brickson, 2013), hybrid identity could lead to an ambiguous professional role or even generate overt conflict among core organizational members, draining important resources and having a detrimental effect on organizational performance.

In addition to internal differences about *who* community pharmacies are, engendered by the co-existence of owners and employees, multiplicity regarding the purpose and meaning of a pharmacy is also stimulated by the influences coming from the environment within which community pharmacies exist. These organizations are being encouraged to add to their role of dispensing medicines by diagnosing and treating patients (Richardson and Pollok, 2010). They are also being pushed to undertake more business-like practices for the sake of efficiency in a context of increasingly scarce financial resources (Aaron, 2007). Community pharmacies are therefore shaped by the generalized co-existence of market and community logics, mainly concerned with profit maximization and society's welfare and cohesion, respectively

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(Thorton *et al.*, 2012; Smets *et al.*, 2015). Hybrid organizational identities such as this can generate destructive conflicts between relevant internal groups (Glynn, 2000), and disagreement among powerful actors about who the organization is undermines organizational performance (Voss *et al.*, 2006). Community pharmacies are potentially affected by these dynamics and as such are important sites for research into hybrid organizational identities.

Research about the organizational characteristics of community pharmacies has already been focused on the dichotomy of professional versus business roles played by these organizations, an expected approach if we remember that pharmacies are typically private and provide both commercial and healthcare services (Jacobs *et al.*, 2011). More generally, the quest for better understanding of the dynamics of multiple purpose organizations and the challenges involved in reconciling potentially contradictory organizational elements has been subject to research under the label of hybrid organizing of social enterprises, those that seek to achieve social missions through business ventures. The abundant research has already been summarized and subject to theoretical development (Gonin *et al.*, 2013; Battilana and Lee, 2014; Dufays and Huybrechts, 2016) and extension to public and non-profit organizations (Skelcher and Smith, 2014).

In this study, we continue these streams of research but focus our attention on community pharmacies, micro organizations not considered as social enterprises, but pursuing the dual purpose of doing business while fulfilling the important role of contributing to the health of the community they are part of. We frame the nature of community pharmacies within an organizational identity paradigm, namely the social actor view (King *et al.*, 2010), one of the multiple research streams within the field of organizational identity (Foreman and Whetten, *forthcoming*). By doing so, our research contributes to hybrid identity theory by highlighting the effect of ownership on the perception of organizational identity. We also contribute to the study of hybrid organizational identity of small organizations, community pharmacies in this case, as plural organizations whose management poses specific challenges.

The purpose of this study was twofold: 1) to assess how pharmacist owners and employees differ in their perception of pharmacies' identity; 2) to determine the moderating effect of ownership in the relationship between pharmacies' identity and performance. Our argument can be summarised as follows: community pharmacies are social actors who inhabit a context that influences them to be concerned with both market and community logics. In order to gain legitimacy in this context, these small enterprises develop a hybrid identity, composed of a utilitarian dimension, business-like and close to the market logic, and a normative dimension close to community logic. This duality can have strategic advantages, but can undermine performance, especially if some important internal actors, such as owners and employed pharmacists, endorse very different identities. Because both groups received the same training in pharmaceutical sciences, which is clearly community and patient centred, they will endorse the normative

identity of their pharmacies equally and will be more concerned about how the contribution of pharmacies to the community relates to organizational performance. But being an owner will also stimulate self-beneficial motives which will lead them have higher expectations of revenue, and thus be more concerned with the utilitarian identity of their pharmacies and how this business orientation relates to organizational performance. In this context, owner-managers are required to interpret the conflicting demands that come from the context, to balance the co-existence of more than one identity and more than one set of interests. Crafting a strong identity can be instrumental in achieving this endeavour. Figure 1 depicts the framework we developed for this study.

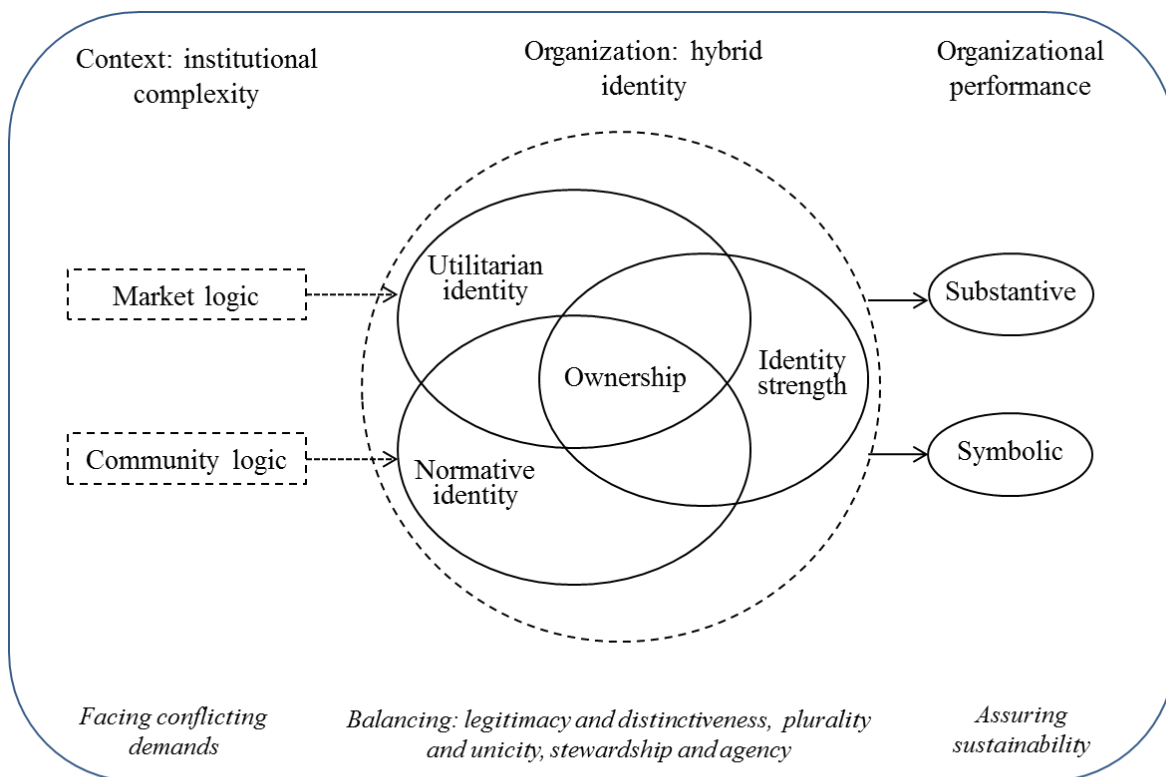


Figure 1. A social actor view of community pharmacies' identity and performance. Dashed lines: explanatory constructs and relationships; solid lines: examined constructs and relationships in this study. Italics: managerial challenges.

This study is organized as follows. Section two presents a theoretical background on the research domains of hybrid organizational identity, identity strength and the foreseeable effect of ownership viewed as a struggle between agency and stewardship motives. Methods are described in the third section. Section four reports data analysis and results which are discussed later in section five. Concluding remarks about the implication of results for exercising the double edge profession of pharmacists who are also owner-managers are made in section six.

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2. Theoretical background

2.1 Facing multiple demands: the institutional complexity of community pharmacies

The field of healthcare, in which community pharmacies are important players, is highly institutionalized. As a field, we mean contexts made up of organized groups of actors that gather and frame their actions with reference to one another (Fligstein, 2013). The degree of institutionalization describes the extent to which a field is marked by the existence of rules and principles that guide the behavior of organizations, based on globally shared understandings held by different stakeholders of what should be considered appropriate organizational action, i.e., what values should be observed in managing organizations. Sets of generalized principles that prescribe how organizations should interpret reality and act upon it are called logics. More precisely, logics represent assumptions, values, beliefs and material practices that shape cognition and guide action (Thornton *et al.*, 2012). In highly institutionalized fields, logics are strongly prescriptive, and organizations must show compliance, or risk losing their legitimacy in the face of such important actors as regulators, funders or professional organizations, thus compromising their viability, although not all organizations suffer these same influences and not all react to pressures to comply in the same way.

Apart from strong institutionalization, another of the peculiarities of the healthcare field is the existence of more or less mismatched logics to which organizations must respond. In the case of hospitals, these apparently incompatible logics are well known and include conflicts between the normative and professional power exercised by doctors and the logic of the market (Scott, 2000; Dunn and Jones, 2010) and the need to reconcile quality and costs (McMahon and Chopra, 2012). In pharmacy professions, distinct but coexisting influences of professional, corporate, market or state logics in the pharmacist's work are recognized (Goodrick and Reay, 2011). Given the existence of multiple regulatory bodies, multiple normative orders, or potentially contradictory cultural logics, in contexts of institutional complexity (Greenwood *et al.*, 2011), organizations tend to experience internal tensions, since meeting the expectations of different stakeholders is a fundamental component of how organizations create who they are.

Within the context of community pharmacies, community and market logics are especially crucial. In many developed countries, the role of community pharmacists is changing and expanding as they move from a focus on providing, dispensing and prescription checking service to a public health role (Nunes *et al.*, 2015). The extended role of community pharmacies has been described as a process of the re-professionalization of pharmacists, who thereby seek to raise the status of the profession (Bush *et al.* 2009) through providing care to patients, thus operating an ideological change (Bjorkman *et al.*, 2008; Farrel *et al.*, 2013). Consequently, market and community logics will have a strong influence on shaping community pharmacies' activities, and understanding how logics affect organizational dynamics and performance in

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these organizations requires emphasizing the relevance of organizational identity and the role of owners in managing the hybrid nature of these organizations and the tensions inherent to the existence of logics that are not always compatible.

2.2 The hybrid identity of community pharmacies

Organizational identity is defined as a shared perception by organizational members about “who are we” as an organization (Albert and Whetten, 1985) and is a burgeoning topic in organizational studies approached through a variety of perspectives (Ashforth *et al.*, 2011; Gioia *et al.*, 2013) and methods (Ravasi and Canato, 2013). Among these perspectives, two have become prominent in the literature, the social construction view (Gioia *et al.*, 2010), and the social actor view (Whetten and Mackey, 2002). Both perspectives are self-referential in the sense that identity claims, in contrast to culture or ideology, involve perceptions and beliefs about organizations that must comprise individual cognitions, require self-oriented sense-making about who we are, and involve some sort of location of one entity in relation to others (Pratt and Corley, 2007). The social construction view considers organizational identity to be the result of the processes used by members of an organization to label and give meaning to who they are as an organization. The social actor view emphasizes the study of organizations as entities that make claims about who they are as actors in society. Because the social construction view is focused on how individuals make sense of their experience as members of an organization, it is useful to understand the processes of identity creation and change (Gioia *et al.*, 2010), but how identity relates to other relevant constructs, such as reputation or performance, is not of central importance. The social actor view (Whetten and Mackey, 2002) argues that identity is a social fact or a global property of organizations that acts as a sense-giving device for organizational self-conception and action. The social actor view conceptualizes organizations as actors who need to be properly identified by society, are expected to act in a self-directed and accountable way, have the power to set their own goals, and have the autonomy to engage in actions not necessarily in line with members’ individual interests and desires (King *et al.*, 2010). Identity is seen as a powerful explanation for several individual and organizational level outcomes, such as identification, reputation or performance (Foreman *et al.*, 2012), the latter being of special interest in this study.

In highly institutionalized and complex contexts, organizations are required to develop more than one identity. In these contexts, many organizations develop hybrid identities “composed of two or more types that would not normally be expected to go together” (Albert and Whetten, 1985, p. 270). A particular type of hybrid organization, the one of interest here, combines two apparently discordant value systems: a normative system, reflecting the internalisation of a collective interest and altruistic ideology, like a church or a family; and a utilitarian system, characterised by an economic rationality of self-interest, like a business.

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A specific organization can be viewed as a business seeking better efficiency and results, or as an entity devoted to promoting the health of the community. In a hybrid organization, the answer would be “we are both”, even if variability between individual or internal groups exists. This dichotomy has been called the generic utilitarian-normative hybrid (Whetten *et al.*, 2014) and in this study we adopt it to conceptualize and measure the hybrid identity of community pharmacies.

If members perceive that their organization embraces more than one identity, they may experience role ambiguity and conflict (Brickson, 2013). For example, decreased performance could occur if the emphasis on profits leads to practices that adversely affect customer satisfaction and loyalty (Hong *et al.*, 2013). This could happen when pressures to increase efficiency and the use of more business-like practices lead organizations to enhance their utilitarian identity and diminish the normative one. Organizational members could start to be less concerned with patients and more with cost containment or become less identified with an organization that does not properly fulfill its normative caring role, a core feature of healthcare professionals, compromising organizational performance. Moreover, if powerful members espouse very distinct perspectives about who the pharmacy *is*, they engage in destructive conflict and drain important organizational resources. These tensions can be attenuated or exacerbated if internal groups, such as owners and employed pharmacists endorse some values and assumptions but not others (Pache and Santos, 2010).

Differences between owners and employed pharmacists regarding different identities can be mitigated by pressures for homogeneity. Normative identity is a good candidate to generate this kind of agreement. According to institutional theory (DiMaggio and Powell, 1983), professional training has a powerful isomorphic effect, because licensing and crediting professional education and earlier on-the-job socialization leads to the development of generalized norms about what is proper professional conduct and desirable organizing arrangements that become shared among professionals. Owners and employees are pharmacists and so would be expected to share a professional logic due to their training (Schafheutle *et al.*, 2012). Pharmacists are extensively socialized in an occupation that places patient and community health at the top of professional duties (Eades *et al.*, 2011). This will lead to a great emphasis on the normative identity of pharmacies, based on the internalization of collective interest. Accordingly, we can expect that both owners and employed pharmacists will emphasize the normative identity, viewing these entities as places for professional expression serving community health. Owners will be different because they also have to endorse a market logic, which leads them to be more sensitive to the utilitarian identity. In this context, we posit the following hypotheses:

Hypothesis 1. Normative identity is perceived as more salient than the utilitarian identity in both owners and employed pharmacists.

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Hypothesis 2. Compared to employed pharmacists, owners will: a) perceive normative identity equally; b) perceive a lower level of utilitarian identity.

2.3 The role of identity strength and the identity crafter role of owners

Organizations balance similarity and difference when creating and expressing their identity. On the one hand, they develop an identity similar to other pharmacies in order to meet the expectations of relevant stakeholders and thereby acquire and retain legitimacy (Deephouse and Suchman, 2008). On the other hand, they seek to establish a unique identity to distinguish themselves from other similar organizations (Foreman *et al.*, 2012). The result is a dynamic balance between a search for similarity and difference until a level of optimal distinctiveness is reached and the organization is as distinct and unique as legitimately possible. This dynamic state will lead to the existence of different identity claims for distinct audiences, while maintaining a coherent whole.

Hybrid identities have strategic advantages and disadvantages coming from identity hybridity. The main advantage is flexibility because hybridity can maximize the potential for adaptation to the expectations of multiple stakeholders, both internal and external (Pratt and Foreman, 2000). The main disadvantages involve increased conflict, which results from the need to respond to contradictory expectations and difficulty in defining the organization's strategic direction especially if some organizational members endorse different identities. This stems from the ambiguity about who we are, which may ultimately lead to situations of strategic paralysis. Hybrids are difficult to manage because these organizations have to face the possibility that major decisions could push away certain stakeholders or, in extreme cases, generate internal battles that compromise performance. Theoretically, hybrid organizations are also important, because they challenge the coherence premise usually underlying identity theory, according to which identity functions imply human entities have a sense of continuity in their life despite changes being distinct from other similar entities (Vignoles *et al.*, 2011).

Due to their role in the creation of this balance, owners can craft strong organizational identities that let them deal with major sources of external and internal tension. The construction of a coherent, well understood organizational identity that is accepted by other members is a requirement for successful organizational action (Foreman *et al.*, 2012). Thus, a strong organizational identity (Kreiner and Ashforth, 2004) may play a key role in reconciling multiple expectations in the field and potential internal disputes generated by different endorsements of value systems supporting both identities. Concerning community pharmacies, a strong organizational identity may reduce the commitment of professionals with external logics, thus allowing organizational members to practice their profession in a more purposeful way. Because

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it highlights feelings of unity, distinctiveness and a common sense of purpose, a strong unique and coherent identity provides a guide to attract and retain those members who feel some resemblance between themselves and the organization. Identity strength also helps organizations to give more meaning to their existence and mitigate the effects of institutional pressures (Battilana and Dorado, 2010). What is critical for an organization, then, is not whether it has a hybrid identity, but how these multiple identities are managed (Pratt and Corley, 2007).

In community pharmacies, because owners play such an important role in crafting organizational identity, getting involved in the search to reach dynamic optimal distinctiveness and being interested in balancing the strategic advantages and disadvantages of identity hybridity, we can expect them to perceive higher levels of identity strength than employed pharmacists. Thus, we posit the following hypothesis.

Hypothesis 3. Pharmacy owners will perceive a higher level of identity strength than employees.

2.4 Between agency and stewardship: ownership and the perception of pharmacy performance

The generic hybrid comprising utilitarian and normative identities is built upon the two distinct value systems of economic rationality and self-interest versus altruism and collective interest. The internalization of these value systems leads to dual identities but also to different relevance of diverse organizational outcomes. Adherence to economic self-interest is a foundation for utilitarian identities and for greater concern with efficiency and financial outcomes. Conversely, endorsement of collective interest and altruism is a basis for normative identities and also for stressing the importance of social or symbolic outcomes, such as reputation or the contribution to the community's well-being. Embedded in these distinct generalized value systems, owners and employed pharmacists can not only support both similar and different perceptions of their pharmacies, as previously discussed, but can consider that organizational performance will be differently related to utilitarian and normative identities.

Value systems of collective interest and altruism or economic rationality and self-interest are touchstones of stewardship and agency theories, respectively. Agency theory has been used primarily to explain the dynamics of relationships between agents (managers) and principals (shareholders) in large corporations (Davis *et al.*, 1997; Jensen and Meckling, 1976). Both agents and principals are seen as entities seeking to maximize utility, taking advantage of companies' results through self-serving short-term opportunistic behaviors. Agency values will lead actors to be mainly concerned with economic outcomes. Stewardship theory, by contrast, sees organizational actors as motivated to put collective long-term goals ahead of their individual goals (Hernandez, 2008; 2012). The motivation for action is more dependent on the search for autonomy and responsibility for individual and collective performance than on maximizing

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immediate material benefits. Stewardship values will create a predisposition to emphasize socially valued outcomes. If we follow the neo-institutional (Heugens and Lander, 2009) view of organizational performance as comprised of at least two dimensions, a symbolic one, focused on the extent to which organizations enjoy positive social assessments, and a substantive one, which describes the extent to which organizations generate valuable results for stockholders, we can state that stewardship values will stimulate special attention to symbolic performance while agency values will engender a major concern with substantive performance. In some contexts, different performance criteria supported by plural stakeholders can lead to increased tensions and become performing paradoxes (Smith and Lewis, 2011), a situation that requires particular skills (Lewis *et al.*, 2014) in order to guarantee sustainability as an ultimate goal of most organizations, best achieved when organizations develop multiple performance indicators valued differently by distinct stakeholders (Smith *et al.*, 2012a)

Literature on the agency and stewardship dichotomy, as applied to family businesses (Le Breton-Miller and Miller, 2009; Yoo *et al.*, 2014), can also inform about foreseeable differences between owner pharmacists and employees. According to agency theory, a family business will invest less in the development of core competencies required for proper operation of the business, create more centralized organizations, more detached or crony relations with stakeholders and, ultimately, inferior results. The predictions of stewardship theory are the opposite. Family businesses, infused by collectivistic motivations, will invest more in developing the organization's competencies, create more organic and cohesive organizations, and develop closer relationships with stakeholders, which will lead to superior performance. Community pharmacies' embeddedness in their communities and in the health system as a whole and the aforementioned effects of normative isomorphism induced by professional training within the more re-professionalization movement strongly oriented to patient and community health promotion renders community pharmacies a special case in which stewardship motives are especially activated.

Because pharmacy owners can be more motivated by utility maximization values and are expected to share with employed pharmacists the self-actualization and collective values obtained during training and earlier professional socialization, we can expect the two groups' perception of organizational performance to be differently related to pharmacies' identities. More precisely, the relationship between pharmacies' identity and performance will be moderated by ownership. Owners who perceive higher levels of utilitarian identity will give greater consideration to pharmacies' substantive and symbolic performance. In employed pharmacists, we can expect these relationships to be non-significant. On the other hand, in both owners and employed groups, symbolic performance will be higher in pharmacies rated higher in normative identity. In this context, we posit the following hypotheses:

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Hypothesis 4. Pharmacy ownership moderates the relationship between pharmacy identity and substantive performance, such that: a) utilitarian identity is positively related to substantive performance among owners but not among employed pharmacists; b) normative identity is positively related to substantive performance in the view of both owners and employed pharmacists.

Hypothesis 5. Pharmacy ownership moderates the relationship between pharmacy identity and symbolic performance, such that: a) utilitarian identity is positively related to symbolic performance among owners but not among employed pharmacists; b) normative identity is positively related to symbolic performance among both owners and employed pharmacists.

In addition to the role of identity strength as a possible focus of owner-managers' attention in order to balance the sources of tension arising from external and internal dualities, we suggest that this identity work will also create a basis for the reconciliation of steward and agent motives in both owners and employed pharmacists. A well understood and accepted organizational identity is a precondition for effective successful organizational action (Foreman *et al.*, 2012) in part because it can act as a supra-ordinated sense-giving device that accommodates all tensions, including those coming from agency and stewardship motives. This argument is consistent with ambidexterity thesis (O'Reilly and Tushman, 2008; Junni *et al.*, 2013), according to which the performance of structurally ambidextrous organizations rests on the managerial capability to recognize the value of different structures, tolerate the contradictions and tensions that arise from this differentiation, and articulate a set of values and a vision that provide a common identity. Given the unitary nature of the effect of identity strength, we do not expect differences between owners and employed pharmacists. Consequently, the following hypothesis is proposed.

Hypothesis 6. Identity strength is positively related to a) substantive performance; b) symbolic performance in both owners and employed pharmacists.

3. Research methodology

3.1 Data gathering and sample

We used the records of the Pharmaceutical Society, a professional body which pharmacists are obliged to register with, to send 2,655 sets of questionnaires to community pharmacies in Portugal. These sets contained a number of questionnaires corresponding to the number of pharmacists in each pharmacy (a total of 5,437). These sets, sent in 2012, contained a letter from the Chairman of the Pharmaceutical Society explaining the objectives of the study and guaranteeing the confidentiality of responses and a pre-paid envelope addressed to the author's institution. A month after sending the sets, another letter was sent to all pharmacies, appealing to them to respond. After five months, we had received 1,468 answers from

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pharmacists. We excluded 55 pharmacists who had worked for less than a year in their respective pharmacies, and therefore could have little knowledge of the dynamics of pharmacies' identity and performance. A further set of 44 responses were eliminated, due to missing values in the study's variables. The total sample was thus 1,369 pharmacists, corresponding to 25.2 per cent of the total number of questionnaires sent, a response rate consistent with norms for this type of population (Baruch, 1999). In our sample, 698 (51.0%) respondents owned the pharmacy, representing a response rate of 26.2 per cent, similar to experiments conducted with small business owners (Dennis, 2003). Of the total, 76 per cent were women and the average age was 40.2 (SD = 13.7). The average length of experience in the profession was 14.3 years (SD = 12.8) and 12.9 years in the pharmacy (SD = 11.6).

Non-response bias was assessed by comparing those who responded before and after the first month, concerning their demographic profile (age, gender, time in profession and time in pharmacy). Chi-square and Student t tests were used to test any differences, leading to non-significant results at the 0.05 p value. The Pharmaceutical Society records were used to compare our sample with the population to determine the general applicability of results.

3.2 Measures

Previously published scales were used as measures of study variables with slight language changes and the exclusion of a small number of items, in order to adapt the questionnaire to the context of community pharmacies.

Multiple organizational identities were assessed on a scale measuring professional and administrative organizational role obligations (Bunderson, 2001; Bunderson *et al.*, 2000), corresponding to *normative* and *utilitarian* dimensions, respectively. Professional role obligations involved supporting the professional group and serving the community while administrative role obligations involved fulfilling bureaucratic functions and a market enterprise role. Respondents were asked to indicate, on a five-point scale (from 1 = not at all to 5 = to a great extent), to what extent their organization emphasizes 12 features, aimed at measuring the four roles. "Competitive with other pharmacies" and "Concerned with community health" are examples of items for utilitarian (professional) and normative (administrative) identity dimensions, respectively. Principal component analysis of the identity scale led to the elimination of three items due to cross-loading (all measuring administrative ideology) and to retention of two factors. The first factor (an eigenvalue of 3.65 accounting for 40.58% of the variance) reflects the six items measuring professional ideology ($\alpha = 0.85$), which was used to measure the *normative identity orientation*. The second factor (an eigenvalue of 1.49, explaining 16.59 % of the variance) reflects items of the market enterprise role ($\alpha = 0.85$), which was used as a measure of *utilitarian identity orientation*.

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Identity strength was measured using Kreiner and Ashforth's (2004) measure. This scale comprises four items (anchors are: 1 = strongly disagree to 5 = strongly agree) and focuses on the extent to which there is a common sense of purpose, clear and unique vision, feeling of unity, and specific mission. An example of items from this scale is "This pharmacy has a clear and unique vision". All four items measuring *identity strength* loaded on a single factor, with an eigenvalue of 2.48, accounting for 62.03% of the variance ($\alpha = 0.78$).

Consistent with the literature on performance measurement, particularly the importance of using different performance dimensions (Richard *et al.*, 2009), and neo-institutional theory (Heugens and Lander, 2009) two measures of organizational performance were used: substantive and symbolic. *Substantive performance* was measured with an adapted version of a performance scale (Delaney and Huselid, 1996). Respondents were asked to compare their pharmacy's performance with that of their competitors, on a five-point scale (from 1 = much worse to 5 = much better) on seven items (e.g. "Quality of products, services, or programs"). We dropped two items as they do not apply to pharmacies. Principal components analysis performed on *substantive performance* items demonstrated that all items loaded on a single factor with an eigenvalue of 3.07 and account for 61.47% of the variance. Internal reliability of the scale was high ($\alpha = 0.85$).

To measure a pharmacy's *symbolic performance*, an adaptation of a scale for measuring reputation was used (Riordan *et al.*, 1997). This scale was chosen because it was developed in the context of small-scale organizations. Additionally, items focused on the contribution of the organization to the community. From the seven original items, we used five, as two were not directly connected to the role of the pharmacy in the community. A sample item is "Generally I think this pharmacy has a good reputation in the community". Respondents were asked to indicate how they believe external actors see the pharmacy, using a five-point scale, anchored at 1 (strongly disagree) and 5 (strongly agree). Pharmacy *symbolic performance* items also loaded on a single factor with an eigenvalue of 2.96, accounting for 59.26 % of variance ($\alpha = 0.86$).

3.3 Controls

As study variables can be influenced by individual characteristics, both demographical and motivational types of controls were considered. The first set includes gender, age, time in profession and time in pharmacy. The second set uses a scale of professional values (Ostroff *et al.*, 2005). On this scale, which has 18 items, respondents were asked to indicate the extent to which they believed in or supported each value in their professional life, on a scale ranging from 1 (very little extent) to 5 (very great extent). Examples of items are "Being self-directed" and "Being supportive", for individual and collective accomplishment

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respectively. Principal component analysis of the scale measuring individual values, and after dropping items that did not load clearly on a single factor, led to the retention of 13 items, loading on two factors. The first factor, with an eigenvalue of 5.01, accounting for 30.14% of variance, reflects eight values of collective accomplishment, a proxy of stewardship ($\alpha = 0.80$). The second factor, with an eigenvalue of 1.39 and explaining 10.71% of the variance, reflects five values of individual accomplishment, a proxy of agency ($\alpha = 0.83$).

3.4. Analysis strategy

Hypotheses one and two were tested by comparing the means of utilitarian and normative in both groups of employed and owner pharmacists. This same approach was used to test hypothesis three which investigates differences between the groups regarding identity strength. Because hypothesis four and five test the relationship between identity and performance as moderated by ownership, we used regression analysis with identity dimensions (utilitarian, normative) as independent variables, organizational performance (substantive and symbolic) as dependent variables, and ownership as a categorical moderator (Aguinis, 2004). The same was done to test hypothesis six regarding the relationship between identity strength and organizational performance, but without the moderation test.

4. Data analysis and results

To obtain a basic assessment of the problem of common method variance, we conducted two confirmatory factor analyses, one for substantive performance and another for symbolic performance and items measuring their respective predictors. Results showed that the single-factor solution did not fit the data well for substantive performance ($\chi^2/df = 26.54$, $p < 0.00$; SRMR = 0.10; CFI = 0.65) or for symbolic performance ($\chi^2/df = 22.12$, $p < 0.00$; SRMR = 0.09; CFI = 0.70). Correlations between marker and other variables are between 0.05 and 0.16, coefficients that are sufficiently low for us to consider the common method effect to be negligible. The means, standard deviations, reliabilities and correlations between study variables are presented in Table 1. Correlations are moderate but do not exceed 0.60, suggesting an acceptable degree of multicollinearity (Nunnally, 1978).

Table 1. Means, standard deviations and inter-correlations among study variables

	Mean	SD	1	2	3	4	5	6	7
1. Values: individual accomplishment	4.32	0.40							
2. Values: collective accomplishment	4.15	0.53	0.57**						
3. Normative identity	4.37	0.48	0.47**	0.41**					
4. Utilitarian identity	3.26	0.75	0.26**	0.32**	0.27**				
5. Identity strength	4.13	0.55	0.33**	0.30**	0.54**	0.21**			
6. Substantive performance	3.72	0.57	0.38**	0.40**	0.45**	0.35**	0.39**		
7. Symbolic performance	4.41	0.45	0.41**	0.35**	0.55**	0.20**	0.47**	0.48**	
8. Pharm. purpose is to dispense medicines***	3.35	1.09	0.10**	0.09**	0.05	0.16**	0.07**	0.08**	0.05*

Notes: $n = 1,369$; *Correlation is significant at the 0.050 level; **Correlation is significant at the 0.050 level; *** marker variable

In order to test the first hypothesis, according to which normative identity is more salient than utilitarian identity in both owners and employed pharmacists, we compared the means of these two variables in the total sample. Results show that both identities are present in the perception of pharmacists, but normative identity ($M = 4.37$) is rated significantly higher than utilitarian identity ($M = 3.26$) ($t = 52.97, p < 0.01$), thus supporting hypothesis one. The same pattern of results is obtained in pharmacy owners ($t = 35.07, p < 0.01$) and employed pharmacists ($t = 40.05, p < 0.01$).

The second hypothesis posits that owners and employed pharmacists have different views of pharmacies' identity. More precisely, we suggest that owners, when compared to employees, perceive the same level of normative identity (Hypothesis 2a) and a lower level of utilitarian identity (Hypothesis 2b). To test these hypotheses a multivariate analysis of covariance was conducted, considering normative and utilitarian identities as dependent variables and pharmacy ownership as the independent variable (Table 2).

Table 2. Effect of pharmacy ownership on the perception of organizational identity

	Employees		Owners		F
	Mean	SD	Mean	SD	
Normative identity	4.39	0.50	4.35	0.46	3.09
Utilitarian identity	3.36	0.72	3.17	0.76	21.58**

Note: employees $n = 671$; owners $n = 698$; ** $p < 0.01$

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Results show that pharmacy ownership significantly affects utilitarian identity, perceived higher by employees than by owners ($F = 21.58, p < 0.01$), but not normative identity ($F = 3.09, p < 0.08$). These results support hypotheses 2a and 2b.

According to hypothesis three, ownership will significantly influence identity strength, being higher in owners than in employees. The results support this hypothesis ($M = 4.20, SD = 0.50$ and $M = 4.06, SD=0.58$, respectively for owners and employees) ($t = 4.70, p < 0.01$).

Hypotheses four and five state the existence of a moderation effect of ownership in the relationship between the perception of pharmacies' identity and substantive and symbolic performance. Hypothesis six simply posits a positive relationship between identity strength and both substantive and symbolic performance. Because identity strength is not independent of normative and utilitarian identities, as found in correlational analysis, to test hypotheses four, five and six, two sets of hierarchical multiple regression analyses were conducted, one for substantive performance and another for symbolic performance as dependent variables. Both procedures started by examining the effects of demographic variables as controls (gender, years in profession, and years in pharmacy). The variance accounted for by these controls was negligible, so these variables were not included in the final analyses. Afterwards, in each analysis, three models were computed. Model one determines the variance accounted for by values of individual and collective accomplishment, as control variables aimed at tapping the effect of generic agent and steward motives; model two assesses the main effects of identity dimensions and also ownership as the moderator; model three determines the variance explained by the interaction between ownership and normative and utilitarian identities. In order to guarantee the quality of the distributions, a log 10 transformation was performed to maximize normality. Tables three and four report the results of hierarchical regression analyses, respectively, for substantive and symbolic performance.

Table 3. Results for the moderating effect of ownership in the relationship between identity and substantive performance

	Model 1: Controls			Model 2: Main effect			Model 3: Interaction		
	β	t value	p value	β	t value	p value	β	t value	p value
Collective accomplishment	0.22	7.62	0.00	0.09	3.07	0.00	0.10	3.42	0.00
Individual accomplishment	0.28	9.66	0.00	0.17	6.15	0.00	0.17	6.04	0.00
Normative identity				0.19	6.77	0.00	0.21	6.04	0.00
Utilitarian identity				0.18	7.51	0.00	0.08	2.21	0.03
Identity strength				0.20	7.52	0.00	0.20	7.65	0.00
Ownership (owner=1)				-0.16	7.51	0.00	-0.17	-7.44	0.00
Normative identity*Ownership							-0.04	-1.20	0.23
Utilitarian identity*Ownership							0.13	3.60	0.00
R ²	0.20			0.35			0.36		
ΔR^2				0.15			0.01		
F Change	168.8 3 0.00			81.03 0.00			6.54 0.00		

Note: Standardized coefficients are presented; employees $n = 671$; owners $n = 698$

With regard to substantive performance, after controlling for values, main effects show significant relationships between identity dimensions and ownership ($R^2 = 0.35$, $p < 0.01$). More precisely, substantive performance is positively related to normative identity ($\beta = 0.19$, $p < 0.01$), and to utilitarian identity ($\beta = 0.18$, $p < 0.01$). Owners have a lower perception of substantive performance than employees ($\beta = -0.16$, $p < 0.01$). The interaction between identity orientation and ownership shows a significant effect in predicting substantive performance but only for utilitarian identity ($\beta = 0.13$, $p < 0.01$). Figure 2 presents the simple slope of utilitarian identity on substantive performance for owners and employees. The results support hypotheses 4a and 4b, showing that the relationship between utilitarian identity and substantive performance

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is stronger in owners ($r = 0.38, p < 0.01$) than in employees ($r = 0.27, p < 0.01$), but that ownership does not affect the relationship between normative identity and substantive performance.

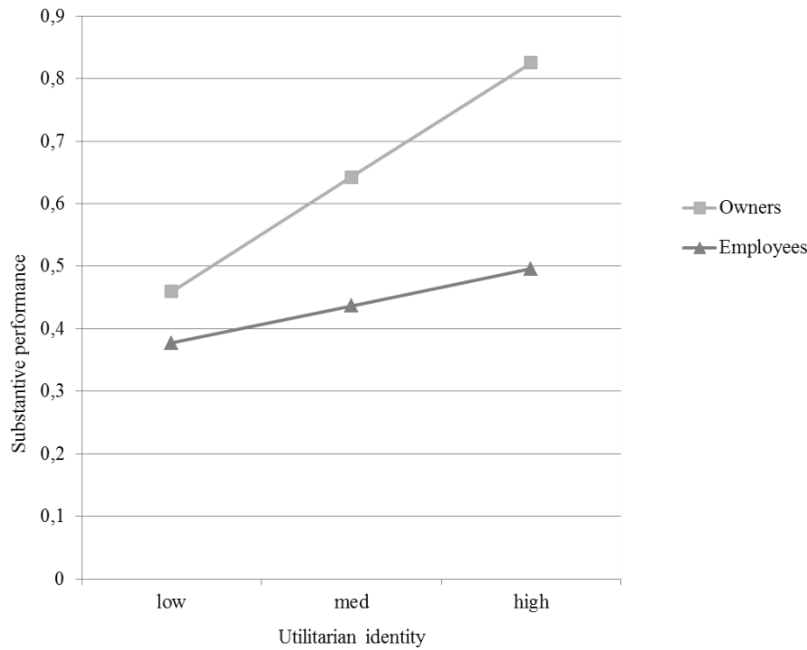


Figure 2. Effect of utilitarian identity on substantive performance as a function of pharmacy ownership

Regarding symbolic performance (Table 4), after controlling for values, main effects show that symbolic performance is positively related to the three dimensions of identity and ownership ($R^2 = 0.43, p < 0.01$). Specifically, symbolic performance is positively related to normative identity ($\beta = 0.39, p < 0.01$) and to ownership ($\beta = 0.05, p < 0.03$), but not to utilitarian identity ($\beta = -0.01, p < 0.70$). Interaction effects between identity and ownership do not reveal significant results. Accordingly, the results support hypothesis 5b but not hypothesis 5a.

Table 4. Results for the moderating effect of ownership in the relationship between identity and symbolic performance

	Model 1: Controls			Model 2: Main effect			Model 3: Interaction		
	value	value	value	value	value	value	value	value	
Collective accomplishment	.33	1.37	.00	.16	.02	.00	.16	.18	.00
Individual accomplishment	.21	.22	.00	.09	.62	.00	.09	.50	.00
Normative identity				.39	4.75	.00	.38	1.64	.00
Utilitarian identity				0.01	0.39	.70	0.05	1.64	.10
Identity strength				.20	.02	.00	.20	.12	.00
Ownership (owner=1)				.05	.14	.03	.04	.09	.04
Normative identity*Ownership							.00	.06	.95
Utilitarian identity*Ownership							.06	.82	.07
R ²		.22			.43			.43	
ΔR ²					.21			.00	
F Change		97.29	.00		26.08	.00		.78	.17

Note: Standardized coefficients are presented; employees $n = 671$; owners $n = 698$

In support for hypothesis six, identity strength is positively related to both substantive ($\beta = 0.20, p < 0.01$) and symbolic performance ($\beta = 0.20, p < 0.01$).

In both analyses, we used collective accomplishment and individual accomplishment values as proxies for agency and stewardship motives, respectively, and these were included as control variables. Results show that 20 per cent ($p < 0.00$) of the variance of substantive performance is explained by the values, with a somewhat bigger influence of values of individual accomplishment ($\beta = 0.28, p < 0.01$) than those of collective accomplishment ($\beta = 0.22, p < 0.01$). The values also explain a relevant proportion of symbolic performance ($R^2 = 0.22, p < 0.00$), with a slightly higher relationship with values on collective accomplishment ($\beta = 0.33, p < 0.01$) than values on individual accomplishment ($\beta = 0.21, p < 0.01$).

5. Discussion

This research aimed to investigate how pharmacists perceive pharmacies' identity and performance, and whether the perceptions of owners and employed pharmacists differ. In order to accomplish this, we explicitly conceived community pharmacies as social actors, operating in a highly institutionalized and complex context in which market and community logics stimulate the emergence of hybrid identities that can be described along the utilitarian-normative generic (Whetten *et al.*, 2014). Working in micro enterprises along with employed pharmacists, owners play a key role in developing a strong organizational identity that allows them to face contextual conflicting demands better, by balancing legitimacy and distinctiveness and plurality and unicity, and to conciliate agency motives arising from ownership and stewardship motives resulting from professional or community values acquired during their training as pharmacists. The result of this identity work would be increased organizational sustainability (Smith *et al.*, 2012a).

Results showed that the normative identity of pharmacies is more salient than utilitarian identity in both owners and employed pharmacists, and that both groups perceive the same level of normative identity. This result can be interpreted as evidence of the evolution of community pharmacy roles from a purely business focus to patient-centered and community health orientation (Bjorkman, *et al.*, 2008; Farrell *et al.*, 2013), combined with the effect of institutional isomorphism (DiMaggio and Powel, 1983) that shapes professional training focused on the promotion of patient and community (Eades *et al.*, 2011). Utilitarian identity is perceived lower by owners than by employed pharmacists, which can be interpreted as a consequence of stewardship motives, inherent to the ownership condition (Hernandez, 2012) and generating higher prospects of benefits from the organizational activity.

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Examination of the relationships between identity and performance as moderated by ownership reveals a pattern of results consistent with those previously discussed, but highlight some relevant subtleties. Substantive performance is positively related to both normative and utilitarian identity, and the relationship between substantive performance and utilitarian identity is greater among owners than in employed pharmacists, which is consistent with the agency motive inherent to the ownership condition. Symbolic performance is related to normative identity, but not with utilitarian identity. Because symbolic performance describes the extent to which organizations are positively assessed by society, it seems that a strong professional logic attenuates agency among owners and employees, and stimulates the belief that pharmacies with higher levels of symbolic performance are those showing higher normative orientation.

Identity strength is rated higher by owners than by employees and is positively related to both substantive and symbolic performance. In our view, a strong identity compensates for the requirement of similarity toward external stakeholders (Deephouse and Suchman, 2008) in promoting performance, plays a critical role in reconciling multiple expectations in the field, and helps to buffer the effects of the context, allowing members to get involved in more meaningful professional practice. This result stresses the role of owners in crafting a dynamic hybrid identity, balancing plurality and unicity, and thereby managing the threats and opportunities created by pressures on legitimacy and distinctiveness requirements.

Our study makes three major contributions. The first is in understanding the different roles played by community pharmacies. Jacobs *et al.* (2011) synthesized research about the duality of professional versus business roles played by these organizations. Building on this, and using conceptual elements from identity, neo-institutional, and stewardship theories to guide our hypotheses, we locate this study within a different framework to illuminate the organizational factors influencing the dynamics of these micro enterprises (Holiday-Goodman, 2012; Doucette *et al.*, 2012). Secondly, we extend the discussion of hybrid organizing, usually focused on social enterprises (Battilana and Lee, 2014; Dufays and Huybrechts, 2016), to include other types of organizations, namely community pharmacies. Finally, we enrich the social actor view of identity (Whetten and Mackey, 2002; Foreman *et al.*, 2012) by specifying the role of identity strength as an important dimension that helps reconcile tensions coming from institutional complexity, hybridity and the co-existence of different motives in distinct actors, and how ownership of the organization moderates the relationship between normative and utilitarian identities and performance in micro enterprises.

Changes in the context in which community pharmacies operate, such as increased professionalism, higher quality expectations from patients, scarcity of financial resources and pressures for efficiency, and alliances between community pharmacies will continue to stimulate competing demands and community pharmacies will develop identities that reflect this. Owners will be identity crafters, managing the tensions and embracing the hybrid nature of pharmacies' identity to secure organizational sustainability.

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This study can provide lessons for other healthcare organizations besides community pharmacies. The growth of private healthcare provision in many countries (Maarse, 2006), and the requirement for more efficient service under resource constraints, will stimulate the need for organizations to emphasize their utilitarian identities, which could increase conflicts among internal groups who support mainly normative dimensions.

This research has limitations that can influence some aspects of its validity. The first is related to its intended contribution to the literature related to organizational factors influencing pharmacy outcomes. The framework we developed integrates elements from institutional, identity, and stewardship. Future research could further develop the framework and conduct more model-testing empirical work, including other internal and contextual variables and test other mediator and moderator effects. As a second limitation, we acknowledge that this research used only perceptive measures. There has been a long tradition of using this type of measure in organizational studies because such measures have good validity (Wall *et al.*, 2004) and are particularly suited to small organizations (Rauch *et al.*, 2009; Raymond *et al.*, 2013) such as community pharmacies. Future research could measure these concepts at the organizational level and combine perceptive with objective measures. Even ownership could be conceptualized and measured in a different way, namely psychologically and not objectively (Pierce and Jussila, 2011). Finally, data were gathered in Portugal and the pattern of results obtained could be different in other countries, calling for international testing and refinement.

6. Conclusion

Community pharmacies, as micro companies living in a complex context and having to deal with competing logics, face complex challenges. Owned by pharmacists and serving their patients also through employed pharmacists, community pharmacies become places where agency and steward motives co-habit. In this context, they develop hybrid identities, compensated for by identity strength. As identity crafters, owners have the responsibility to conciliate tensions generated by these factors, and take the advantage offered by plurality *versus* unicity and legitimacy *versus* distinctiveness. Specific training in dealing with paradox and contradictions could be included in owners' professional development. This training could be an important development activity for pharmacy owners, eventually helping them to develop pharmacies' organizational identity as they develop their own individual identity, since both are inextricably connected (Day *et al.*, 2014). Such development activity should stimulate a more Janus-like approach implying an ability to notice the simultaneous operation of two opposing ideas or concepts (Rothenberg, 1979). This can take the form of carefully designed development programs (Cameron *et al.*, 2006; Smith *et al.*, 2012b) combining classroom and field activities targeted at developing differentiation, integration and acceptance meta-skills that enable managers to embrace contradictory tensions and thus make sense of organizational challenges in new ways, and by doing so, contribute to the sustainability of these micro companies. A similar approach could be used in changing the curriculum of pharmacists' education. The endorsement and alignment of professional bodies and community pharmacy associations is a fundamental key to the success of these initiatives, as they are powerful carriers of community and business logics.

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