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Being the same or being different?

A quantitative study on the effect of distinctiveness
on the performance of hybrid organizations

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Abstract

The optimal distinctive literature highlights that organizations should be optimally distinct – an organization’s optimal balance between being the same as and being different from organizational peers - to yield the highest performance. In recent years, this research stream has shown that optimal distinct positioning differs across contexts. This study contributes to earlier studies that theorize about the contexts under which distinctiveness will be beneficial by studying the effect of distinctiveness on the performance of hybrid organizations. In this study, it is proposed that the relationship between distinctiveness and performance is inverted U-shaped in hybrid organizations. Additionally, it is theorized that identity claims shift the curve’s turning point to the right. The hypotheses were tested in an online experiment which was distributed via Prolific. In total 247 subjects participated in the experiment. The results show that both moderately different and completely different identities lead to higher performance outcomes. In addition, only if an organization has an identity claim that emphasizes one objective, completely different identities lead to higher performance. Taken together, this study offers a more comprehensive theory of optimal distinctiveness by examining optimal distinctiveness in hybrid organizations.

Keywords: optimal distinctiveness, hybrid organizations, hybrid identities, identity claims

1. Introduction

How organizations shape their organizational identity is a major area of interest within the field of strategic management and institutional theory (Gioia et al., 2010; Snihur, 2019). Organizational identity focuses on ‘‘who are we as an organization’’ (Corley & Gioia, 2004, p. 173). On the one hand, institutional theorists argue that organizations need to strive for conformity with other organizations in the same market category to achieve legitimacy (Durand & Kremp, 2016; Tauscher et al., 2022). A market category comprises organizations producing or supplying similar products or services (Durand & Khaire, 2017; Navis & Glynn, 2010). Organizations that conform to their peers avoid legitimacy challenges (Deephouse, 1999) that could hinder an organization from obtaining resources from exchange partners, since exchange partners do not want to enter into contractual agreements with an organization that has legitimacy problems (Galaskiewicz, 1985). On the other hand, being the same as their peers lead to other problems for organizations (Deephouse, 1999). For instance, organizations that are the same as their peers face competition for resources (Bu et al., 2022;

Hoopes et al., 2003). For that reason, strategy theorists argue that organizations need to be different to gain a competitive advantage through a unique competitive position (Porter, 1996) – hence a unique identity (Snihur, 2019). In response to both research streams, a new body of work has emerged in strategy and organization research that recommends that organizations strategically balance conformity and differentiation by adopting moderately different positions to achieve “optimal distinctiveness” (McNamara et al., 2003).

Consistent with the argument that organizations need to be moderately different from their organizational peers, several studies have found that moderate distinctiveness leads to higher performance (e.g. Askin & Mauskapf, 2017), also referred to as an inverted U-shaped relationship (Durand & Haans, 2022). In contrast, other scholars argue for the opposite effect (e.g. Cennamo & Santalo, 2013). They argue that complete conformity to or complete differentiation from organizational peers leads to higher performance (Van Angeren et al., 2022), also referred to as a U-shaped relationship (Cennamo & Santalo, 2013). These scholars argue that organizations that strive for moderate distinctiveness still overlap with their peers and therefore fail to create a distinct offering (Cennamo & Santalo, 2013). In addition, these scholars argue that uniqueness instead of conformity helps to acquire resources (Williamson, 2000). Taken together, scholars that argue for a U-shaped relationship argue to be completely different from organizational peers (Van Angeren et al., 2022). Additionally, the same scholars also argue that complete conformity to organizational peers has its benefits (Jennings et al., 2009). First, organizations that are the same do not face difficulties to attract employees since they are seen by employees as legitimate (Leung et al., 2006). Second, being the same is easier and takes less time since organizations can copy practices from other organizations (Amason et al., 2006). So, a group of scholars argues for moderate distinctiveness while another group of scholars argues for being completely the same as or completely different from organizational peers to yield superior performance (Durand & Haans, 2022).

To date, most optimal distinctiveness research has focused on organizations with one organizational identity by examining the effect of distinctiveness on performance (Majzoubi & Zhao, 2023). For example, Tauscher et al. (2022) have studied the effect of category distinctiveness on the performance of Airbnb listings and Van Angeren et al. (2022) have studied the effect of differentiation of paid and free products in a mobile app market. Although understanding the effect of distinctiveness on performance in organizations with one identity is important, little is known about the effect of distinctiveness on performance in organizations with hybrid identities, hybrid organizations (Majzoubi & Zhao, 2023; Zhao & Glynn, 2022).

A hybrid organizational identity consists of two different identities that are in conflict with each other (Albert & Whetten, 1985; Glynn, 2000). Understanding the effect of distinctiveness on performance in organizations with hybrid identities is important to study for two reasons. First, hybrid organizations are more common in today's world since the growth of social enterprises, which integrate both social and economic aspects into their business (Smith & Besharov, 2019; Zhao & Glynn, 2022). However, social enterprises find difficulties in managing the conflicts that the contradicting identities bring (Zhao & Glynn, 2022). For instance, social enterprises face legitimacy challenges because they violate the boundaries of existing market categories (Ruef & Patterson, 2009). As a result, audiences do not understand the organization's identity (Pache & Santos, 2010). In addition, the contradicting identities create confusion among internal members about what goals the organization should pursue (Purdy & Gray, 2009). Since optimal distinctiveness explains how organizations could shape their organizational identity (Snihur, 2019), it is important to study how hybrid organizations could use optimal distinctiveness to manage the conflicts they face (Battilana & Lee, 2014; Majzoubi & Zhao, 2023).

Second, organizations with hybrid identities have a varied audience (Majzoubi & Zhao, 2023), which differ in their knowledge (Falchetti et al., 2022), preferences and perspectives (Taeuscher et al., 2022), theories of values (Lamont, 2012), path-dependent evaluation routines (Theeke et al., 2018), and goals and motivations (Glaser et al., 2020). Therefore, audiences use different categorization schemas, lenses, and reference groups when they evaluate the hybrid organization (Falchetti et al., 2022; Freeman, 1984; Majzoubi & Zhao, 2023). As a result, audiences judge the organizational identity based on different attributes (Bowers, 2015; Lo et al., 2020). For instance, investors judge the organizational identity based on financial performance (Pache & Santos, 2010), while social audiences judge the organizational identity based on social impact (Battilana et al., 2015). Since audiences differ in their evaluations of organizational identity (Falchetti et al., 2022; Majzoubi & Zhao, 2023), it is plausible to expect that audiences also have different views on differentiation and legitimacy and thus optimal distinctiveness (Snihur, 2019; Zhao et al., 2017). As the optimal distinctiveness of an organization depends on the evaluation of the organization's audiences, it is reasonable to expect that the effect of distinctiveness on performance differs between organizations with hybrid identities and those with a single identity (Zhao et al., 2017). Taken together, it is interesting to study how hybrid organizations could use optimal distinctiveness to determine what the best identity is for organizations with hybrid identities, which are characterized by the multiplicity of audiences (Zhao et al., 2017).

To explore optimal distinctiveness in organizations with hybrid identities, this study focuses on the following research question: *“What is the effect of distinctiveness on the performance of hybrid organizations?”*. To answer this research question, an online experiment was conducted, which was distributed via Prolific. Participants of the experiment were shown three logos of three fictional organizations whereafter they had to answer questions about the organizations. The logos differed in their degree of distinctiveness which made it possible to determine the effect of distinctiveness on the performance of hybrid organizations. Scholars who look at logos from an organizational point of view see the logo as a way to communicate the organizational identity to outsiders (Balmer, 1995; Foroudi et al., 2020). The organizational logo was therefore an ideal concept for developing and testing a theory about the optimal level of distinctiveness of organizations with hybrid identities.

This study makes four key contributions. First, this study extends optimal distinctiveness research by examining optimal distinctiveness in organizations with hybrid identities (Majzoubi & Zhao, 2023). By providing an understanding of the effect of distinctiveness on the performance of hybrid organizations, it answers recent calls for a more comprehensive theory of optimal distinctiveness (Zhao et al., 2017). Second, this study highlights organizational identity as an important boundary condition to attain optimal distinctiveness. So, it contributes to the field of research that theorizes the conditions under which distinctiveness will be valuable for organizations (Haans, 2019). Third, this study answers recent calls by scholars to examine the role of heterogeneous audiences in an organization’s optimal positioning strategy (Durand & Haans, 2022; Fisher, 2020), which is important since optimal distinctiveness takes place in the eye of the organization’s audiences (Zuckerman, 2016). Fourth, this study extends the organizational identity literature by examining how external stakeholders experience the paradoxical organizational identity of an organization. It is therefore an addition to Felix’s (2020) work, which focuses on how an organization’s internal stakeholders are interpreting a paradoxical identity. It is important to extend Felix’s work to contribute to the debate about the centrality, endurance, and distinctiveness characteristics of organizational identity (Kozica et al., 2015). In addition to the theoretical contributions, this study provides managers insight into the effect of distinctiveness on the performance of hybrid organizations.

The rest of the paper is structured as follows. Section two provides an overview of the theoretical aspects relevant to this study and the hypotheses development. Section three describes the methodology used. The findings are presented in section four. The last section addresses the conclusion, contributions, limitations, and suggestions for future research.

2. Theoretical background and hypotheses

2.1. Organizational identity

Organizational identity is a collectively held perception by the organization's internal members of what an organization stands for or what the organization will be becoming (Corley & Gioia, 2004; Kreiner et al., 2015; Schultz & Hernes, 2013; Scott & Lane, 2000; Weick, 1995). It encompasses the central, distinctive, and continuous characteristics of the organization (Albert & Whetten, 1985; Ashforth et al., 2020; Hampel et al., 2020).

Organizational identity is an important concept since it is critical in creating a competitive advantage (Narayanan et al., 2011). The organizational identity can be seen as a socially complex, tacit, and causally ambiguous resource (Sillince, 2006). Socially complex resources are, because of their relational character, difficult to imitate or substitute (McEvily et al., 2000). Tacit resources are implicit resources and therefore hard to copy (Sillince, 2006). Causally ambiguous resources are difficult to identify as means to achieve performance and therefore competitors fail to learn from successful organizations (Sillince, 2006). Taken together, organizational identities are hard to imitate and therefore they can create a competitive advantage (Peteraf, 1993).

Within the organizational identity literature, a group of scholars has focused on hybrid organizations (Albert et al., 2000; Corley et al., 2006). Hybrid organizations have two conflicting identities (Albert & Whetten, 1985), which means that two conflicting conceptualizations exist regarding what is central, distinctive, and enduring about an organization (Pratt & Foreman, 2000). Although the two identities are in conflict with one another, the elements hang together and form a meaningful, legitimate function for the organization as a whole (Glynn, 2000; Pratt & Foreman, 2000). The growth of organizations with hybrid identities has skyrocketed since the recent rise of social enterprises (Battilana & Lee, 2014; Cornelissen et al., 2021). Grand societal challenges, like poverty and climate change, have motivated organizations to combine social aspects with economic aspects (Gupta et al., 2020). The social and economic aspects can be seen as conflicting identities (Zhao & Glynn, 2022). Despite the number of hybrid organizations has grown in recent years, little is known about the effect of distinctiveness on performance in hybrid organizations (Majzoubi & Zhao, 2023). It is interesting to study the distinctiveness-performance relationship of hybrid organizations to determine the best identity for hybrid organizations, which is important since the key role of organizational identity in creating competitive advantage (Sillince, 2006).

2.2. Optimal distinctiveness

One key question within the management literature is whether organizations need to be the same or be different from their organizational peers (Deepphouse, 1999; Durand & Calori, 2006). Institutional scholars argue that organizations need to conform to their peers to gain legitimacy (Zhao et al., 2017). Legitimacy is a ‘‘generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed systems of norms, values, beliefs and definitions’’ (Suchman, 1995, p. 574). Legitimacy is important to obtain resources from exchange partners since exchange partners enter into contractual agreements with organizations that are seen as legitimate (Galaskiewicz, 1985). Furthermore, legitimate organizations avoid penalties since their behavior is aligned with existing norms (Zhao et al., 2017). In contrast, strategy theorists argue that organizations need to be different to gain a competitive advantage through a unique competitive position (Porter, 1996). Organizations that are different can focus on underexploited niches (Porter, 1991). Therefore, these organizations do not compete with their peers for the same resources, market share, and attention from the external environment (Baum & Haveman, 1997; McNamara et al., 2003), which will give them a competitive advantage (Porter, 1996). Taking together both research streams, scholars argue that organizations need to strive for optimal distinctiveness (Zuckerman, 2016). Optimal distinctiveness is the organization’s optimal balance between being different and being the same compared to other organizations in the same market category (Deepphouse, 1999).

Consistent with the argument that organizations need to be optimally distinct, several studies show that moderate distinctiveness leads to higher performance (Askin & Mauskapf, 2017). For example, McNamara et al. (2003) show in their study that firms that are loosely aligned with members of a market category (secondary firms) outperform single-firm groups and firms that follow the group strategy. Secondary firms achieve legitimacy since they are part of a market category. However, these organizations are not completely the same as their peers and therefore they do not fight for the same resources as their peers. In contrast, other scholars prove that conformity to or differentiation from organizational peers yields higher performance (Haans, 2019). For example, Jennings et al. (2009) found in their study that complete employment-system conformity results in higher employer legitimacy and productivity of partners because they do not face challenges of innovation, while complete employment-system differentiation results in the attraction of committed employees that are dissatisfied with the norm. Taken together, these contradicting findings question the strategic balance theory and its usefulness in practice (Bu et al., 2022).

To understand the differences in findings, Zhao et al. (2017) have asked for additional research on optimal distinctiveness to understand how organizations can strategically differentiate themselves to achieve better performance. In answer to the call of Zhao et al. (2017), scholars have started to investigate optimal distinctiveness in different contexts. For example, Van Angeren et al. (2022) show in their study that optimal distinctiveness depends on the revenue model of a product. When customers need to pay for products they expect that products are different from other products since they want some value for their money. However, if the product differentiates too much, legitimacy is lost since the customer cannot make sense of the product anymore. So, the relationship is inverted U-shaped for paid products. When a product is free, customers are concerned about their privacy since personal data is important for free products. If a product is the same as their peers, customers are better able to determine the risks because it is easier for them to understand the products. Therefore, complete conformity leads to better performance outcomes. Despite the recent developments, it is still unclear how organizations with hybrid identities can strategically differentiate themselves to achieve better performance (Majzoubi & Zhao, 2023; Zhao & Glynn, 2022).

2.3. Differentiation from who?

An organization needs to be part of an existing market category (Barlow et al., 2019). Being part of a market category increases the legitimacy of an organization because it reduces confusion in the eyes of the organization's varied audiences about the organization's position in the market (Barlow et al., 2019). Besides that, a market category helps organizations to position themselves in relation to competitors (Pontikes & Kim, 2017). Market categories are therefore the basis for competitive advantage because competitive advantage exists only relative to other organizations (Cattani et al., 2017; Peteraf & Barney, 2003). However, since hybrid organizations have two contradicting identities, in which category should they be placed? It can be stated that hybrid organizations engage in atypicality-enhancing category spanning (Chae, 2021). An atypicality-enhancing category spanning refers to "an extent by which an organization fuses elements from disparate market categories to create hybridized offerings" (Chae, 2021, p.97). By combining elements of two categories it can be argued that hybrid organizations create a new category (Durand & Khaire, 2017). A new category is created "when existing components in a market are rearranged, reinterpreted, and relabeled to generate new meanings and associations" (Durand & Khaire, 2017, p. 97). So, hybrid organizations operate in a new market category that is created by the combination of elements of two market categories (Durand & Khaire, 2017). For example, a hybrid organization that

combines development and banking objectives operates in the market category of microfinance organizations (Battilana & Dorado, 2010).

Even though hybrid organizations operate in their own market category, they still overlap with the market category of each individual market category (Gehman & Grimes, 2017). The individual market category can be seen as the basic market category while the hybrid market category can be seen as a distinction from the basic market category since the practices are a distinction from the practices of a basic market category (Gehman & Grimes, 2017; Lakoff, 1987). In addition, the hybrid category itself can be seen as a heterogenous market category (Haans, 2019). Hybrid market categories, like social enterprises, have less well-defined boundaries (Gehman & Grimes, 2017). Therefore, hybrid market categories attract and allow for members who differ in their characteristics (Pontikes & Barnett, 2015). As a result, the organizations in the hybrid market category are highly different from each other (Lounsbury & Rao, 2004; Navis & Glynn, 2011). Taken together, hybrid organizations are in this study classified as being active in a distinctive market category that is heterogenous in nature (Gehman & Grimes, 2017; Haans, 2019).

2.4. Distinctiveness in organizations with hybrid identities

Drawing on the optimal distinctiveness literature, it is to be expected that the relationship between distinctiveness and performance follows an inverted U-shaped relationship in hybrid organizations (Deepphouse, 1999). In terms of competition, it can be stated that organizations in a hybrid market category operate in the same market from different positions since these organizations are highly different from each other (Lounsbury & Rao, 2004; Markman et al., 2009). Therefore, hybrid organizations do not fight for the same resources and customers with many organizational peers (Chung & Kalnins, 2001). So, organizations face less competition as organizations cluster around one single point (Ketchen et al., 2014). As a result, hybrid organizations do not have to differentiate themselves to escape the competition which is often the reason for differentiation (McNamara et al., 2003). However, it is valuable for organizations to stand out to some degree in a distinctive market category (Lo et al., 2020). Since audiences associate a variety of characteristics with a distinctive market category (Lo et al., 2020), they expect that the category matches their preferences (Taeuscher et al., 2022). As a result, organizations can differentiate themselves to comply with an audience segment with a specific set of preferences (Taeuscher et al., 2022). In other words, organizations can differentiate themselves to serve untapped niches (Porter, 1991). So, some differentiation is desirable (Haans, 2019). This means for the identity of a hybrid organization that it is valuable

if the organizational identity is to some degree different from the organizational identity of organizational peers (Haans, 2019).

In terms of legitimacy, audiences do not have the same view and expectations of what an organization in a hybrid market category should look like (Navis & Glynn, 2011; Negro et al., 2010), which is the consequence of less-well-defined boundaries (Gehman & Grimes, 2017). Therefore, audiences accept when hybrid organizations differ from the norms since the audience does not rely on a category schema to evaluate the organization (Kovács & Johnson, 2014). However, if hybrid organizations differentiate themselves far from the norm, audiences raise doubts about the plausibility of the organization (Navis & Glynn, 2011). In addition, a problem that hybrid organizations face is that the varied audience does not understand the organization's identity (Pache & Santos, 2010). Therefore, it can be argued that hybrid organizations face some legitimacy problems since audiences have difficulties determining if the actions of the organizations are desirable according to the norms (Suchman, 1995). Since conformity to organizational peers ensures legitimacy, it is plausible to expect that conformity helps to ensure that the audiences have the same understanding of the organizational identity (Zhao et al., 2018). Taken together, this means for the organizational identity of hybrid organizations that deviation from the norm is tolerated, however too much deviation results in audiences not being able to understand the organization (Haans, 2019; Navis & Glynn, 2011).

In sum, it is valuable for the organizational identity of hybrid organizations if it is different enough to serve untapped niches. However, the organizational identity should not be too different so that audiences do not understand the organization. Taken together, these arguments lead to the following hypothesis:

Hypothesis 1 (H1). *The relationship between distinctiveness and performance is inverted U-shaped in hybrid organizations.*

2.5. Other sources of legitimacy

The concept of conformity is central to achieving legitimacy in the optimal distinctiveness literature (Deephouse, 1999). However, conformity represents only one potential source of legitimacy (Taeuscher & Rothe, 2020). Other sources to attain legitimacy are for instance narratives and stories (Aldrich & Fiol, 1994), transparency (Van Angeren et al., 2022), and symbolic management practices (Zott & Huy, 2007). Taeuscher and Rothe (2020) show in their study that organizations that have a high degree of legitimacy from other sources, need

to conform less to their peers. So, other sources of legitimacy moderate the effect between distinctiveness and performance (Taeuscher & Rothe, 2020).

2.5.1. Identity claims

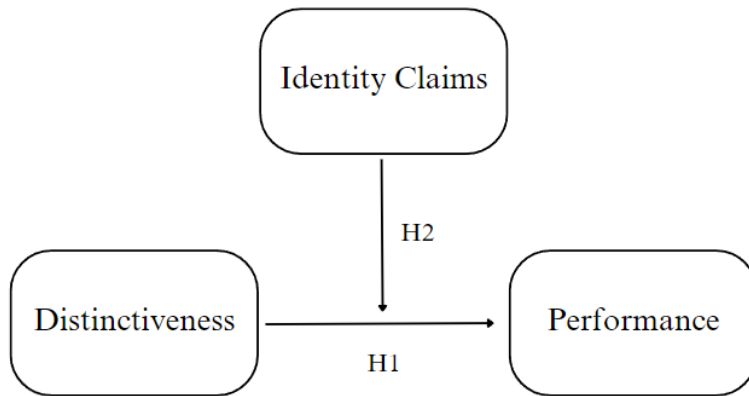
Hybrid organizations face a cognitive legitimacy problem since the varied audience does not understand the organization's identity and with that the organization's activities (Pache & Santos, 2010). Cognitive legitimacy can be defined as the extent to which an organization's activities can be classified, understood, and integrated by the audiences of the organization (Alexiou & Wiggins, 2019). However, it is plausible to expect that legitimacy losses will be attenuated in cases where the organization mentions the organization's activities via identity claims (Alexiou & Wiggins, 2019; Fisher et al., 2015). "Identity claims are self-referential claims that define the essence of an entity, signaling or specifying its core attributes" (Fisher et al., 2015, p. 11). Identity claims help internal and external audiences make sense of the organization by showing the membership of organizations in a market category (Waldron et al., 2013; Wry et al., 2011). As a result, they solve the cognitive legitimacy problem organizations face (Fisher et al., 2015). Additionally, identity claims can help organizations overcome information asymmetry and uncertainty (Martens et al., 2007). Information asymmetry and uncertainty are two key difficulties in attaining legitimacy and therefore in attaining resources (Martens et al., 2007). Since identity claims provide information about the market category of hybrid organizations, it makes sure that the audience has the same understanding of the organization (Fisher et al., 2015). As a result, information asymmetry and perceived uncertainty will be reduced since the audience can rely on a category scheme to evaluate the organization (Kovács & Johnson, 2014). Last, identity claims can be seen as a source of transparency since they involve the disclosure of information about the practices of the organization (Van Angeren et al., 2022). Since transparency increases the audience's belief that the actions of the organization are legitimate it is plausible to expect that identity claims increase legitimacy (Van Angeren et al., 2022). Taken together, it is to be expected that identity claims will increase different sources of legitimacy. Since organizations that have a high degree of legitimacy from other sources need to conform less to their peers (Taeuscher & Rothe, 2020), the following is hypothesized:

Hypothesis 2 (H2). *The use of identity claims moderates the relationship between distinctiveness and performance such that the curve's turning point will shift to the right the more an identity claim describes what an organization stands for.*

The conceptual model of this study can be seen in Figure 1.

Figure 1

Conceptual Model



3. Research method

To examine the effect of distinctiveness on the performance of hybrid organizations, an online experiment was conducted. An experiment was the most suitable method for two reasons. First, this study investigated the causal relationship between distinctiveness and performance. An experiment is the most suitable method to prove a causal relationship (Kerlinger, 2000). In experiments, the causal relationship is shown by manipulating the independent variable (Sprinkle, 2003). In this study, an adjustment in the independent variable (distinctiveness) could determine the effect of distinctiveness on the performance of hybrid organizations. Second, an experiment offered the opportunity to include the independent variable of interest, distinctiveness, while excluding irrelevant variables (Webster & Sell, 2014). As a result, it was more likely that an experiment shows an actual causal relationship than less artificial settings since less artificial settings may contain other factors that weakened the causal relationship (Webster & Sell, 2014).

The experiment was conducted online for several reasons. First, the online experiment provided access to a random sample of participants which increases the likelihood that the results are generalizable to the whole population (Reips, 2000). Second, online experiments take less time (Dandurand et al., 2008). Since this study was executed within a short period, an online experiment made it possible to generate enough results (Dandurand et al., 2008).

Third, since online experiments cost the participant little time they are more inclined to participate in the study (Reips, 2000). In addition, participants can participate in their own time (Evans & Mathur, 2005). As a result, it is plausible to expect that a lot of participants wanted to participate in the study which causes an increase in power (Reips, 2000). Power is important to correctly rejecting the null hypothesis when it should be rejected (Hair et al., 2019).

3.1. Empirical context

To test the hypotheses, the logos of three fictitious organizations were used. The logo is an important element of the visual identity strategy of an organization (Kim & Lim, 2019). A well-designed logo positively affects consumers' responses toward an organization because logos can express the benefits of an organization, logos stimulate an emotional bond with the organization, and logos give organizations a face that customers can relate to (Park et al., 2013). Researchers look at the concept of logos from different perspectives. For example, marketing scholars see the logo as a sign of promises made to the customer (Kay, 2006). These researchers focus mainly on the customer and state that the logo is used to elicit positive attitudes toward the organization and that it directly influences purchase intention (Foroudi et al., 2017). In addition, scholars who look at logos from an organizational point of view see the logo as an instrument to express the characteristics of the organization (Van Riel & Van den Ban, 2001) and it is, therefore, a way to communicate the organizational identity to outsiders (Balmer, 1995; Foroudi et al., 2020). This study was in line with the view of organizational scholars. In this study, the effect of distinctiveness on the performance of hybrid organizations was studied to determine the best identity for hybrid organizations. Since organizations use logos to communicate their organizational identity to outsiders (Balmer, 1995), the organization logo was suitable to measure the distinctiveness-performance relationship of hybrid organizations.

To ensure that the participants of this study had no associations with the organizational identity beforehand, three fictitious hybrid organizations with three logos were created (Xie et al., 2022). The names of the fictitious hybrid organizations are Roolf, Wiskom, and Brobers. These names have been chosen because the pronunciations and names are not similar to any known organizations. Besides that, none of the names is a meaningful English word. The three organizations were classified as social enterprises as a form of hybrid organizations since social enterprises have grown in popularity in recent years (Cornelissen et al., 2021).

3.2. Logo design

The logos were created based on the most common attributes in logos of social enterprises in the Netherlands. First, 101 logos of social enterprises were analyzed and the most common attributes of the logos were identified (Barlow et al., 2019). The logos were chosen based on the social enterprises that are a member of Social Enterprise NL, which are listed on the Social Enterprise NL website (Social Enterprise NL, n.d.). On this website, the social enterprises are divided into seven impact categories. Since this study looked at social enterprises in the broadest sense of the word, logos from every impact category needed to be assessed. To ensure that a random sample of logos was analyzed, Excel was used to draw a random sample of 15 logos of every impact category. For example, 15 logos of social enterprises that are committed to social cohesion were assessed (Social Enterprise NL, n.d.). Since the energy transition category only had 11 members, only 11 logos of this category were analyzed. After it was determined which logos would be analyzed, the logos were collected. The logos that the social enterprises use on their website were used in this study. The logos were cut out and put in an Excel file. After the logos were collected, the logos were coded based on the coding survey of Delmestri et al. (2015) and Koornneef (2021). To ensure that the survey fits social enterprises, a few adjustments have been made to the coding survey of this study. For example, the question ‘Is there a reference to a social purpose in the visual’ has been added. In total, the logos were coded on 31 elements. The entire list of questions and answer options can be found in Appendix A. The coding was done by three master’s students from different universities. All coders had a good command of the English language. The coders voluntarily participated in the coding. This ensured that the coders were reliable (Koornneef, 2021). The coding results can be found in Appendix B.

Once the logos had been coded, the logos of Roolf, Wiskom, and Brobers were designed based on the attributes of the logos of social enterprises (Barlow et al., 2019). Three logos for each fictitious organization were made. The logos differed in their degree of similarity to test H1. The first logo, treatment 1, consisted of elements that are most commonly used by social enterprises. The second logo, treatment 2, differed on three elements. The third logo, treatment 3, differed on ten elements. To test H2, treatment 1 of Wiskom and Brobers consisted of one identity claim, while treatment 2 of both organizations consisted of two identity claims. However, the identity claims of Brobers referred to the social objective, while the identity claims of Wiskom referred to both social and commercial objectives. The treatments can be found in Appendix C.

3.3. Pilot study

Before the experiment could take place, a pilot study was conducted to test the familiarity of participants with the logos of the fictitious organizations. Fifty participants were presented with the logos (Brooks et al., 2003). As single-item measures are sufficient to measure specific constructs (Rossiter, 2010) the participants were asked if they recognized the logo with a yes/no question (Brooks et al., 2003). To measure the degree of familiarity, the participants were also asked how familiar they were with the organization on a scale from 1 to 5 (not at all familiar – very familiar) (Brooks et al., 2003). None of the participants recognized the logos of the fictitious organizations. In addition to the familiarity questions, the participants were shown the questions that would be asked in the main study. The participants were asked to give feedback about the questions, layout, and spelling. The main study has been adjusted based on the feedback. This step was taken to ensure that the main study was understandable and user-friendly. This increased internal validity (Bleijenbergh, 2015). The participants in the pilot study were not invited to participate in the main study because it might influenced the results if they had participated in the pilot study (Haralambos & Holborn, 2000).

3.4. Study design

After the pilot study, the hypotheses were tested in a within-between-subject design. The online experiment was distributed via Prolific to get access to a large and diverse participant pool (Aguinis et al., 2021). The participants could participate voluntarily and were paid €0.39 for their participation. The average time of completion was 03:24 minutes. In total 247 subjects participated in this study. At the beginning of the experiment, participants were informed about the content of the survey to ensure that participants could make an informed choice to participate in the study (Roberts & Allen, 2015). The participants were told that they are going to see logos of different fictitious organizations and thereafter they have to answer a few questions regarding those organizations. In addition, the participants were told that their participation is voluntary, that they have the opportunity to leave the survey at any time, that their anonymity is guaranteed, and that the data only will be used for academic purposes (Farrimond, 2013; Roberts & Allen, 2015). To make sure that the participants agreed with their participation in this study, the participants were asked to confirm that they read the instructions and that they agree with their participation in the study. To ensure that the anonymity of the participants was guaranteed, no personal information was asked. In addition,

no information was requested that was not necessary for research purposes (Roberts & Allen, 2015).

After the introduction, participants were asked to answer an attention-check question to ensure that the participants answered the questions seriously (Koorneef, 2021). Participants who answered the question incorrectly were sent directly to the end of the survey. After the attention check, participants were shown logos and the company profiles of the three fictitious organizations. Each participant was shown the different logos of each organization (Koorneef, 2021). For example, a participant saw Roolf completely different, Brobers moderately different, and Wiskom same. The participant was never shown the same treatments. For example, the participant could not have seen Roolf, Brobers, and Wiskom moderately different. To ensure that the combinations were randomly assigned to the participants, Qualtrics was used since Qualtrics allows to randomly send participants to each logo-treatment combination (Schmidtke et al., 2022). Besides that participants were randomly assigned to a logo-treatment combination, the order in which the logos were presented was also randomly assigned to participants. After the participant had seen a logo, the participant was asked some questions regarding the organization. At the end of the survey, demographic information was asked. The age classifications were based on the generation's classification of Dimock (2019). The participant's demographic information was collected at the end of the survey to make sure participants had to answer simple questions, if they had possible survey fatigue, at the end of the survey (Bourque & Fielder, 2003). Survey fatigue could lead to poorer answers to questions (Sinickas, 2007). Asking the simple questions at the end ensured that participants answered the tough questions that are posed earlier more seriously (Sinickas, 2007). In addition, the participants were asked if they recognized one of the organizations at the end of the survey. This manipulation check confirmed that the participants had no associations with the organizations (Sands et al., 2022). The entire experiment can be found in Appendix D.

3.5. Dependent variable

In this study, purchase intention was measured as the dependent variable (Lee & Nowell, 2015). Purchase intention refers to the probability that a customer is willing to buy a product or service from a particular organization (Crosno et al., 2009). To ensure content validity, the dependent variable consisted of questions based on scales from existing literature (Rossiter, 2008). Each question had to be answered on a five-point Likert scale, ranging from 'strongly disagree' to 'strongly agree'. Three statements adapted from the research from Jung and

Seock (2016) and Lii and Lee (2012) were used to measure purchase intention. The three statements were as follows, (1) After seeing the logo, I will try products from this organization, (2) After seeing the logo, I will consider this organization the next time I need this product, (3) It is likely that I buy items from Roolf/Wiskom/Brobers.

3.6. Analysis technique

Before testing the hypotheses, the data were checked for missing items and the answers on the attention check and manipulation check. Thereafter hypothesis 1 was tested. In this study, the participants were presented with three logos that differ in their degree of distinctiveness. The three logo groups could be labeled as same, moderate, and different. To test H1, a repeated ANOVA analysis was used to test for statistically significant differences between these groups (Hair et al., 2019). A repeated ANOVA was used since the logos that each participant saw were related in terms of the conditions of same, moderate, and different (Hair et al., 2019). To test hypothesis 2, one-way ANOVA tests were done for each fictitious organization. Measuring the differences within each organization was important to determine the effect of identity claims. The data were analyzed in SPSS version 28. The output of the analysis was assessed based on the F-test and the p-value.

4. Results

In total 247 participants participated in this study. The results of 20 participants were excluded from this study since they failed the attention check or they claimed to recognize one of the organizations of the study. More men than women participated in this study (130 men, 95 women, 1 gender fluid). Most participants were 41 or younger (78,9%). The participants were randomly distributed across treatments. Table 1 provides descriptive statistics of this study.

Table 1*Descriptive Statistics of the Logos*

Construct	N	Mean	SD	Min	Max
Total					
Same	227	3.01	1.01	1.00	5.00
Moderate	227	3.44	.75	1.00	5.00
Different	227	3.33	.92	1.00	5.00
Per organization					
Roolf same	76	3.05	.99	1.00	5.00
Roolf moderate	72	3.47	.88	1.67	5.00
Roolf different	79	3.24	.97	1.00	5.00
Wiskom same	78	3.44	.96	1.00	5.00
Wiskom moderate	78	2.99	.90	1.00	5.00
Wiskom different	71	3.33	.97	1.33	5.00
Brobers same	73	2.97	1.01	1.00	5.00
Brobers moderate	77	3.41	.87	1.00	5.00
Brobers different	77	3.46	.84	1.00	5.00

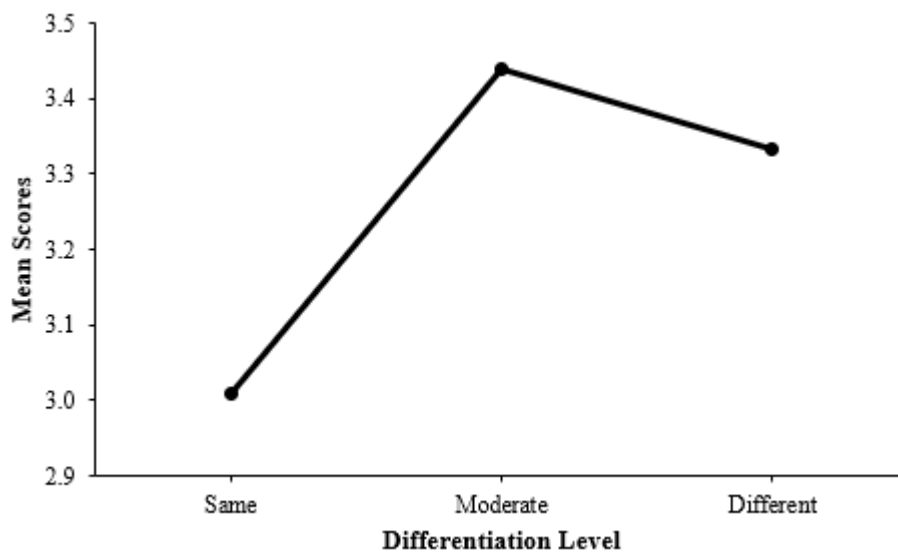
4.1. Main effect

A one-way repeated measures ANOVA is conducted to test hypothesis 1, which states that the relationship between distinctiveness and performance is inverted U-shaped in hybrid organizations. The results can be seen in Table 2. The repeated measures ANOVA shows a significant main effect of differentiation on performance (Wilks' lambda = .84, $F(2, 225) = 21.212$, $p < .001$, $\eta^2 = .16$). The pairwise comparisons show that participants rate on average .430 higher on purchase intention after seeing logo moderate than after seeing logo same ($p = < .001$, 95% C.I. = [-.596;-.265]). In addition, participants also rate on average .322 higher on purchase intention after seeing logo different than after seeing logo same ($p = < .001$, 95% C.I. = [-.518;-.125]). There is no statistically significant difference in mean scores between moderate and different ($p = .083$, 95% C.I. = [-.010;.227]). Since both moderate and different show a statistically significant difference with same and the mean scores between moderate and different are not statistically significant, the findings do not support hypothesis 1. The visual representation of the results can be found in Figure 2.

Table 2*Repeated Measures ANOVA Results*

					F	21.212
					Sig	<.001
Differentiation level (I)	Differentiation level (J)	Mean difference (I-J)	Std. Error	P-value	95% CI	
Same	Moderate	-.430*	.069	<.001	[-.596;-.265]	
	Different	-.322*	.081	<.001	[-.518;-.125]	
Moderate	Same	.430*	.069	<.001	[.265;.596]	
	Different	.109	.049	.083	[-.010;.227]	
Different	Same	.322*	.081	<.001	[.125;.518]	
	Moderate	-.109	.049	.083	[-.227;.010]	

Note: * The mean difference is significant at the .05 level. b. Adjustment for multiple comparisons: Bonferroni.

Figure 2*Visual Representation Main Effect*

4.2. Moderator

In hypothesis 2 it is argued that the use of an identity claim will shift the curve's turning point to the right. Since Roolf has no identity claim, it is to be expected that the curve's turning point does not shift to the right. For Brobers, with an identity claim that emphasizes the social objective, it is to be expected that the curve's turning point does shift to the right. However, it is to be expected that the largest shift can be found at Wiskom since the logos of Wiskom consists of an identity claim that emphasized both social and commercial objectives. To test hypothesis 2, three one-way ANOVA tests are conducted. As can be seen in Table 3, the one-

way ANOVA of Roolf shows a statistically significant difference in purchase intention between at least two groups of Roolf ($F(2,24) = 3.547, p = .030$). A pairwise comparison shows that participants rate on average .415 higher on purchase intention after seeing logo moderate than after seeing logo same ($p = .021, 95\% \text{ C.I.} = [-.778, -.052]$). There is no statistically significant difference in mean scores between same and different ($p = .443$) and moderate and different ($p = .302$). Additionally, the one-way ANOVA of Brobers shows a statistically significant difference in purchase intention between at least two groups of Brobers ($F(2,24) = 6.478, p = .002$) (see Table 4). A pairwise comparison shows an average increase of .434 in purchase intention when participants saw a logo moderate in comparison with logo same ($p = .016, 95\% \text{ C.I.} = [-.801, -.068]$) and a significant increase of .491 in purchase intention when participants saw a logo different in comparison with logo same ($p = .005, 95\% \text{ C.I.} = [-.852, -.130]$). There is no statistically significant difference in mean scores between moderate and different ($p = .912$). Lastly, the one-way ANOVA of Wiskom shows no statistically significant difference in the mean scores of at least two groups ($F(2,24) = 1.738, p = .136$). Since the mean scores of Wiskom show no significant effect, hypothesis 2 is rejected. The visual representation of the one-way ANOVA results can be found in Figure 3.

Table 3

One-way ANOVA Results – Roolf

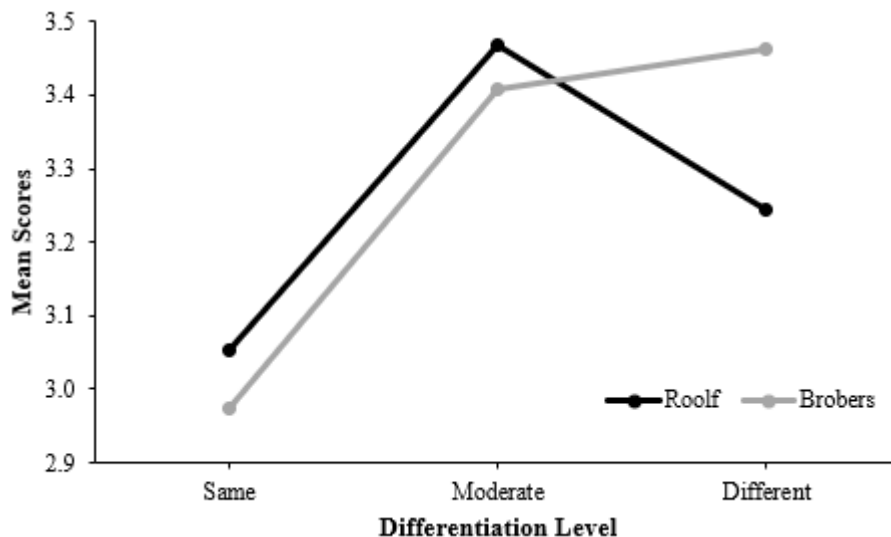
						F 3.547
						Sig .030
Differentiation level (I)	Differentiation level (J)	Mean difference (I-J)	Std. Error	P-value	95% CI	
Same	Moderate	-.415*	.153	.021	[-.778;-.052]	
	Different	-.192	.157	.443	[-.565;.181]	
Moderate	Same	.415*	.153	.021	[.052;.778]	
	Different	.223	.150	.302	[-.133;.579]	
Different	Same	.192	.157	.443	[-.181;.565]	
	Moderate	-.223	.150	.302	[-.579;.133]	

Note: * The mean difference is significant at the .05 level. Post Hoc test: Games-Howell.

Table 4*One-way ANOVA Results - Brobers*

					F	6.478
					Sig	.002
Differentiation level (I)	Differentiation level (J)	Mean difference (I-J)	Std. Error	P-value	95% CI	
Same	Moderate	-.434*	.155	.016	[-.801;-.068]	
	Different	-.491*	.152	.005	[-.852;-.130]	
Moderate	Same	.434*	.155	.016	[.068;.801]	
	Different	-.056	.138	.912	[-.382;.270]	
Different	Same	.491*	.152	.005	[.130;.852]	
	Moderate	.056	.138	.912	[-.270;.382]	

Note: * The mean difference is significant at the .05 level. Post Hoc test: Games-Howell.

Figure 3*Visual Representation Moderator*

4.3. Robustness checks

To check the robustness of the findings of the main effect, several robustness checks are conducted. First, it is checked whether the results hold when the responses to one of the organizations are excluded. When the responses on Roolf are excluded, the analysis shows the same significant main effect and pairwise comparison results as presented earlier. (Wilks' lambda = .91, $F(2, 150) = 7.702$, $p < .001$, $\eta^2 = .09$) (see Table 5). However, participants rate now on average logo different higher than logo moderate, which differs from previous results when logo moderate was rated higher. When the responses on Wiskom are not taken into account, the analysis shows again the same significant main effect and pairwise comparison

results (Wilks' lambda= .88, $F(2, 152) = 9.951, p < .001, \eta^2 = .12$). The rating of the logos is the same as presented earlier (see Table 6). When the responses on Brobers are excluded, the analysis does also show an overall significant main effect (Wilks' lambda = .94, $F(2, 152) = 5.309, p = .006, \eta^2 = .07$) and a statistically significant difference in mean scores between same and moderate ($p = .004, 95\% \text{ C.I.} = [-.561; -.081]$) (see Table 7). However, in contrast with earlier results, the robustness check excluding Brobers does not show a statistically significant difference in mean scores between same and different ($p = .101, 95\% \text{ C.I.} = [-.503; .031]$). Second, it is checked to what extent education level affects the findings. After excluding the low-educated participants, the analysis shows the same main effect and pairwise comparison results as presented earlier (Wilks' lambda= .82, $F(2, 168) = 18.652, p < .001, \eta^2 = .18$). Additionally, the rating of the logos is the same as presented earlier (see Table 8). In contrast, after excluding the high-educated participants, the main effect is no longer significant (Wilks' lambda= .91, $F(2, 53) = 2.7721, p = .072$). Taken together, the findings are robust when Wiskom is excluded but not completely robust when Roof and Brobers are excluded. In addition, the findings are robust when low-educated participants are excluded but not when high-educated participants are excluded. The visual representation of the robustness checks can be found in Figure 4 and Figure 5.

Table 5

Results Robustness Check, Roof Excluded

Number of obs.		170			F 7.702
					Sig <.001
Differentiation level (I)	Differentiation level (J)	Mean difference (I-J)	Std. Error	P-value	95% CI
Same	Moderate	-.340*	.106	.005	[-.597;-.083]
	Different	-.391*	.106	<.001	[-.648;-.134]
Moderate	Same	.340*	.106	.005	[.083;.597]
	Different	-.051	.100	1.000	[-.292;.191]
Different	Same	.391*	.106	<.001	[.134;.648]
	Moderate	.051	.100	1.000	[-.191;.292]

Note: * The mean difference is significant at the .05 level. b. Adjustment for multiple comparisons: Bonferroni. Imputation Method: Mean Substitution.

Table 6*Results Robustness Check, Wiskom Excluded*

Number of obs.	154				F 9.951
					Sig <.001
Differentiation level (I)	Differentiation level (J)	Mean difference (I-J)	Std. Error	P-value	95% CI
Same	Moderate	-.438*	.102	<.001	[-.684;-.192]
	Different	-.344*	.106	.004	[-.600;-.087]
Moderate	Same	.438*	.102	<.001	[.192;.684]
	Different	.094	.102	1.000	[-.154;.342]
Different	Same	.344*	.106	.004	[.087;.600]
	Moderate	-.094	.102	1.000	[-.342;.154]

Note: * The mean difference is significant at the .05 level. b. Adjustment for multiple comparisons: Bonferroni. Imputation Method: Mean Substitution.

Table 7*Results Robustness Check, Brobers Excluded*

Number of obs.	154				F 5.309
					Sig .006
Differentiation level (I)	Differentiation level (J)	Mean difference (I-J)	Std. Error	P-value	95% CI
Same	Moderate	-.321*	.099	.004	[-.561;-.081]
	Different	-.236	.110	.101	[-.503;.031]
Moderate	Same	.321*	.099	.004	[.081;.561]
	Different	.084	.101	1.000	[-.159;.328]
Different	Same	.236	.110	.101	[-.031;.503]
	Moderate	-.084	.101	1.000	[-.328;.159]

Note: * The mean difference is significant at the .05 level. b. Adjustment for multiple comparisons: Bonferroni. Imputation Method: Mean Substitution.

Table 8

Results Robustness Check, Low-educated Excluded

Number of obs.		170			F 18.652
					Sig <.001
Differentiation level (I)	Differentiation level (J)	Mean difference (I-J)	Std. Error	P-value	95% CI
Same	Moderate	-.478*	.082	<.001	[-.677;-.280]
	Different	-.351*	.097	.001	[-.586;-.116]
Moderate	Same	.478*	.082	<.001	[.280;.677]
	Different	.127	.057	.080	[-.010;.265]
Different	Same	.351*	.097	.001	[.116;.586]
	Moderate	-.127	.057	.080	[-.265;.010]

Note: * The mean difference is significant at the .05 level. b. Adjustment for multiple comparisons: Bonferroni. Imputation Method: Mean Substitution.

Figure 4

Visual Representation Robustness Checks, Organizations Excluded

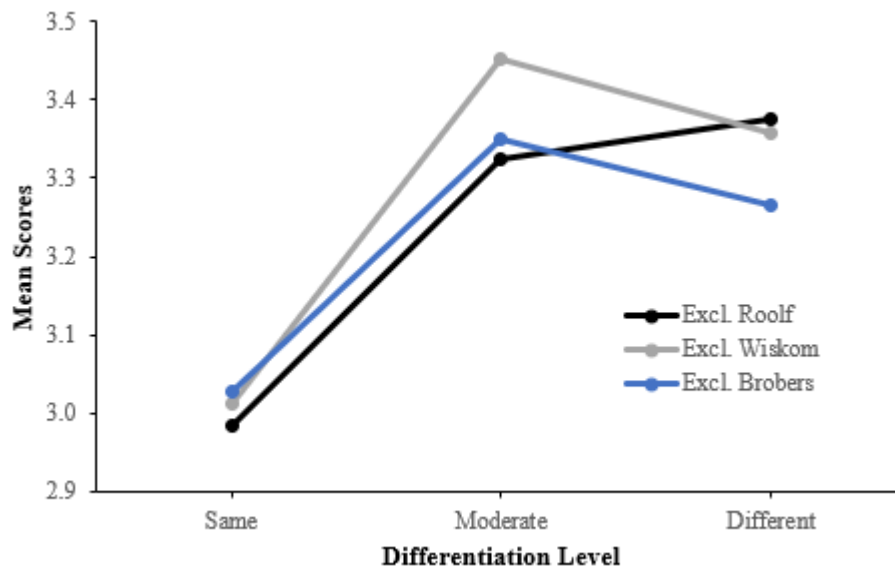
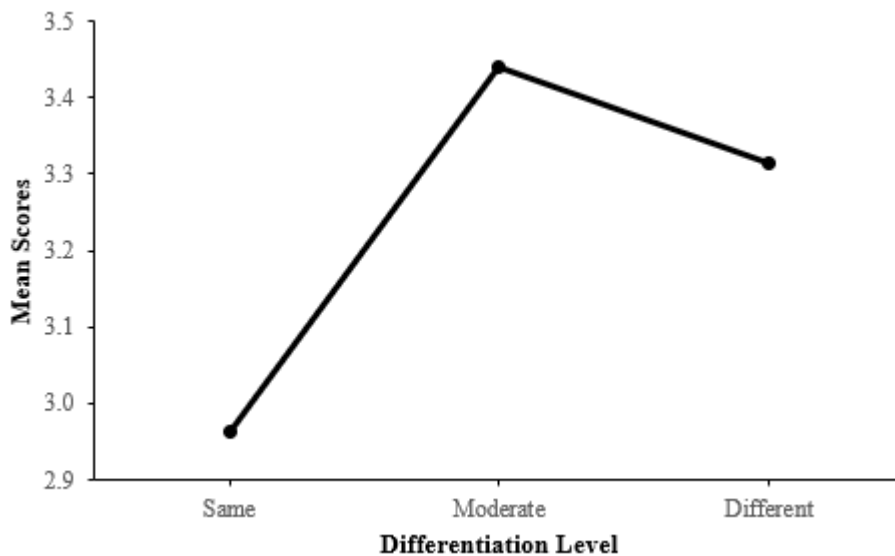


Figure 5

Visual Representation Robustness Check, Low-Educated Excluded



5. Discussion and conclusion

One key question within the management literature is whether organizations need to conform to or be different from their organizational peers (Durand & Calori, 2006). Some studies find that moderately different positions lead to higher performance while other scholars show that completely the same or completely different yields higher performance (Durand & Haans, 2022). This study contributes to this research stream by studying the effect of distinctiveness on the performance of hybrid organizations. The results of the study show that any level of differentiation positively affects performance. However, moderately different identities lead to higher performance than completely different identities. In addition, the mean scores between moderate and different identities are not statistically significant. So, in contrast with hypothesis 1, the effect of distinctiveness on the performance of hybrid organizations does not follow an inverted U-shape. The lack of support for hypothesis 1 can be caused by the subject pool. Out of the 227 participants, 170 participants have obtained a degree in higher professional education or university education. They are therefore seen as highly educated (Holt, 1998). Building upon the literature that highly educated individuals understand and tolerate distinct offerings while individuals with less education prefer familiar offerings (Holt, 1998), Chae (2021) found in her study that organizations that are located in more educated communities are more likely to engage in atypicality-enhancing spanning. It can be stated that hybrid organizations engage in atypicality-enhancing spanning since they combine elements

of two categories to create hybridized offerings (Chae, 2021). Building upon the study of Chae (2021), it is plausible to expect that education causes that being completely different from organizational peers is associated with higher performance. The robustness checks support this claim. When low-educated people are excluded from the analysis, the results remain the same. Additionally, when high-educated people are excluded from the analysis, there is no longer a statistical main effect. However, the lack of power can be the reason that the effect becomes non-statistical (Hair et al., 2019). So, future research should study the effect of education on the relationship between distinctiveness and performance to be sure that high-educated people affect the results of this study.

This study does also not find support for hypothesis 2, which state that the curve's turning point will shift to the right the more an identity claim describes what an organization stands for. If an organization has no identity claim, moderately different identities lead to the highest performance. If an organization has an identity claim that emphasizes one objective, completely different identities lead to the highest performance. However, if an organization has an identity claim that emphasizes two objectives, no statistical effect can be found. That at the one-objective identity claim completely different identities lead to the highest performance while the two-objective identity claim does not show a significant effect, can be caused by the type of identity claim used in this study. The one-objective identity claim mentioned the social contribution of the organization. Therefore, the identity claim only emphasized the moral legitimacy of the organization (Alexiou & Wiggins, 2019), which refers to the extent an organization contributes to societal welfare (Alexiou & Wiggins, 2019). Moral legitimacy can provide an important source of legitimacy for hybrid organizations since it leads to a positive normative evaluation of the organization and its activities by the organization's audience (Suchman, 1995). Therefore, it is plausible to expect that moral legitimacy provides an additional source of legitimacy that enlarges the hybrid organization's range of acceptability and therefore ensures that completely different identities lead to the highest performance (Taeuscher & Rothe, 2020). So, that completely different identities lead to the highest performance when a one-objective identity claim is used can be caused by moral legitimacy instead of the identity claim itself. In addition, in this study, it was to be expected that identity claims solve the cognitive legitimacy problem hybrid organizations face (Fisher et al., 2015). However, this does not appear to be the case when the two-objective identity claim is used. An explanation can be that hybrid organizations are not institutionalized (Huybrechts & Haugh, 2018). As a result, participants may not have been able to make sense of the two-objective identity claim. Taken together, to be sure that

completely different identities lead to the highest performance when a one-objective identity claim is used and not when a two-objective identity claim is used, further research should study the effect of one-objective identity claims that do not touch the moral legitimacy of an organization.

5.1. Theoretical contributions

The findings of this study contribute to the optimal distinctiveness literature and the literature on organizational identity (Felix, 2020; Zhao et al., 2017). First, this study extends optimal distinctiveness research by examining optimal distinctiveness in organizations with hybrid identities. Recent research has shown that optimal distinct positioning differs across contexts (e.g. Zhang et al., 2020). For example, Zhao et al. (2018) reveal in their study that conformity to an existing market category will increase sales in the early stage of a proto-category evolution in the game industry, while as the category is evolved the relationship between differentiation and sales is an inverted U-shaped curve. This study contributes to earlier studies that theorize about the contexts under which distinctiveness will be beneficial by showing that any level of differentiation positively affects the performance of hybrid organizations, where moderately different identities lead to higher performance than completely different identities. Additionally, previous studies theorize that either an inverted U-shaped curve or a U-shaped curve exists between distinctiveness and performance (Durand & Haans, 2022). In addition to these earlier studies, this study shows that both moderately different and completely different identities can lead to higher performance and that conformity and differentiation do not have to lead to the same performance outcomes. Taken together, this study answers recent calls for a more comprehensive theory of optimal distinctiveness (Zhao et al., 2017).

Second, the majority of the research on optimal distinctiveness has focused on the distinctiveness-performance relationship at the organizational level. For example, Jennings et al. (2009) have studied optimal distinctiveness in innovation activities and Tauscher et al. (2021) conducted a study on optimal distinctiveness in organizational narratives. This study extends these studies by highlighting organizational identity as another important boundary condition to attain optimal distinctiveness. So, this study contributes to the field of research that theorizes the conditions under which distinctiveness will be valuable for organizations (Haans, 2019).

Third, this study gives a better understanding of the role of heterogeneous audiences in an organization's optimal positioning strategy and so it answers recent calls by scholars to

examine the role of heterogeneous audiences (Durand & Haans, 2022; Fisher, 2020). Hybrid organizations are characterized by a multiplicity of audiences (Majzoubi & Zhao, 2023), which use different categorization schemas, lenses, and reference groups when they evaluate the hybrid organization (Falchetti et al., 2022). As a result, the audiences have different views on the conformity and differentiation of the organization (Zhao et al., 2017). In other words, audiences have different expectations of what the organization should look like (Fisher, 2020). To deal with the multiplicity of expectations, this study shows that a moderately different identity yields the highest performance when organizations have to deal with a heterogeneous audience.

Fourth, this study extends the organizational identity literature by examining how external stakeholders experience the paradoxical organizational identity of an organization (Felix, 2020). In the earlier work on organizational identity, scholars use the definition of Albert and Whetten (1985) who describe an organizational identity as what is central, distinctive, and enduring about an organization. However, this stable view of organizations has been challenged in recent years (Felix, 2020). For example, some scholars propose that organizations operate as open systems, which makes them vulnerable to external environmental changes (Kreiner et al., 2015). These changes challenge the centrality, endurance, and distinctiveness of organizational identity (Felix, 2020). This study contributes to the debate about the centrality, endurance, and distinctiveness characteristics of organizational identity by studying how external stakeholders experience the distinctive aspect. Zooming in on the distinctive aspect, the core argument is that the organizational identity consists of the unique characteristics of the organization (Albert & Whetten, 1985). However, this study shows that organizations should also conform to some degree to their organizational peers to achieve the highest performance outcomes. In other words, the organizational identity should not only be unique but also conform to organizational peers. So, this study questions the distinctive characteristic of an organization's identity by showing that also conformity to organizational peers is important for organizations.

5.2. Practical implications

In addition to its theoretical contributions, this research has important managerial implications for hybrid organizations. First, this study shows that hybrid organizations should strive for identities that are moderately different from organizational peers to achieve the highest performance outcomes. In other words, it is recommended for hybrid organizations to be different enough to serve untapped niches but not too different so that audiences do not

understand the organization. In practice, hybrid organizations are often managed by separating the two objectives into different divisions or by blending the two objectives in each division (Zhao & Glynn, 2022). When the two objectives are held separately in different divisions, different approaches to moderately different identities exist (Zhao & Glynn, 2022). For example, a medical school could conform its care division to its organizational peers but make its science division different from its peers (Dunn & Jones, 2010). In addition, when the two objectives are blended in each division, the whole organization must be moderately different from its peers (Zhao & Glynn, 2022). For example, the human resource department and general management must be moderately different from organizational peers.

Second, it is also valuable for hybrid organizations to strive for completely different identities, which means that hybrid organizations do not have to conform to organizational peers. It does not matter if the two objectives are managed separately or together in the divisions, the whole organization must be different from its organizational peers (Zhao & Glynn, 2022). Additionally, it is recommended for hybrid organizations to use a one-objective identity claim when it strives for completely different identities since the results of this study show that being completely different is valuable when a one-objective identity claim is used.

Taken together, it is most valuable if hybrid organizations strive for moderately different identities, followed by completely different identities. However, managers should implement the results of this study with some caution since differences in mean scores between moderate (3.44) and different (3.33) identities compared to same identities are not that high. Additionally, the same identities also lead to higher performance (3.01), albeit lower than moderate and different identities. So managers should not blindly follow to be moderately different from organizational peers.

5.3. Limitations and future research

Despite its theoretical contributions and practical implications, this study has some limitations. First, in this study, it is assumed that all hybrid organizations want to adopt identities that improve their performance outcomes. However, some organizations focus on other goals rather than the maximization of their performance outcomes (Durand & Haans, 2022). For example, some organizations want to go after distinctive identities even if conformity leads to higher performance since these organizations want to emphasize their creative voice (Jones et al., 2005). Additionally, some organizations are unable to adopt identities that improve their performance outcomes (Durand & Haans, 2022). For example, some organizations do not know the positions of other organizations in the same market

category which limits them to position their organization in the market (Durand & Haans, 2022). Building upon this insight, future research could study the factors that shape the motivation and ability of hybrid organizations to strive for identities that maximize their performance outcomes (Majzoubi & Zhao, 2023). This understanding will help clarify for which types of hybrid organizations the theory of optimal distinctiveness has prescriptive value (Durand & Haans, 2022).

Second, the generalizability of the findings is a reason to worry. The results of this study hold for social enterprises in the Netherlands. Although the sample of social enterprises was wide – including social enterprises from different impact categories – social enterprises are nevertheless one type of hybrid organization. Despite the mechanisms proposed in this paper are believed to have broad applicability across different hybrid organizations, it remains a question to what extent the results of this study are generalizable to other types of hybrid organizations that want to maximize their performance outcomes. So, it would be interesting to replicate this study in other types of hybrid organizations, like microfinance organizations (Battilana & Dorado, 2010). In addition, although this study takes into account the heterogeneity of audiences, this study is limited to customers. Since prior research has shown that audiences evaluate an organization differently (Durand & Paoletta, 2013), it is plausible to expect that the optimal identity for hybrid organizations differs when other audiences evaluate the organization. So, future research could study the effect of distinctiveness on the performance of hybrid organizations while taking into account different audiences.

Third, in this study, identity claims are measured as a source of legitimacy that might change the curve's turning point to the right. However, also other moderators might have an effect on the curve's turning point of hybrid organizations, like income. Customers with a high income are more likely to explore offerings that deviate from the norm because the relative costs of trying a distinctive offering are small for customers with a high income (Chae, 2021). Therefore, it is to be expected that the curve's turning point of hybrid organizations shifts to the right if customers have a high income. Taken together, future research should study other moderators to explore how organizations can mitigate their pressure to conformity.

Last, the method has its limitations. Although an online experiment allows a causal relationship to be measured and ensured that a random sample could participate in this study (Kerlinger, 2000; Reips, 2000), an online experiment has its control issues (Reips, 2000). For example, participants are more likely to give socially desirable answers when they get monetary compensation, participants can talk with each other about the purpose of the study,

and participants can select themselves for a study (Aguinis et al., 2021). The control issues can threaten internal and external validity (Aguinis et al., 2021). In addition, this study focuses on different levels of distinctiveness in logos. Since organizations use logos to communicate their organizational identity to outsiders (Balmer, 1995), the organization logo was suitable to measure the effect of distinctiveness on the performance of hybrid organizations. However, the logo is just one source in which the effect of differentiation on performance can be measured (Alessandri et al., 2006). Future research could study the effect of different sources of distinctiveness on the organizational performance of hybrid organizations to determine if the results of this study hold on in other contexts (Haans, 2019).

In conclusion, this study contributes to earlier studies that theorize about the contexts under which distinctiveness will be beneficial by studying the effect of distinctiveness on the performance of hybrid organizations. The results show that both moderately different identities and completely different identities lead to higher performance outcomes for hybrid organizations. In addition, only if an organization has an identity claim that emphasizes one objective, completely different identities lead to higher performance. However, several factors could have influenced the results, like education and moral legitimacy. Taken together, the results of this study provide a first insight into the effect of distinctiveness on the performance of hybrid organizations. However, further research needs to be done before scholars and managers can use the results.

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Appendix A: Questions and answer options coding logos

Question	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7	Option 8	Option 9	Option 10	Option 11	Option 12	Option 13
Q1: What is your general impression of the visual?	Funny	Cute	Professional	Serious	Original	Boring	Amateurish	Other					
Q2: Do you see references to natural environment?	Mountain	River	Fields	Sea	Other	No reference							
Q3: Is there a reference to a social purpose in the visual?	Yes, namely...	No											
Q4: Are people or body parts in the visual?	Royal	Church	Laborer	Performer	Hand	Eye	Foot	Head	Other	No people/ no body part			
Q5: Any signs of profession in the visual?	Justice	Medicine	Business	Engineering	Information Technology	Natural sciences	Humanities	Many disciplines	Other	No profession			
Q6: Is there a mention of the organization's position in the organizational field?	Original	First	Unique	One and only	Best	Pioneer	Other	No mention					

Q7: Any reference to flora?	Leaf decoration	Single leaf	Flower	Tree	Wheat/corn	Other	No flora reference
Q8: Is there a reference to a season?	Winter	Spring	Summer	Autumn	No reference to season		
Q9: Is it stated in the visual what the organization's main activities are?	Yes, namely...	No					
Q10: Is the organization's name represented in the visual?	Entire name is visualized	Part of the name is visualized	Parody on the name is visualized	No name			
Q11: Is there a geographical reference in the visual?	Globe	Continent contour	Landscape	Building	Other	No geographical element	
Q12: Are any sustainable elements visible?	Yes, namely...	No					
Q13: Do typical award-elements occur?	Ribbon	Crest	Garland	Bow	Laurel wreath	Trophy	No award-like elements

Q14: Are royal references in the visual?	Royalty	Lion	Sword	Shield	Lance	Crown	No royal references						
Q15: Does the visual contain a traditional form?	Seal	Shield	Flag	Other	Non-traditional								
Q16: Is there a written reference to a geographical location in the visual, such as a city name?	Yes	No	Unclear	Unreadable									
Q17: Is there a reference to time included in the visual?	Since	Est.	Established	Founded	Generations	Future	Present	Past	Only a year	Sinds	Gesticht	Other	No reference
Q18: Is a light-emitting element visible?	Flame	Sun	Star	Candle	Lamp	Beacon	Other	No light-emitting element					
Q19: What kind of visual is this?	Traditional	Futuristic	Modern	Old-fashioned	Present-day	Classic	Hipster						
Q12: What color scheme is used in the visual?	Pastel colors	Bright colors	Dark colors	Earth tones	Mainly white	Warm colors	Cool colors	Black-white					

Q21: Do you recognize an inner form?	Circle	Triangle	Square	Rectangle	Shield	Star	Heart	House	No inner boundary			
Q22: What is the outer form of the logo?	Circle	Triangle	Square	Rectangle	Shield	Star	Heart	House	No outer boundary			
Q23: How does the background look like?	White	Full color	Pattern	Photo	Gradient							
Q24: Is the organization's name included in the visual or in the text?	Full name - no acronym	Full name + acronym	Acronym	Name + translation	Name + translation + acronym	No name						
Q25: Which fonts are used?	Serif	Sans serif	Serif and sans serif	Handwritten - old style	Handwritten - modern style	Anthroposophical font	Minimal font	Modern font	Playful font	Unclear	Unreadable	No fonts are used
Q26: How are visual and text combined?	Visual left - Text right	Visual above - Text below	Text fully embedded in visual	Text surrounding visual	Text left - Visual right	Visual below text	Only visual - No text	No visual - Just text				
Q27: How is color handled?	Black-White	One color	Two colors	Multi-color separated	Multi-color with mixtures							

Q28: Does the logo contain a claim?	Motto in Dutch	Motto in English	Motto in other language	No motto								
Q29: Which letter case is used?	Lowercase	Uppercase	Combination of lowercase and uppercase	Unclear	Unreadable	No letter case is used						
Q30: What colors are used in the visual?	Yellow	Orange	Red	Purple	Blue	Green	Pink	Brown	Black	White	Other	
Q31: What colors are used in the text?	Yellow	Orange	Red	Purple	Blue	Green	Pink	Brown	Black	White	Other	

Appendix B: Results analysis logos

Question	%	Question	%
Q1		Q17	
Funny	3.30%	Since	0.33%
Cute	21.12%	Est.	1.98%
Professional	33.00%	Established	0.00%
Serious	7.92%	Founded	0.00%
Original	11.22%	Generation(s)	0.00%
Boring	14.85%	Future	0.33%
Amateurish	2.97%	Present	0.00%
Other	4.95%	Past	0.00%
		Only a year	0.00%
		Sinds	0.66%
		Gesticht	0.00%
		Other	0.00%
		No reference	96.70%
Q2		Q18	
Mountain	0.99%	Flame	0.00%
River	0.99%	Sun	1.98%
Fields	1.32%	Star	1.32%
Sea	0.33%	Candle	0.00%
Other	2.64%	Lamp	0.00%
No reference	94.72%	Beacon	0.00%
		Other	0.33%
		No light-emitting element	96.37%
Q3		Q19	
Yes	18.15%	Traditional	15.51%
No	80.20%	Futuristic	5.61%
		Modern	22.11%
		Old-fashioned	6.60%
		Present-day	21.45%
		Classic	18.15%
		Hipster	10.56%
Q4		Q20	
Royal	0.00%	Pastel colors	7.59%
Church	0.00%	Bright colors	17.16%
Laborer	0.00%	Dark colors	5.61%
Performer	0.00%	Earth tones	12.54%
No people/no body part	89,11%	Mainly white	0.00%
Hand	3.96%	Warm colors	7.92%
Eye	0.33%	Cool colors	14.52%
Foot	0.00%	Black-white	32.01%
Other	4.95%		
Q5		Q21	
Justice	0.00%	Inner boundary	30.69%
Medicine	4.62%	Circle	15.51%
Business	11.22%	Triangle	1.32%
Engineering	0.66%	Square	1.32%
Information Technology	1.32%	Rectangle	4.29%
Natural sciences	0.33%	Shield	1.98%
Humanities	1.98%	Star	1.32%
Many disciplines	0.00%	House	0.99%
Other	25.08%	Heart	3.96%

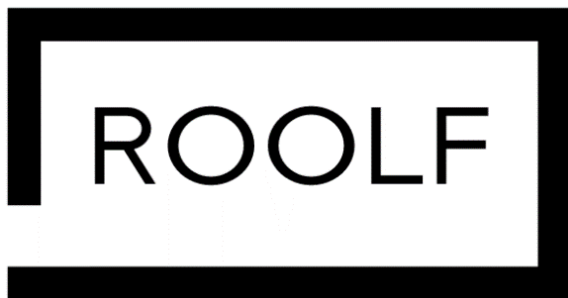
No profession	54.79%	No inner boundary	69.31%
Q6		Q22	
Original	0.00%	Outer boundary	56.44%
First	0.00%	Circle	5.94%
Unique	0.99%	Triangle	0.00%
One and only	0.33%	Square	11.22%
Best	0.00%	Rectangle	36.96%
Pioneer	0.00%	Shield	0.00%
Other	0.99%	Star	0.33%
No mention	96.70%	House	1.98%
		Heart	0.00%
		No outer boundary	42.90%
Q7		Q23	
Leaf decoration	1.65%	White	71.29%
Single leaf	1.32%	Full color	15.84%
Flower	1.65%	Pattern	0.33%
Tree	0.00%	Photo	0.00%
Wheat/corn	1.65%	Gradient	7.92%
Other	0.99%		
No reference	92.41%		
Q8		Q24	
Winter	0.00%	Full name – no acronym	85.81%
Spring	0.33%	Full name + acronym	4.95%
Summer	1.32%	Acronym	3.63%
Autumn	0.33%	Name + translation	1.32%
No reference	98.02%	Name + translation + acronym	0.00%
		No name	3.30%
Q9		Q25	
Yes	41.58%	Serif	17.16%
No	58.42%	Sans serif	63.70%
		Handwritten – old style	3.30%
		Handwritten – modern style	4.62%
		Anthroposophical font	1.65%
		Minimal font	1.98%
		Modern font	9.24%
		Playful font	6.93%
		Unclear	1.32%
		Unreadable	0.00%
		No fonts are used	2.64%
Q10		Q26	
Entire name		Visual	57.43%
Part of the name	92.41%	Visual left – text right	14.52%
Parody on the name	1.32%	Visual above – text below	8.58%
No name	0.00%	Text fully embedded in visual	16.83%
	6.27%	Text surrounding visual	8.25%
		Text left – visual right	7.26%
		Visual below text	1.98%
		Only visual – no text	2.97%
		No visual – just text	37.62%
Q11		Q27	
Globe	0.99%	Black-white	31.35%
Continent contour	0.00%	One color	10.89%
Landscape	0.99%	Two colors	29.04%
Building	1.65%	Multiple-color separated	22.44%
Other	0.33%	Multi-color with mixtures	3.63%

No geographical element	95.71%		
Q12		Q28	
Yes		Motto in Dutch	5.94%
No	6.60%	Motto in English	8.91%
	92.41%	Motto in other language	0.00%
		No motto	80.86%
Q13		Q29	
Ribbon	0.66%	Lowercase	24.09%
Crest	0.00%	Uppercase	42.57%
Garland	0.33%	Combination of lowercase and uppercase	27.06%
Bow	0.00%	Unclear	3.30%
Laurel wreath	0.66%	Unreadable	0.00%
Trophy	0.00%	No letter case is used	2.97%
Other	0.00%		
No award-like elements	98.02%		
Q14		Q30	
Royalty	0.33%	Yellow	4.62%
Lion	0.99%	Orange	8.91%
Sword	0.00%	Red	9.90%
Shield	1.98%	Purple	6.93%
Lance	0.00%	Blue	16.50%
Crown	0.99%	Green	21.78%
No references	96.70%	Pink	2.64%
		Brown	2.64%
		Black	18.48%
		White	35.97%
		Other	
		None	22.11%
		Grey	3.63%
		Gold	0.66%
Q15		Q31	
Seal	0.99%	Yellow	3.96%
Shield	1.98%	Orange	10.89%
Flag	0.33%	Red	8.25%
Other	0,33%	Purple	5.94%
No traditional elements	96.37%	Blue	16.17%
		Green	13.86%
		Pink	2.97%
		Brown	8.25%
		Black	39.27%
		White	21.45%
		Other	0.00%
		None	2.97%
		Grey	3.30%
Q16			
Yes	3.30%		
No	94.06%		
Unclear	0.66%		
Unreadable	0.99%		

Appendix C: Treatments

Logo 1 Roolf	Logo 2 Roolf Different on three elements	Logo 3 Roolf Different on ten elements
Sans serif font	Pink text in the name	Pink text in the name
Rectangle outer boundary	Flower as a reference to flora	Flower as a reference to flora
Black-white color scheme	Reference to time	Reference to time
Entire name		Handwriting – old style font
Full name – no acronym		Square outer boundary
White background		Pastel color scheme
Uppercase letters		Full-color background
Black text		Combination of uppercase and lowercase letters
No additional elements		Leaves as a reference to flora
Professional		Diamond inner boundary
No sign of profession		
No reference to main activities		
No inner boundary		
No motto		
Text fully embedded in visual		

Treatment 1



Treatment 2



Treatment 3



Logo 1 Wiskom	Logo 2 Wiskom Different on three elements	Logo 3 Wiskom Different on ten elements
Sans serif font	Royal reference	Royal reference
Rectangle outer boundary	Reference to position	Reference to position
Black-white color scheme	Reference to social purpose	Reference to social purpose
Entire name		Anthroposophical font
Full name – no acronym		Square outer boundary
White background		Gold color in visual
Uppercase letters		Sustainable element
Black text		Full-color background
No additional elements		Award-like element
Professional		Shield inner boundary
No sign of profession		
No reference to main activities		
No inner boundary		
No motto		
Text fully embedded in visual		

Treatment 1



Treatment 2



Treatment 3



Logo 1 Brobers	Logo 2 Brobers Different on three elements	Logo 3 Brobers Different on ten elements
<p>Sans serif font</p> <p>Rectangle outer boundary</p> <p>Black-white color scheme</p> <p>Entire name</p> <p>Full name – no acronym</p> <p>White background</p> <p>Uppercase letters</p> <p>Black text</p> <p>No additional elements</p> <p>Professional</p> <p>No sign of profession</p> <p>No reference to main activities</p> <p>No inner boundary</p> <p>No motto</p> <p>Text fully embedded in visual</p>	<p>Grey text in name</p> <p>Sustainable element</p> <p>Reference to geographical location</p>	<p>Grey text in name</p> <p>Sustainable element</p> <p>Reference to geographical location</p> <p>Modern font</p> <p>Triangle outer boundary</p> <p>Full-color background</p> <p>Combination of lowercase and uppercase letters</p> <p>Motto in other language</p> <p>Geographical element</p> <p>Triangle inner boundary</p>

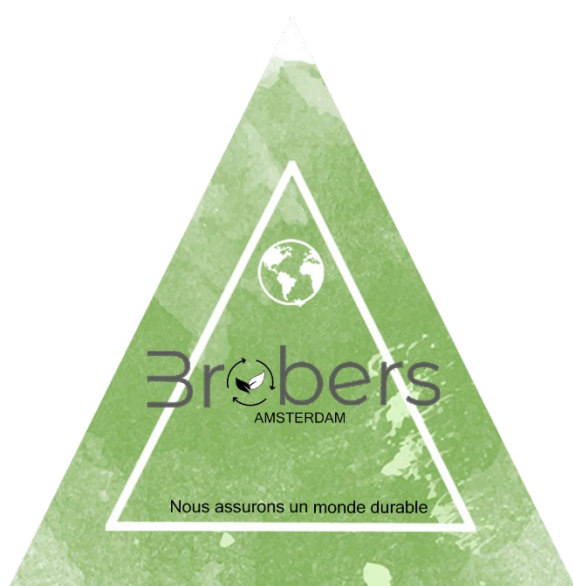
Treatment 1



Treatment 2



Treatment 3



Appendix D: Outline of experiment

Q1 Dear participant,

First of all, I would like to thank you for participating in this study. My name is [XX]. I am currently studying for my master's degree in Strategic Management. I need your help in order to complete my thesis.

In this survey, you will be shown logos of three different fictitious organizations and asked to answer some questions regarding those organizations. The survey will take approximately 2 minutes of your time. Your participation in this study is completely voluntary. It is possible to leave the survey at any time.

Note that your data will be treated confidentially. The results will be processed anonymously and used for academic purposes only. If you have any questions or comments about this study, please contact me at [XX].

Yours sincerely,

[XX]

Q2 I confirm that I have read the above and agree to participate in the study

- Yes (1)
 - No (2)
-

Q3 Please select 'strongly agree' to show you are paying attention to this question

- Strongly disagree (1)
 - Disagree (2)
 - Neither agree nor disagree (3)
 - Agree (4)
 - Strongly agree (5)
-

Q4 Roolf is a so-called social enterprise. A social enterprise is an organization that integrates social and economic aspects into its business.

Roolf is a soap store that is committed to a more sustainable world. Roofls' soap consists of 100% natural ingredients and is sold in recycled bottles. As a result, the soap of Roolf has the lowest possible impact on the environment.

Q5 Rate your level of agreement with each statement

	Strongly disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly agree (5)
After seeing the logo, I will try products from this organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
After seeing the logo, I will consider this organization the next time I need this product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
After seeing the logo, it is likely that I buy items from Roolf	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q6 Wiskom is a so-called social enterprise. A social enterprise is an organization that integrates social and economic aspects into its business.

Wiskom sells jewelry made by women from countries where women often have to work long shifts for little money. Wiskom provides these women with the opportunity to work in good conditions for living wages.

Q7 Rate your level of agreement with each statement

	Strongly disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly agree (5)
After seeing the logo, I will try products from this organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
After seeing the logo, I will consider this organization the next time I need this product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
After seeing the logo, it is likely that I buy items from Wiskom	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q8 Brobers is a so-called social enterprise. A social enterprise is an organization that integrates social and economic aspects into its business.

To make a difference in the world, Brobers sells fair-trade tea. Brobers' tea is produced and packaged in a climate-neutral manner in the country of origin. In addition, the tea comes directly from farmers in Sri Lanka. By importing direct trade tea and therefore skipping all intermediate links, Brobers can pay the farmers a fair price.

Q9 Rate your level of agreement with each statement

	Strongly disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly agree (5)
After seeing the logo, I will try products from this organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
After seeing the logo, I will consider this organization the next time I need this product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
After seeing the logo, it is likely that I buy items from Brobers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q10 What is your gender?

- Female (1)
- Male (2)
- Other (3) _____
- I prefer not to answer (4)

Q11 What is your age?

- 25 or younger (1)
- 26 to 41 (2)
- 42 to 57 (3)
- 58 to 76 (4)
- 77 or older (5)
- I prefer not to answer (6)

Q12 What is your highest level of education?

- Primary education (1)
- Secondary education (2)
- Secondary vocational education (3)
- Higher professional education (4)
- University education (5)
- I prefer not to answer (6)

Q13 Did you recognize one of the organizations of this study?

- Yes (1)
- No (2)

Q14 What is your Prolific ID?

Q15 Please use this completion code in Prolific: C1QPWOO7
Do not forget to submit the survey after copying the code.