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TRINE SUSANNE JOHANSEN AND ANNE ELLERUP NIELSEN

### **Constructing Non-profit Identity in the Midst of Stakeholder Complexity**

***Abstract:** The purpose of the study is to conceptualize the identity of non-profit organizations as suspended between various stakeholders who present the organizations with different challenges, paradoxes and dilemmas. Thus it seeks to answer the questions: How do we define and study the relational identity of a non-profit organization (NPO)? And how do stakeholders participate in NPO identity constructing practices? Theoretically, the study draws on and contributes to the relational conceptualization of organizational identity as a discursive accomplishment. Based on a discourse analysis of an online discussion on the micro lending NPO Kiva, the study's findings point to complex articulations of both the organization and its stakeholders. Conclusively, the study suggests that NPO identity can be defined and studied through multiple discourses articulated by stakeholders. In addition, it points to understanding NPO identity alongside stakeholder identities, as stakeholders construct a number of different identities simultaneously.*

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Based on a relational understanding of the organization (Buchholz and Rosenthal 2005), the purpose of this study is to explore the implications of stakeholder complexity for the construction of a non-profit organization's identity. The central questions asked are: How do we define and study the relational identity of a non-profit organization (NPO)? And how do stakeholders participate in NPO identity constructing practices?

NPO identity refers to the organizational identity of a non-profit organization.

Organizational identity is understood as a discursive achievement continuously accomplished in interaction between an organization's stakeholders through dialogical processes (Coupland and Brown 2004). Hence, the organization is dependent on, or suspended between, various relationships where differences in stakeholder interests and expectations lead to conflicting views on what the organization is or should be resulting in competing discourses of identity. (Coupland and Brown 2004; Handelman 2006; Johansen 2010).

The interplay between NPO identity and stakeholder complexity is explored through a study of the micro lender Kiva. Micro lending enables entrepreneurs to access capital to start up small businesses in their local communities and is an alternative tool of alleviating poverty in developing countries by encouraging active participation by the recipients or borrowers (Domko and Reed 1999). Micro lending has given birth to organizations such as Kiva which provides peer-to-peer loans through online social networking platforms based on the development of web 2.0 (Gajjala et al. 2011). Kiva is characterized by a high degree of stakeholder complexity augmented by its digital and global nature.

The study illustrates the fluid and fragmented construction of NPO identity, highlights how stakeholder complexity influences NPO identity construction and suggests managerial implications. Thus it contributes to existing studies on organizational identity, in particular, those seeking to understand how organizational identity construction is discursively

accomplished. The contribution lies in exploring these accomplishments in relation to Kiva in order to address their implications for NPO identity conceptualization and management.

### **A relational perspective on organizational identity**

A relational conceptualization frames the identity of individuals and organizations as socially constructed in discourse. Discourse is understood as a particular conception of language as a social practice determined by social structures (Fairclough 1989, 17). As identity arises out of social interaction, it is possible to talk of selves rather than self as we enter into a series of different relationships (e.g. Cerulo 1997; Gergen 2000; Holstein and Gubrium 2000; Jenkins 2004). Gergen thus speaks of a self saturated with meanings: Social saturation, fuelled by technological developments and digitalization, leads to a fragmented self-conception brought on by multiple, incoherent and disconnected relationships (Gergen 2000).

In an organizational context, it means that as an organization enters into various relationships with different stakeholders, it invites the construction of multiple organizational selves (e.g. Hatch and Schultz 2002). Thereby, organizational identities are multiple, fluid and fragmented (Coupland and Brown 2004; Brown et al. 2005; Johansen 2010). They are “invented and reinvented in continuing dialogues between participants, including those between employees and external stakeholders such as customers and suppliers” (Brown 2005, 320). Identity is changing and dynamic (Motion and Leitch 2002) due to its discursively constructed nature (Motion and Leitch 2002; Coupland and Brown 2004; Brown 2006).

Relational identity stresses the interdependent nature of organization and stakeholders (Scott and Lane 2000; Coupland and Brown 2004; Buchholz and Rosenthal 2005; Foster and Jonker 2005). An organization’s identity is the focal point for creating and maintaining relationships with stakeholders such as customers, consumers, NPOs, employees, suppliers, investors and others. Organizations engage in complexity management as stakeholder groups

present “a range of societal and economic interests” (Handelman 2006, 107). The need to deal with contradicting and changing interests or stakes creates challenges, paradoxes and dilemmas for organizations (Freeman 1984; Foster and Jonker 2005; Kjærgaard 2009). NPOs are seen as a particular stakeholder said to impose certain demands on organizations (Abzug and Webb 1999). However, NPOs are also organizations in their own right. It follows that they have their own stakeholders to address, e.g. funders, governments, volunteers and clients (Lewis et al. 2001; Balser and McClusky 2005; Hull and Lio 2006; Knox and Gruar 2007; LeRoux 2009). Therefore, they have to “deal with interacting and recurring stakeholder pressures on a regular basis” (Knox and Gruar 2007). NPOs’ success is measured in terms of the “achievement of their mission of the services they offer” (Lewis et al. 2001, 7). Non-profit stakeholders can, therefore, be defined in line with Freeman’s (1984, 52) original definition of stakeholders as “groups and individuals who can affect, or are affected by, the achievements of an organization’s mission.” Non-profit stakeholders often have complex inter-organizational relationships and may directly be involved in achieving the organization’s goals or fulfilling its mission (Knox and Gruar 2007). Balancing different stakes is thus potentially a complex task in NPOs wherefore stakeholder responsiveness is seen as crucial (Lewis et al. 2001; Balser and McClusky 2005).

Individual and organizational identities are constructed amongst stakeholders who articulate a social space where they and organizations co-exist (Handelman 2006). Employee identities both influence and are influenced by the organization(s) in which they work (Brown et al. 2005; Harding 2007; Garcia and Hardy 2007). Similarly, consumers construct identities with reference to those offered by organizations through their branding and marketing efforts (Firat and Schultz 1997; Fournier 1998; Handelman 2006;). Thus, the relationships between organization and stakeholders result in mutual identity constructing practices “of description, questioning, contestation and defense” (Coupland and Brown 2004, 1325) by evoking

different discourses. Next we explore these practices as they play out in relation to Kiva in order to discuss implications for conceptualizing NPO identity as constructed by and amongst the organization and its stakeholders.

### **The relational identity of a NPO: The case of Kiva**

The study is based on dialogical reflexivity whereby new insights are generated from the interplay between existing theories and new empirical findings (Alvesson and Kärreman 2011). This implies viewing data “as a resource for developing theoretical ideas through the active mobilization and problematization of existing frameworks” (Alveson and Kärreman 2011, 4). Therefore, the study is instrumental as it allows us to explore a wider phenomenon (Stake 2005, 445). The phenomenon of interest is the discursive accomplishment of relational NPO identity. The role of data is to “challenge, rethink and illustrate theory” (Alvesson and Kärremna 2011, 4) as opposed to a deductive approach which suggests the theoretical development of hypotheses that can be verified or falsified through data. Consequently, we do not aim to test our theoretical framework, but to mobilize it through our analysis. This means that the study does not seek to comprehensively map the many different facets of Kiva’s identity. Nor does it intend to offer a complete investigation into the diverse stakeholders. Our interest lies in exploring the relational processes of identity construction while highlighting specific identity positions assigned to Kiva as well as to the involved stakeholders in order to address the nature and implications of stakeholder complexity. Next we introduce Kiva along with its decision to offer loans in the United States as this decision contextualizes the analysis. Second, we address our data and method of analysis before presenting the findings.

*Kiva*

Founded in 2005, Kiva is the world's first and largest virtual micro lending organization aimed at enabling and empowering relative powerless people (Lewis 2003). The organization's assets stood at 11.57 million USD and its revenue at 11.52 million USD in 2010 (<http://www.kiva.org>). It brings lenders and borrowers together using digital portraits of entrepreneurs and their projects and digital options for lenders to select entrepreneurs and students they wish to support. Besides board members and employees, the organization's key stakeholders are volunteers, fellows, field partners, and lenders. Volunteers, the largest group, are translators, editors and interns in charge of communication tasks. Fellows are volunteers who visit and assess entrepreneurs in local communities establishing contacts between the entrepreneurs and the financial micro institutions, also referred to as field partners, which provide loans to the entrepreneurs in the local communities. The lenders, referred to as members, are organized in teams on Kiva's digital community.

Although Kiva is a leader within non-profit micro lending, it is not an undisputed organization. We focus on a single issue that has let Kiva's stakeholders to challenge the organization, i.e. the 2009 decision to offer loans to U.S. enterprises. In light of the financial crisis, small U.S. businesses found it difficult to raise funds. Consequently, Kiva decided to launch a pilot expansion of their activities allowing individuals to loan to U.S. entrepreneurs [1]. The decision spurred online debate on whether or not it was in line with the organization's mission to facilitate loans to people in developed countries (Ogden 2009). The debate concerned Kiva's *raison d'être* tapping into the contention that the success of NPOs relates to their ability to achieve their mission (Lewis et al. 2001). As argued by Coupland and Brown (2004), online debates, like this one, can be regarded as sites of identity construction since they allow for the participation of multiple discussants and focus on a single, specified identity-relevant issue. Multiple discussants participated in the debate including the group of the 'Unhappy Kiva Lenders', formed in the aftermath of the decision.

The group's founder wrote on their page: "Poverty is defined as: "the state of having little or no money and few or no material possessions. Does that sound more like the situation for US Kiva borrowers or borrowers from the third world countries?" (Wallace 2009)[2]. The Unhappy Kiva Lenders group became a crucial part of online discussions on Kiva – as well as on Kiva lenders – that followed.

### *Data and analytic method*

The point of departure for data collection was public reactions to Kiva's decision to offer loans in the United States. Based on non-participatory netnography (Cova and Pace 2006) we have singled out blog comments to an article published on 'TechCrunch'[3] on July 3<sup>rd</sup> 2009 entitled "The Inevitable Anti-U.S. Backlash Has Started on Kiva" [4]. The data consist of 64 comments posted under 46 different discussant screen names. These comments have been chosen as they contribute to stage Kiva's discursive identity struggle played out between supporters and opponents of its decision to facilitate loans to American borrowers. The analysis aims to show how NPO identity is discursively accomplished and does not seek to generalize to all publics.

The comments are subjected to a qualitative analysis which adopts a discourse analytic methodology argued to be well suited when it comes to "analyzing the multiple identities that individuals and groups attribute to organizations, and which are often constructed in interaction" (Coupland and Brown 2004, 1326). The applied method of discourse analysis is subject positioning (Davies and Harré 1990). Subject positioning is appropriate as it allows for the analysis of how identities are accomplished by exploring how discussants position Kiva and other stakeholders on the blog. The method suggests that researchers should look for textual extracts where a person's utterances position others (interactive positioning) and extracts where a person positions himself (reflexive positioning)

(Davies and Harré 1990). The analysis explores the interactive positioning of Kiva as well as of different identifiable stakeholders, such as lenders, mentioned in the comments.

Since a qualitative analysis of positioning strategies is not based on quantification or classification of the data in light of theoretically generated categories, it is an inductive method where positions are labeled based on utterances in the text. The analytic process was carried out jointly by the researchers based on the following steps:

- 1) Identifying all extracts from the comments where a reference is made to Kiva and labeling the identified utterances based on how Kiva is discursively positioned
- 2) Identifying all extracts from the comments where a reference is made to an identifiable stakeholder, such as lenders or borrowers, and labeling the identified utterances based on how the different stakeholders are discursively positioned

Next the findings are presented in two sections mirroring the two analytic steps. In order to support our findings, we continuously provide examples from the data to allow for analytic transparency.

## **Analytic findings**

### *Positioning Kiva*

By exploring the interactive positioning of Kiva in the data set, the inductive analysis lead to the identification of three distinct, yet related, identity positions. All three positions discursively construct Kiva vis-à-vis its mission. The positions are: (1) *unfaithful to the mission*, (2) *faithful to the mission* and (3) *in-between*, meaning that Kiva only partially lives up its mission. Below we explicate how each of these positions is visible in the comments that make up the data.

Some discussants write that Kiva is unfaithful to its ‘true self’ when it offers loans in the United States. It is suggested by these posters that lending to U.S. borrowers does not alleviate poverty because U.S. citizens are not living in true poverty compared to people in developing countries, as reflected in the size of the loans offered, as indicated in the following statements:

“It’s really not “micro lending” when most of the US loans are 5-20K (vs a few hundred dollars in many third world countries, unless they’re group loans...)”(Jeremy, comment on TechCrunch [5])

“This issue is allowing those who want twenty times more from KIVA to compete with people who get a boost in income from a \$200 loan. I say Kiva is for Microfinance” (grant).

Kiva is articulated in these comments as an organization whose uniqueness lies in its contribution to helping impoverished people in developing countries. Accordingly, opening for U.S. borrowers contradicts this mission, because U.S. citizens are not perceived to be poor in comparison with citizens in developing countries. These comments thus position Kiva as unfaithful to its own mission or brand, e.g.:

“Not what I see kiva as being for...” (me).

“I also do strongly believe that this program should not have been opened up to the U.S. as it does to some extents move away for Kiva’s original mission.” (Mike)

The extension of loans to U.S. borrowers is said to threaten brand and identity consistency. A more moderate position on how to deal with Kiva’s consistency – or lack thereof – is articulated in the following quotes:

“Create a new brand leveraging the same platform, and invite members of the Kiva community to participate if they'd like” (Bruce).

“They should have offered the same service under a different brand, it doesn't belong in kiva. Give it a different name under a different mission statement and there's no backlash” (Rob).

“Separate site, maybe even separate brand name” (fb10130574).

Here Kiva is seen as partly jeopardizing its mission. Instead, an intermediate position is created: If the organization set up a second brand or platform to embrace U.S. borrowers, the identity is protected. The crucial point being that Kiva may keep its integrity albeit with two different sub-brands: One for U.S. borrowers and one for borrowers in the developing countries. Kiva is stretched out in-between staying faithful and unfaithful to its mission and brand, as expressed in the following quote:

“Kiva has to protect their brand. As a long time Kiva lender and U.S. small business owner, I believe while the micro-lending platform can meet the needs of both causes however the Kiva brand must stay true to the mission of its Community” (Bruce).

Finally, others see the loan extension as reasonable and in line with the organization's mission:

“I think that fits right in with Kiva's mission and doesn't dilute the brand at all” (Cheryl).

Some discussants thus support the decision made by Kiva indicating that offering micro lending in new markets is not only acceptable, but may even leverage the potentials for the beneficiaries and thus fulfill the original mission. Consequently, according to these discussants, Kiva remains completely loyal and faithful to its intention.

### *Positioning stakeholders*

That identity construction is a relational process is highlighted as the different discussants simultaneously construct identities for themselves (reflexive positioning) and each other

(interactive positioning) both as individuals and as collectives, alongside the identity they construct for Kiva. The second stage of the analysis identified the stakeholders that are named in the comments and explored how they were positioned. Amongst the stakeholders that are interactively positioned are lenders, the ‘Unhappy Kiva Lenders’, Americans and U.S. borrowers (or entrepreneurs).

Those who lend on Kiva are frequently addressed in the comments. Some argue that lenders are more interested in lending as self-promotion and self-expression:

“At the end of the day, the act of lending on Kiva is, for almost all users, an act of vanity and self-important ‘altruism’” (Nick).

However, a majority position lenders as choosers. This positioning suggests that lenders have a choice: They can choose whether or not to lend to U.S. borrowers, as indicated in the following examples:

“If you think poverty doesn’t exist in the USA and don’t want to lend money to US entrepreneurs, then don’t. No one is forcing you” (David).

“... if you are a lender, just don’t invest in U.S. based businesses... right?” (Ben).

“We vote with our dollars. If someone is not happy with the idea of Kiva allowing American’s to apply for loans, they can simply not loan money to Americans” (Joshua).

Discussants suggest lenders to be empowered in that they decide where to place their loans, suggesting lenders to be investors or customers “who as in every business, are at the end of the day the people forking over the cash” (Neville).

In addition to addressing those who lend on Kiva, many of the comments address the ‘Unhappy Kiva Lenders’ team and its members, criticizing them for their opinions, for being false philanthropists and for having based their engagement in Kiva on wrongful motivations, as indicated in the example below:

“What people appear to be objecting to is losing the opportunity to display their own virtue as a 'Kiva lender'. Opening up lending to US entrepreneurs dilutes the 'vanity-bling' nature of the Kiva brand” (Neville).

In addition to positioning the lending team as having selfish motivations, the justification of the team and its members are questioned with reference to their status as lenders, or, rather, their right to name themselves lenders:

“Unhappy Kiva Lenders is a very misleading name for this group. The people in that group have donated an average of \$ 3.54 per person. (Yes three dollars and fifty four cents) As far as I can tell the minimum donation on Kiva is \$25. A little math says that the best case scenario for these people is 54 of those people donated at least \$25 and the others 327 are complaining about where others lend money, but aren't lending any of their own” (Paul).

“Only 1 in 8 of those people complaining has even lent. pathetic. personally I have lent more than the entire group.... lets beat something really small up and make a story of it – pathetic journalism that's even worse than the story” (me).

Here the Unhappy Kiva lenders are staged as ‘non-lenders’. Like most of the examples, these illustrate how one group positions its counter group (interactive positioning). However, the last example also manifests a lender who directly positions himself as a ‘real’ lender, far beyond the average lender on the philanthropic barometer (reflexive positioning).

Besides Kiva lenders and the members of the ‘Unhappy Kiva Lenders’, Americans and U.S. borrowers are positioned interactively. Americans are positioned both as “ignorant” and “materialistic”, but also as helpful and giving: “The people in the US always has a heart to help someone that was is why God blessed this nation” (blossom). U.S. borrowers are also constructed through a dual positioning: As less deserving, or equally deserving, as their counterparts in developing countries:

“... , many of the US loans are for things like printing materials, marketing, website design, etc.... where foreign loans are for things like, literally, sees, chickens, material to make clothing... One is providing real things that people turn into real things to sell to real people that want them NOW. The other is just helping to potentially grow a business...” (Jeremy)

“To anyone who believes that the U.S. does not need micro-lending you obviously have never visited the real Big City. From living in Chicago and Miami I can attest that there are peoples [places] here compatible with third-world countries” (Asha).

Such dual positioning taps into previous comments on whether or not offering loans in the United States is respecting or breaching the idea of micro lending and the mission of Kiva. These examples illustrate the complexity of identity as constructed in and amongst stakeholders. Not only are multiple actors positioned (Kiva, lenders, borrowers etc.), but each actor is positioned in various ways. The discursive analysis of Kiva and its stakeholders thus reveal the complexity of identities when viewed as discursive accomplishments achieved through interactive positioning. In order to provide an overview of this complexity, the findings are summed up in table 1.

#### INSERT TABLE 1

As shown in the table, the analysis suggests that positioning often work by juxtaposing pairs of opposites as when Kiva is positioned as faithful and unfaithful or when the U.S. borrowers are positioned as less and equally deserving. Next we discuss the implications of defining NPO identity as a discursive accomplishment and address how stakeholders participate in NPO identity constructing practices.

## Discussion

Viewing identity as a discursive accomplishment highlights identity construction as suspended in a complex configuration of conflating and disparate discourses. The multiple discursive positions assigned to Kiva and its stakeholders in the analysis point to a mix of discourses anchored in different contexts: A market context and ethical context.

Positioning Kiva as unique, based on its mission to alleviate poverty through micro lending, aligns the organization with private companies for whom distinctiveness is seen as a means to gain awareness, equity, legitimacy and reputation amongst stakeholders in the market place (Fournier 1998, Harris and de Chernatony 2001). It is with reference to organizational uniqueness or distinctiveness that tensions arise leading to the online debate focused on Kiva. This tension is clearly reflected in the ‘unfaithful’ and ‘faithful’ positions. Moreover, positioning lenders as ‘choosers’, ‘unhappy Kiva lenders’ as ‘false philanthropists’ and Americans as ‘materialistic’ point in the same direction as it buys into a logic of economic resource exchange staging lenders, unhappy lenders and Americans as consumers in a market place. These positions are anchored in a market discourse where promotion, performance and uniqueness are key drivers. Through the marketization of society and institutionalized processes of new public management, NPOs have taken over from private corporations, professionalizing and strategizing their business models and adopting social practices of marketing and promotion (Pollitt and Bouckaert 2000). A tendency also reflected or expressed in the many references to the Kiva brand in the blog comments.

Although the market plays a significant role for the discursive identity construction of Kiva and its stakeholders, it is conflated with contours of a discourse of ethics. Philanthropic activity is driven by ethical commitment *per se*. It is therefore no surprise that the debate on Kiva’s mission also contains strong ethical features given its status as a NPO. However, the way these elements are woven together with other discourses may reveal specific situational

patterns. Focusing on Americans as 'helpers' and 'altruists' activates lending as an ethical act of doing good and being concerned with other people's lives. Thus the positioning of Americans as on the one hand 'helpful' and on the other hand 'ignorant and materialistic' suggests a paradox between the discourse of ethics and the discourse of market. This paradox also translates into the positioning of U.S. borrowers. From a geo-economic view, they are addressed as 'less deserving', or 'equally deserving', in comparison to borrowers from developing countries. Geo-economics taps into a market context in combination with an ethical stance by suggesting that financial resources are relative. These are to be distributed based on perceived human needs that is a central concept addressed within charity.

The discussants in our study draw on a mix of discourses when they position Kiva as 'unfaithful' or 'faithful' to its mission. Thereby, it becomes visible how they participate in the discursive accomplishment of NPO identity by drawing on different understandings of what Kiva is or should be. Moreover, the study shows that discussants simultaneously construct identities for stakeholders, such as lenders and borrowers, alongside the identity they construct for Kiva. Therefore, the study also suggests that stakeholder participation in identity construction also encompasses the articulation of identities of stakeholder groups related to the organization in question. Consequently, it supports a relational understanding of organizational identity and contextualizes it within a market-ethics paradox.

## **Conclusion and implications**

This study's objective was to explore the potential implications of stakeholder complexity for the construction of NPO identity from within a relational identity understanding where organizational identity is a discursive accomplishment. We explored how the online micro lender Kiva was positioned in relation to the decision of extending lending offers to U.S.

entrepreneurs. Kiva was constructed as ‘faithful’ and ‘unfaithful’ to its own mission; lenders were positioned as ‘self-promoting’ and ‘choosers’; US borrowers were staged as both ‘less deserving’ and ‘equally deserving’; and Americans were referred to as ‘ignorant and materialistic’ as well as ‘helpful and giving’. These conflicting positions demonstrate the fragmented, paradoxical nature of relational identity.

Organizations are embedded in a web of stakeholder relations (Buchholz and Rosenthal 2005). Exploring identity from within these complex webs suggests that in order to fully understand organizational identity, we must also understand the identities of stakeholders and the complex interplay between them. By pointing to the complexity of identity construction, potential managerial lessons include that identity cannot be managed as a purely organizational domain. Managers need to focus on the dual process by which organizations and stakeholders are mutually constitutive. It may not be futile to address an organization’s identity construction without also addressing the identity construction of its stakeholders. In addition, there is a need to address stakeholder complexity in, and not just between, stakeholder groups.

Another implication from the study is that NPO identity management plays out within a paradox between market and ethics. On the one hand NPOs are judged on their ability to accomplish their mission, e.g. to alleviate poverty as in the case of Kiva, and on the other hand they are constantly challenged by different conceptualizations of what constitutes poverty amongst their stakeholders and consequently who deserve their loans and donations. One strategy for dealing with such paradoxes is addressed within communication management as strategic ambiguity (Eisenberg 1984). According to this strategy, managers can use ambiguity deliberately when addressing, responding to and negotiating with stakeholders. Ambiguity thereby allows managers to accommodate different, even conflicting, interests and views.

## Notes

[1] “Kiva launches online microfinance in the United States,  
[http://www.kiva.org/press/releases/release\\_20090610](http://www.kiva.org/press/releases/release_20090610).

[2] The team’s page is no longer active. Consequently, our presentation of the team and its members’ views is based on secondary sources referencing what was stated on the page.

[3] TechCrunch is a website that offers technology news and analyses as well as profiles of start-up companies, products and websites ([www.techcrunch.com](http://www.techcrunch.com))

[4] All data referenced in the analysis are comments to the TechCrunch article: “The Inevitable Anti-U.S. Backlash Has Started on Kiva” written by Leena Rao and published on July 3<sup>rd</sup> 2009. The article and the comments are available at:  
<http://techcrunch.com/2009/07/03/the-inevitable-anti-us-backlash-has-started-on-kiva/>.

[5] When quoting, the screen name (first name only) used by the commenters on the blog is given as a reference. All quotes are rendered in their original versions including mistakes in spelling and grammar.

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