

Legitimacy

Roy Suddaby*

Peter B. Gustavson School of Business
University of Victoria, CANADA

&

Newcastle University Business School
Newcastle University, UK

rsuddaby@uvic.ca

Alex Bitektine

HEC Montreal, CANADA

alex.bitektine@hec.ca

Patrick Haack

University of Lausanne, SWITZERLAND

patrick.haack@unil.ch

A Review Paper Prepared for the ***Academy of Management Annals***

* Corresponding Author

Introduction

Legitimacy has emerged as a pivotal but often confusing construct in management theory. Defined as a “generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially

constructed system of norms, values, beliefs and definitions” (Suchman, 1995: 574), legitimacy has been the subject of extensive research in organization studies. It is also an important subject in related disciplines, including political science (Lipset, 1959), philosophy (Habermas, 1975), psychology (Tyler, 2006), and sociology (Johnson, Dowd & Ridgeway, 2006). Indeed, the popularity of the concept and its widespread application to so many theoretical and empirical contexts has layered the construct with considerable surplus meaning and has allowed it to be used, and misused, in many ways.

The objective of this review, thus, is to bring some construct clarity (Suddaby, 2010) and theoretical discipline to an important but misunderstood concept. Our thematic analysis of the construct demonstrates the emergence of three distinct configurations of legitimacy. These configurations emerge from using three simple questions used to interrogate and structure the literature.

First, we ask, “what is legitimacy”? Our analysis reveals three different answers to this question, each of which betrays a unique epistemological and ontological position. Some researchers, indeed a majority, tend to theorize legitimacy as a thing – i.e. a property, resource or a capacity of an entity. We term this perspective *legitimacy-as-property*. Others view legitimacy not as a thing but as an interactive process. From this view the term “legitimacy” is perhaps less revealing than the term “legitimation”. We call this perspective *legitimacy-as-process*. Finally, a third group of researchers understand legitimacy as a form of sociocognitive perception by evaluators. This perspective we term *legitimacy-as-perception*.

Second, we ask, “where does legitimacy occur?” with a view to understanding the phenomena that constitute the primary focus of researchers within each perspective. Again, we identify three distinct answers to this question, each of which vary with whether we conceptualize legitimacy as a property, a process or a perception. That is, each of these assumptions generates distinct differences in the focal actor or actors engaged in determining how legitimacy is manifested. Legitimacy-as-property studies focus somewhat narrowly on legitimacy as a product of two primary actors – the organization and its external environment. In the legitimacy-as-process perspective, researchers adopt a somewhat broader lens that examines legitimacy as the product of interaction of multiple actors (typically organizations) operating largely, but not exclusively, at more macro levels of analysis, such as the organizational field. Finally, the legitimacy-as-perception stream of research sees legitimacy as occurring *between* traditional levels of analysis as a cross-level process of perceptions, judgments of appropriateness and actions that occur in interactions between the collective and the individual.

Finally, we ask “how does legitimacy occur?” Again, we observe that this aspect of legitimacy can be captured in three different theoretical perspectives, each dependent upon the answers to the first question. When viewed as a property, legitimacy tends to be thought to occur as the outcome of a degree of “fit” or congruence between the largely material manifestations of legitimacy in an organization (structure, products, routines) and the normative expectations of the external environment. *Legitimacy-a-property* perspective, thus, adopts a *contingency* view of

how legitimacy is constructed. When viewed as a process, however, legitimacy is not seen as the outcome of congruence but, rather, is a product of how that congruence is achieved. In *legitimacy-as-process* views, therefore, *agency* or the purposive role of actors becomes a prominent variable in explaining how legitimacy is socially constructed. *Legitimacy-as-perception* studies, by contrast, see individual and collective *cognition* as the fundamental mechanism through which legitimacy is constructed.

It should be noted that the three legitimacy perspectives outlined above are associated with attention to three specific actors implicated in the construction of legitimacy. These actors play a role in all three perspectives, albeit to a different degree: First, an *object* of legitimacy, i.e., an actor or entity that “owns” or “possesses” legitimacy, whose legitimacy is being evaluated by others. This actor is most pronounced in the legitimacy-as-property perspective. Second, a *change agent*, i.e. an actor who seeks to implement social change in how the object of legitimacy is evaluated by relevant audiences. This actor is most pronounced in the legitimacy-as-process perspective. Third, an *evaluator*, or the actor rendering legitimacy judgments about the object of legitimacy. This actor is most pronounced in the legitimacy-as-perception perspective.

We use three broad questions – what is legitimacy, where does it occur and how is it formed – to organize and frame extant research on legitimacy. We observe three unique configurations of research that derive from these questions. When viewed as a property, legitimacy is seen to occur as the outcome of mechanisms of contingency between the legitimacy object and its external environment. When viewed as a process,

legitimacy is understood to occur as the product of consensus between multiple actors in a social field. And when viewed as perception, legitimacy is theorized to result from judgments of appropriateness made by evaluators at different levels of analysis.

We present this framework of configurations in the balance of this review essay and conclude with an agenda for future research. Before beginning that discussion, however, we first offer a brief description of our review methodology.

Review Method

There are multiple methods available to researchers interested in systematically reviewing and synthesizing prior academic research. A helpful distinction is made between integrative and interpretive reviews (Noblit & Hare, 1988). Integrative reviews are most appropriate where there is substantial similarity in the type of data collected and the constructs are relatively well specified. That is there must be a basis of compatibility between the data and the constructs. The intent of integrative reviews is to summarize and make sense of large numbers of studies and, perhaps unsurprisingly, these reviews tend to use quantitative methods of meta-analysis (i.e. Hunter, Schmidt & Jackson, 1982).

Interpretive reviews, by contrast, are largely thematic or inductive and tend to be more appropriate where there is less commonality between the studies (i.e. a mix of qualitative and quantitative research) and much less clarity of constructs, variables or terms. Legitimacy research clearly falls in the latter category and we, therefore, adopt an interpretive approach to our subject.

We systematically reviewed the literature on legitimacy by adopting a two-step procedure. First, we ran a search for the keywords “legitim*” in the title or abstract and the full text in eight leading management journals¹ in order to identify articles that discuss legitimacy. We also searched the citation records of leading articles on legitimacy, such as Suchman’s (1995) now classic article which as of this writing, has been cited over eight thousand times on Google Scholar. The articles generated by this list were reviewed and parsed by eliminating those in which legitimacy was not a central variable or construct or did not form the focal element of the article. Finally we supplemented this list with book chapters, books and related articles that did not appear in our general search but which are generally well recognized and cited by legitimacy scholars in management studies. As a result our search extended well beyond the initial eight journals and includes the most important advances in legitimacy research over the past five decades.

Our final dataset consists of a total of 170 articles. In the second step, we read and coded the articles on a range of emergent and relatively obvious themes, including ontology, epistemology, sources of legitimacy, objects of legitimacy, mechanisms of legitimacy, keywords used to describe legitimacy as a phenomenon, as well as methodological themes, e.g. aspects related to measurement and operationalization. From this open coding phase, and through several rounds of negotiation between the co-authors, we derived the three key questions (*What is legitimacy? Where does it occur? and How does it occur?*), as well as the three key answers (legitimacy as property,

legitimacy as process and legitimacy as perception) that structure our analysis. Table 1 provides a summary of key differences between the three perspectives.

Insert TABLE 1 about here

Legitimacy as a Property

An early and arguably dominant view of legitimacy takes the view that *legitimacy is a property, an asset or a resource – a thing - possessed in measureable quantity by some legitimacy object in relation to others*. As Johnson (2004, p. 10-11) proposes, a legitimacy object may include “an act, a rule, a procedure, a routine, a distribution, a position, a group or team, a group’s status structure, teamwork, a system of positions, an authority structure, an organization, organizational symbols, an organization’s form, practices, services, programs, a regime, a system of power, and a system of inequality.” Conceptualizing legitimacy as a thing – an asset or characteristic to be gained, increased and lost – clearly emphasizes some attributes of a phenomenon at the expense of others (Tsoukas, 1991). As we demonstrate below, by adopting the view of legitimacy as a property, rather than a process or a perception, has engaged researchers in the broad project of trying to delineate the elements or characteristics that constitute legitimacy.

What is legitimacy?

The notion of legitimacy as a property has permeated the language used to describe the phenomenon. Thus, Suchman (1995: 575) refers to legitimacy as an “operational resource” of the firm. Subsequent researchers describe legitimacy as an

“intangible asset” (Gardberg & Fombrun, 2006) that emergent organizations don’t have (Aldrich & Fiol, 1994; Henisz & Zelner, 2005; Zimmerman & Zeitz, 2002) that can be acquired (George, Chattopadhyay, Sitkin & Borden (2006), accumulated (D’Aunno, Sutton & Price, 1991), lost (Vanhonacker, 2000; Ahlstrom & Bruton, 2001; Chen et al, 2006), spread to other organizations (Certo, 2003; Dobrev, Ozdemir & Teo, 2006; Zelner, Henisz & Holburn, 2009) and restored (Pfarrer, Decelles, Smith & Taylor, 2008).

Legitimacy can be understood in juxtaposition to its opposite - illegitimacy, a negative form of legitimacy, which constitutes a “liability” for organizations (Elsbach & Sutton, 1992; Vergne, 2012). Recent theorizations of legitimacy and illegitimacy converge on conclusion that illegitimacy is not just a “low level” or a “lack” of legitimacy, but a qualitatively distinct and equally important category. The relation between such opposite, yet related concepts has been well captured by structuralists (Trubetzkoj, 1976), who discerned privative and equipollent types of opposing relationships between concepts. A *privative opposition* is one in which one member has a given feature and the other does not (for instance, being/not being accredited by AACSB). By contrast, in *equipollent oppositions*, the two terms are logically equivalent, they cannot be viewed as having just a different degree (or absence) of the feature. For instance, “left”, although opposed to “right”, is not just “lacking rightness”, these are logically equivalent concepts denoting two extremes of the same spatial dimension. The opposition of legitimate and illegitimate is of the equipollent type: being “illegitimate” is fundamentally different from “having low legitimacy”, although it is the same dimension of social acceptability/approval that is being evaluated. This approach can be seen, for

example, in (Elsbach & Sutton, 1992), who theorize legitimacy as a valence or a 'bipolar' construct ranging from strong forms of positive legitimacy (e.g. highly taken for granted) to strong forms of negative legitimacy (e.g. stigmatization), with a midpoint value indicating a switch from legitimacy to illegitimacy. Similar approach can be found in Hudson (2008) and Hudson & Okhuysen (2009).

The initial theoretical "puzzle" of legitimacy-as-property research is to describe the physical properties of legitimacy, determine how it might be measured, and to elaborate how it changes under different degrees of "fit" with various environmental and contextual conditions. The property dimensions of legitimacy have been explored extensively through conceptual efforts devoted to identifying key types or categories of legitimacy. Much of this work has focused on creating typologies or configurations of different clusters of attributes of legitimacy that tend to occur together. Most of these efforts build on Weber's (1968) categorization of three types of legitimacy - *traditional*, *charismatic* and *rational-legal*. Weber observed that individuals view authority as legitimate if it possesses one of three key elements; if it has endured for a long time (traditional), if it derives from community trust (charismatic) or if it is based on practical logic (rational-legal). Although Weber's model of legitimacy is much more nuanced than this brief description suggests, it has proven a powerful influence on how management theorists have conceptualized the construct. Notably, it has crystallized the assumption that legitimacy can be categorized based on its constituent elements. Considerable effort, thus, has been expended in trying to capture the essential elements or properties

of legitimacy by organizing them into different categories or typologies of legitimacy. We review and summarize these efforts below.

Aldrich and Fiol (1994) offer two primary categories – *socio-political* and *cognitive* – which, as we detail below, form the foundation of organizational ecologists' work in measuring legitimacy. Socio-political legitimacy refers to a degree of congruence between a focal organization's characteristics or behaviours and the normative expectations in the cultural meaning system of the other organizations that surround it (Aldrich & Fiol, 1994; Scott, 1994). Cognitive legitimacy is an extension of socio-political legitimacy that occurs when there is such a high degree of congruence or acceptance between the normative expectations of the organization and its environment that they are unquestioned or taken-for-granted (see also Hannan & Freeman, 1986). That is, the organizational characteristic or practice becomes so normatively acceptable within its environment that it is considered to be 'natural'. Implicit in this argument is the assumption that legitimacy is an elemental property (Zelner, Henisz & Holburn, 2009) or quantity that ranges in strength along a continuum from being so legitimate, as to be taken-for-granted (Hannan & Freeman, 1984) to being so illegitimate that the organization is stigmatized (Hudson, 2008; Zuckerman, 1999; Elsbach & Sutton, 1992).

Scott (1995) partitions legitimacy into three dimensions, *cognitive*, *regulative* and *normative*. While cognitive legitimacy aligns closely with the use of the word by Aldrich and Fiol (1994), regulative legitimacy refers to the degree to which an organization complies with "explicit regulative processes – rule setting, monitoring and sanctioning activities" (Scott, 1995: 42). The concept has clear roots in Weber's notion of

rational-legal legitimacy. Scott's third category of normative legitimacy is defined as a degree of congruence or fit between the actions, characteristics and form of the organization and the beliefs and cultural values of the broader social environment within which it exists.

Suchman (1995) offers one of the most influential typologies of the concept. He identifies three broad types of legitimacy; pragmatic, moral and cognitive. Cognitive legitimacy, defined as the acceptance of the organization as necessary or inevitable, maps closely to prior uses of the term. Moral legitimacy, similarly, approximates Scott's definition of normative legitimacy and Aldrich & Fiol's notion of socio-political legitimacy (Aldrich & Ruef, 2006). Pragmatic legitimacy arises from an organization's capacity to achieve practical outcomes in its immediate environment – i.e. does the organizational structure, characteristic or practice work or achieve intended outcomes? This specific category of legitimacy is perhaps the least common to other typologies and, in fact, has been rejected by ecologists who argue that the test is not one of legitimacy at all, but rather describes a degree of organizational learning (Aldrich & Ruef, 2006).

Considerable work has been devoted to comparing and contrasting the various types of legitimacy and their relative concordance to each other. The utility of the project of identifying types of legitimacy has been hampered by the obvious over-proliferation of types (Phillips & Malhotra, 2008). In addition to the elemental properties generated by typologies, researchers also use idiosyncratic terms like "corporate environmental legitimacy" (Bansal & Clelland, 2004), "managerial" and "technical" legitimacy (Ruef & Scott, 1998), "external" or "internal" legitimacy (Kostova

& Zaheer, 1999; Kostova & Roth, 2002; Drori & Honig, 2013) and “organizational legitimacy” (Kostova & Roth, 2002), among others, to capture the implicit notion that legitimacy varies based on differences inherent in the constituent properties upon which it is based and the context in which it occurs.

Where does legitimacy occur?

The understanding that legitimacy varies as a result of its constituent properties and the empirical context in which it occurs, offers an implicit explanation of where legitimacy is thought to occur. Theorists who view legitimacy as an elemental property, similar to a chemical or mineral, tend to locate legitimacy among firm’s *intangible assets acquired from its environment*: A firm “gains”, “acquires”, “buys”, or even “wins” legitimacy from its audiences through adoption of legitimate structures, practices and symbols (Aldrich & Fiol, 1994; Suchman, 1995; Zimmerman, 2002). The critical role of the organization-environment relationship in locating the source of legitimacy is, perhaps, best illustrated in how researchers who adopt a legitimacy-as-property view of the construct operationalize and measure it. In the balance of this section we review those efforts.

Population Density. An early attempt to measure legitimacy as an asset or a property came from organizational ecology. Since, according to legitimacy-as-property perspective, legitimacy is something “possessed” by an organization, ecologists adopted a measure of organizational legitimacy that essentially counts organizations assumed to “own” it. This proxy measure, termed *population density*, is based on the assumption

that the more legitimate an organizational form or practice is, the more frequently that form or practice will appear in a population of organizations (Hannan & Carroll, 1992). That is, legitimacy of an organizational form or practice will encourage the founding of new organizations with similar forms or practices. As the number of organizations in a population grows, so too does the legitimacy of the population.

At a critical tipping point, however, when a form or practice becomes taken-for-granted, legitimacy will give way to competition, the number of foundings will slow down or stop and the mortality rate of organizations with those characteristics will increase. Density, thus, measures the increase in foundings of organizations with similar features and predicts that founding rates will follow an inverted U-shaped curve with the apex of the curve demarcating the apex of legitimacy and the onset of competition. Density dependence has been commonly used as a measure of legitimacy by both organizational ecologists (i.e. Carroll & Hannan, 1989; Baum & Singh, 1994) and organizational institutionalists (Fligstein, 1985; Westphal & Zajac, 1994).

Density dependence has been extensively critiqued as a measure of legitimacy (Zucker, 1989), most notably by Baum & Powell (1995) who object to the singular focus on cognitive legitimacy and the relative lack of attention paid to measuring socio-political legitimacy. "The exclusive focus on one facet of legitimation" Baum & Powell (1995: 530) argue, "misses its multi-dimensional character." More importantly, they note, cognitive legitimacy and socio-political legitimacy are intimately related to each other. One cannot take-for-granted an automobile industry without the surrounding

infrastructure (roads, gas stations, garages) that signals a high degree of socio-political acceptance.

An alternative way of measuring legitimacy within the legitimacy-as-property perspective is by looking at the institutional environment from which the organization is assumed to have “acquired” its legitimacy. The researchers naturally gravitate to those environmental variables that can easily be measured and thus focused on the content analysis of media accounts and of authorizations by regulators.

Media Accounts. Instead of measuring the frequency of organizational forms or practices, this technique focuses on measuring the frequency of conversations about organizational forms and practices. So, for example, Lamertz & Baum (1998) track the legitimacy of organizational downsizing by counting the frequency of downsizing accounts in Canadian newspapers. They demonstrate that, over time, downsizing conversations shifted in content in three key ways. First, they changed from causality focused conversations to ones that focused on ideology. Second, they shifted from technical arguments to institutional ones. Finally, they started as largely reactive but moved to proactive accounts.

Similarly, Bansal & Clelland (2004) measured “corporate environmental legitimacy” by conducting a content analysis of the *Wall Street Journal* in which they measured the frequency of positive, negative or neutral characterizations of a firm’s environmental behaviour. Perhaps the best example of this is the study by Hybels, Ryan & Barley (1994) which used the frequency of business press articles on biotechnology firms as a measure of legitimacy and a prediction of founding rates of firms. Content

analytic techniques, in fact, appear to be the most common technique of operationalizing and measuring legitimacy within this perspective (Ruef & Scott, 1998; Deephouse, 1996; Deephouse & Carter, 2005).

Regulators' authorizations. Since regulators have authority and coercive power to ensure compliance (Zimmerman & Zeitz 2002), their decisions are fairly consequential to organizations and categories (Russo, 1992). Apart from the direct effect associated with sanctions or authorizations, an administrator's approval also has an indirect effect: such an approval is an important cue of legitimacy of an organization (Tost, 2011). Research suggest differential outcomes for firms that have/have not regulator's approval through favorable ratings by government agencies (Deephouse, 1996; Deephouse & Carter, 2005; Ruef & Scott, 1998) and for firms before and after the approval of a particular practice (Sanders & Tuschke, 2007). Furthermore, studies show a beneficial effect of organizations' voluntary ties to government agencies through registrations or licences: such ties signal legitimacy and provide a survival advantage to those who have them (Baum & Oliver, 1992; Singh, Tucker & House, 1986).

Other methods that have been used to measure legitimacy include surveys (Diez-Martin, Prado-Roman & Blanco-Gonzalez, 2013; Kennedy & Fiss, 2009; Foreman & Whetten, 2002; Staw & Epstein, 2000; Glynn & Abzug, 2002) and semi-structured interviews (Elsbach & Sutton, 1992; Human and Provan, 2000; Low and Johnston, 2008; and Rutherford and Buller, 2007).

Overall, while there is much discussion about the difficulty in measuring legitimacy (Bozeman, 1993; Low and Johnston, 2008; Suchman, 1995), the studies share

the key assumption of contingency theory that legitimacy is an organizational property or capacity that may not be directly observable, but can be measured by proxy. They also share the assumption that, as property, legitimacy varies in quantity. That is some firms have more or less legitimacy. This observation has spawned a significant debate about whether legitimacy should be treated as a dichotomous concept in which firms either have or do not have it (Deephouse & Suchman, 2008) or as an ordinal variable in which some firms might have more or less legitimacy than others (Hudson & Okhuysen, 2009; Tost, 2011).

An equally important assumption of contingency theory, however, is the notion that legitimacy is located at the intersection of an organization (the object of legitimation) and its environment. The notion that legitimacy varies with environmental conditions also offers an implicit model of the way in which legitimacy is constructed – i.e. through contingent relationships between an organization and its macro environment. In the following section we analyze the environmental contingencies that are seen to generate different types of legitimacy.

How does legitimacy occur?

Typical of most contingency views of organizations, legitimacy is understood to occur through a degree of fit between the legitimacy object, for example an organization, category, or organizational practice, and its environmental context.

The heart of contingency theory is the exploration of the various factors in the environment that an organization must adapt to in order to maintain congruence and

enhance its survivability. The research that understands legitimacy as a property adopts this critical focus on understanding how organizations create and maintain congruence between internal structural characteristics and external environmental pressures in order to preserve legitimacy. Our systematic review of the literature on legitimacy again demonstrates that this is the dominant approach taken in management research.

We also observe a broad range of terms used to describe the key variable of interest – i.e. the degree of “fit” between organizational attributes and legitimacy pressures in its environment and understanding the strategies used by organizations to attain it. These terms include “congruence” (Suchman, 1995), “consistency” (Ruef & Scott, 1998), “acceptance” (Dowling & Pfeffer, 1975), “cultural alignment” (Scott, 1995; Webb, Tihanyi, Ireland & Sirmon, 2009), “normative support” (Zimmerman & Zeitz, 2002; Ridgeway & Berger, 1986), and “consonance” (Koopmans & Olzack, 2004) among others. Researchers also resort to technogenic metaphors describing organizations’ efforts to gain legitimacy by adapting their structures as “building” legitimacy out of socially approved “building blocks” that are “littered on the societal landscape” (Meyer & Rowan, 1977: 345).

Consistent with the logic of contingency theory, Ruef and Scott’s (1998) focus is in explaining congruence or fit between the values or characteristics of a focal organization and different types of environmental conditions of appropriateness. Managerial legitimacy, thus, describes a fit between an organization and the administrative environment and encompasses such dimensions as accounting practices, structures or personnel management. Technical legitimacy refers to congruence

between an organization and its technical/professional environment, which includes professional and technical standards, normative support for staff qualifications, training procedures and quality assurance mechanisms.

Extant research demonstrates three distinct organizational strategies to achieve “fit” with environmental pressures for legitimacy; (1) isomorphic adaptation, (2) decoupling, and (3) performing/learning. We elaborate each in turn in the balance of this section.

1. Conforming - Isomorphism or adaptation to fit: Isomorphism, which consists in a similarity in organization’s structures and processes, often caused by institutional pressures or uncertainty in an organizational field (DiMaggio & Powell, 1983). The core argument is that in order to appear legitimate, organizations adopt the characteristics, practices and forms imposed by regulations, standards, or norms generated by an organizational field. Complying with social pressures of legitimacy enhance the survivability of an organization and, as a result, create a high degree of similarity amongst organizations in a common organizational field.

Significantly, organizations often adopt characteristics, practices and norms even when there is no economic or technical advantage in doing so (Tolbert & Zucker, 1983). In this regard, institutional theory deviates from contingency theory in arguing that organizations often choose to “adapt to fit” with cultural or social pressures in priority to technical or economic pressures (Suddaby, 2013).

Substantial research has been devoted to demonstrating the empirical fact of organizational isomorphism. Early research demonstrated that conformity to regulatory

pressures – termed “coercive isomorphism” – enhanced the legitimacy of a focal organization. So, for example, Singh, Tucker & House (1986) demonstrate that social service agencies that were certified by the Canadian Government significantly improved their survival chances. Additional research showed that compliance with normative pressures in the environment, such as standards set by professions (Ruef & Scott, 1998; Van de Ven & Garud, 1989), trade associations (Deephouse, 1996), accreditation agencies (D’Aunno, Sutton & Price, 1991) or even the general public (Deephouse, 1996) also improves a firm’s odds of survival. Recent research in the context of multinational corporations has problematized isomorphism as a source of legitimacy (Kostova, Roth, & Dacin, 2008) and suggested to distinguish an internal vs. external focus of isomorphism, depending on whom the units seek legitimacy with (Souitaris, Zerbinati, & Liu, 2012).

Most research attention has been devoted to understanding how organizations adapt under pressures for mimetic isomorphism due to coercive (regulatory) conditions or normative pressures to conform. Research demonstrates that firms seek to gain legitimacy by adopting characteristics of leading firms in the industry (Haveman, 1993), dominant designs (Anderson & Tushman, 1991; Wade, 1995; 1996) or industry-wide templates or recipes for success (Spender, 1989; Phillips, 1994). Firms may also seek to get rid of structural elements that cause social disapproval (Durand & Vergne, 2015). Related research demonstrates that firms who fail to conform to social or symbolic pressures suffer from a loss of legitimacy, described as an “illegitimacy discount”, which refers to the penalties that result from a lack of legitimacy that arise when an entity does not appear to fit in an institutionalized category (Zuckerman, 1999).

While the research on isomorphism is too voluminous to comprehensively present here, it is based on the central logic of contingency theory. That is, firms adapt to their social environment in order to gain legitimacy in the same way that they also adapt to their economic environment in order to gain material resources. Legitimacy, thus, is an outcome of ongoing adaptations designed to maintain congruence between the internal norms, values and characteristics of the firm and those of the environment outside the firm (Dowling & Pfeffer, 1976; Webb, Tihanyi, Ireland & Sirman, 2009).

2. Decoupling – Managing Fit with Two Environments: A related thread of research demonstrates that firms sometimes respond to social pressures by superficially conforming in order to appear legitimate to external audiences as a means of buffering and protecting their core economic or technical activities. Thus Elsbach and Sutton (1992) demonstrate how social activist organizations skilfully decouple illegal activities from their top leadership teams in order to maintain legitimacy with existing audiences while extending legitimacy to new ones. Similarly Westphal and colleagues, in a series of studies, demonstrate how large corporations often ceremonially adopt but do not implement normatively mandated business practices, such as long term incentive programs (Westphal & Zajac, 1995, 1998) or stock repurchase programs (Westphal & Zajac, 2001), in order to appear legitimate, but still protect their core business functions.

This large body of research extends across multiple empirical settings, including schools (Hallett & Ventresca, 2006), affirmative action hiring practices (Edelman et al, 1992), and the acceptance of shareholder value (Fiss & Zajac, 2004). The research provides a strong empirical evidence of the use of decoupling as a critical strategy that

enables firms to maintain a degree of “fit” with both technical-economic pressures from their economic environment and cognitive, normative and regulatory pressures from their institutional environment.

3. Performing – Demonstrating Pragmatic Legitimacy: A final prominent theme in the research on legitimacy is a thread of studies that demonstrate how organizations achieve legitimacy by demonstrating the technical superiority of their innovative practice, characteristic or form over extant alternatives. Much of the research in this thread focuses on product innovation. For example, Hargadon & Douglas (2001: 477) demonstrate the critical role that design factors played in legitimating the electric light over existing gas-lighting technology. Making light bulbs appear similar to the flames of the old technology helped to “invoke the public’s familiarity with the technical artifacts and social structures of the existing gas and water utilities, telegraphy, and arc lighting”. The ultimate success and diffusion of the new technology, thus, was based on its technical superiority (pragmatic legitimacy) as well as its strategically demonstrated familiarity (normative legitimacy).

A similar example is offered by Rao’s (1994) historical analysis of efforts to legitimate the automobile. While the potential technical superiority of the car was obvious to the founders, demonstrating it to the public was thwarted by the absence of infrastructure (i.e. paved roads) and a series of regulatory hurdles created by incumbent owners of horse-and-buggy firms. In order to demonstrate the technical superiority of the car, key entrepreneurs created “certification contests” to showcase speed and reliability of automotive vehicles and educate consumers about automobiles.

How do those who “own” legitimacy behave?

Finally, it should be noted that legitimacy as property can be “owned” not only by organizations or industries, but also by individuals, positions, actions and practices (Johnson, 2004; Zelditch, 2006). This opens up the possibility to explore the behavior of (il)legitimate actors not only through observation of organizations and industries, but also using experimental methods. Thus, Lammers, Galinsky, Gordijn, and Otten (2008) in four experiments demonstrated that when subjects were primed to hold power illegitimately, they were less likely to act, had lower propensity to negotiate, and were more risk-averse. In other words, the effects of power on actors’ propensity to act, negotiate, and take risk were all moderated by legitimacy. Similarly, Haccoun and Klimoski (1975) manipulated legitimacy possessed by elected negotiators and observed that negotiators who were made to believe that they were elected to their role due to their “competence” perceived more latitude in their roles, felt more free to deviate from their team's position, but took longer to reach agreement. In contrast, negotiators that were made to believe that they were elected because of their “amiability” (a less legitimate reason) seemed to adopt a compromising strategy, were very loyal to their groups, and did not deviate.

In another experimental study, Sitkin and George (2005) explored behavior of decision-makers in a situation where they had to make a decision that could threaten their legitimacy as HR managers - the issue of firing a well-performing employee due to his costly health condition. The researchers manipulated the nature of the employee’s illness (associated vs. not associated with social stigma) to create a legitimacy-

threatening condition. They found that when decision-makers perceive a potential threat to their legitimacy, they “engage in behaviors that appear even-handed and above board” (324) by keeping unchanged their reliance on formal decision criteria, and at the same time relying less on informal criteria that could be seen as potentially less legitimate. The findings from these experimental studies provide micro-level evidence of an important effect of legitimacy on behavior of those who possess it, as well as an important behavioral effect of a potential threat to actor’s legitimacy.

Legitimacy as Property: Summation

Collectively, this stream of theory and research conceptualizes legitimacy as a capacity, property or trait possessed in some measurable quantity by an organization. Legitimacy is understood as a commodity that can be possessed or exchanged between, and can even “spill over” (Kostova & Zaheer, 1999) to adjacent, organizations. This understanding of legitimacy has its theoretical roots in functionalism and focuses the research agenda around key puzzles of contingency theory. The core constructs upon which the concept of legitimacy rests are norms, values, beliefs and morals.

The weaknesses inherent in this conceptualization are similar to those of contingency theory more generally. One key critique, shared by contingency theory, is that the numbers of attributes or characteristics that define legitimacy are potentially infinite. As Deephouse and Suchman (2008) observe, theorists continually generate new traits or components of legitimacy but few are tested empirically. A second critique relates to the difficulty in finding appropriate empirical measures of the construct

(Tornikoski & Newbert, 2007; Foreman & Whetten, 2002). Because it is such a multi-faceted construct, most empirical studies focus narrowly on one or two attributes (e.g. cognitive or media legitimacy) and ignore other attributes that might offer competing explanations (i.e. pragmatic legitimacy). Others note that analyses tend to rely on secondary data and, more specifically, on textual data in media accounts at the expense of other approaches such as measurements of legitimacy as a perceptual component of social judgment (Haack, 2013).

The broad consensus, thus, is that scholars question the empirical utility of legitimacy. It tends to be used as a highly abstract independent variable that is used to explain other organizational outcomes rather than studied as an empirical phenomenon in its own right (Deephouse & Suchman, 2008).

These highly valid questions arise from an issue of epistemology. That is, these questions arise because researchers are adopting an essentialist view of a construct that is inherently phenomenological. While the idea of congruence between attributes of an organization and elements of its social and cultural environment is intuitively appealing, it is based on the assumption that the component elements of the equation – legitimacy, the organization, the social environment – are stable, universal and enduring properties. An alternative view, however, is that legitimacy is socially constructed – i.e. it is the outcome of an ongoing process of social judgements and negotiations between an (ever changing) variety of actors. As Hybels (1995: 243) observes, viewing legitimacy as a property or resource is inappropriate because it is “...both part of the context for exchange and a by-product of exchange”. That is, as a social construction, legitimacy is

both constituted by, and constitutive of the act of exchange between an organization and its various stakeholders, between “senders” and “listeners” (Hoefer & Green, 2016).

Legitimacy, from this perspective, is not a “thing” comprised of essential properties, but rather is understood as a communicative process co-constructed in acts of meaning negotiation. In the following section we explore the research that adopts a process-oriented view of legitimation.

Legitimation as Process

An alternative cluster of research focuses theoretical attention, not on the properties of organizations that help confer legitimacy, but rather on the different *processes* used by organizations and other social actors to construct and maintain congruence between the organization or another focal legitimacy object and its broader social environment. The view of legitimacy as a process rather than as a property draws from notions of social construction, which views reality as the everyday creation and maintenance of meaning accomplished through constant interaction and language use (Berger & Luckman, 1967).

Researchers within this tradition, thus, are not focused on legitimacy as a static state, but rather attend to the process through which legitimacy is constructed – on *legitimation*. In this view legitimation is defined as the “process by which cultural accounts from a larger social framework in which a social entity is nested are construed to explain and support the existence of that social entity, whether that entity be a

group, a structure of inequality, a position of authority or a social practice” (Berger et al., 1998; 380).

What is legitimacy?

This approach to legitimacy differs from the legitimacy-as-property view in several respects. First, legitimacy is not assumed to be a stable condition, but rather is actively and continually negotiated. That is, legitimacy is the product of an ongoing *process* of social negotiation involving multiple participants, rather than an *outcome* of institutional pressures such as isomorphism. As Tamm Hallström and Boström (2010: 160) observe, legitimacy is not a state of equilibrium but “must be repeatedly created, recreated and conquered”. The unit of analysis, thus, is not the outcome of this process, but rather is focused on the process itself. Most critically, legitimacy is seen to be the outcome of a series of interactions in which the actors demonstrate a high degree of agency.

Second, the legitimacy-as-process perspective is not essentialist. That is, the characteristics or elements of legitimacy are not assumed to be fixed and universal. Rather, because the social conditions of legitimacy are constantly open to negotiation, its constituent elements are understood to be continually in a state of flux. This view is perhaps best illustrated by Human and Provan’s (2000) analysis of how legitimacy building changed over time in the wood-products industry. They note that, contrary to prior understanding, legitimacy is not a monolithic or universal construct but, rather,

varied as the field matured and emphasized different aspects of the organizational network over time.

Since the legitimacy-as-process perspective largely adopts a “construction” metaphor with respect to legitimacy, researchers in this stream often tend to conceptualize it as ‘unipolar’ (i.e., as a *privative opposition*, in Trubetzkoy’s (1976) terms): legitimation for them starts from the “ground” and is “built” over time with the efforts of “institutional entrepreneurs” and/or other involved actors. At some point in this process, legitimacy is built high enough to pass a threshold or tipping point at which one can say that legitimacy is established (see for example Fisher, Kotha & Lahiri, 2016; Zimmerman & Zeitz, 2002). In such process-oriented constructionist view, “illegitimacy” does not signal negative legitimacy or stigma, but rather articulates just absence of legitimacy (Hudson, 2008; Hudson & Okhuysen, 2009).

A parallel stream of research within legitimacy-as-process perspective focused on de-legitimation, or the process of social construction of illegitimacy, or stigma (Hiatt, Sine, & Tolbert, 2009; Maguire & Hardy, 2009). The departing point for these studies is usually a state where legitimacy of an entity is unquestioned, and then, through a series of events, social processes, and individuals’ actions (see discussion below) not only the legitimacy is destroyed, but also some level illegitimacy or stigma is socially constructed (see, for example, Maguire and Hardy’s (2009) case of deinstitutionalization of DDT). This perspective is more consistent with the view of legitimacy-illegitimacy as a bipolar construct (equipollent opposition in Trubetzkoy’s (1976) terms).

Where does legitimacy occur?

Another difference between legitimacy-as-property and legitimacy-as-process is the range of actors and levels of analysis within which legitimation occurs. When seen as a property, the analytic focus is typically dyadic – firm and society, firm and organizational field, or firm A and firm B. Seen as a process, however, the scope of analysis is typically much broader and is often understood to be a “multi-level process” or a “collective process in which leaders, followers and stakeholders alike participate in the process of meaning making” (Nielsen & Rao, 1987: 523).

Process theory adopts a dynamic view of empirical phenomena. This is in contrast to legitimacy-as-property studies that tend to adopt cross-sectional or variance methods to study empirical phenomena (Langley, 1999; Mohr, 1982). As Langley (2007: 271) observes, a process perspective analyzes organizational phenomena, like legitimacy, “in terms of movement, activity, events, change and temporal evolution”. Process oriented studies tend to produce stage-models that demonstrate how organizations, organizational practices and organizational outcomes move from one state to another.

How does legitimacy occur?

Perhaps unsurprisingly, the key findings of process-oriented research tend to be the identification of processes, which are reflected in the inherent dynamism of verbs or, more accurately gerunds, which are verbs that are so descriptive of a dynamic phenomenon that they function as nouns (Weick, 1969: 44). Notably, studies that see

legitimacy as a process rather than as a thing tend to use the term “legitimation” or “legitimizing” rather than “legitimacy”. Our analytic review of the process-oriented research and theory on legitimacy reveals three key processes by which legitimation occur; (1) persuasion/translation/narration, (2) theorization, and (3) identification/categorization. We elaborate each of these in the balance of this section.

1. Persuasion/Translation/Narration: A significant group of researchers identify legitimation as a process of persuasion and influence “grounded in language” (Nielsen & Rao, 1987: 523). In this view, legitimation is a process of collective meaning-making that occurs through language (Searle, 1969; Zilber, 2006), communication (Suddaby, 2010), and the translation of texts (Czarniawski & Jorges, 1996).

While these researchers share the assumption that meaning is actively negotiated, they vary substantially on their assumptions about the degree of awareness and agency within which actors use language to make meaning. Those who use the concept of discourse (or “discursive legitimation”) tend to see the process of legitimation as agentic at the micro-level but, largely, beyond the control of individual actors at the collective level of the organizational field (Lawrence & Phillips, 2004; Maguire & Hardy, 2009; Vaara & Tienari, 2011).

Maguire and Hardy (2009), who analyze the historical de-legitimation of a toxic chemical, DDT, in North America, offer an exemplar of this approach. They note the powerful influence of individual texts, such as Rachel Carson’s *Silent Spring*, in initiating a conversation about environmentalism, more broadly, and the dangers of chemical insecticides, more specifically. However, the discursive process that ultimately

eliminated the practice of spraying DDT was not a deliberate campaign of de-legitimation initiated by a single powerful actor, but rather emerged as a process of micro-translations in which a broad array of actors interpreted and re-interpreted a variety of texts about the meaning of the practice. As Maguire and Hardy (2009: 172) observe, the legitimacy of individual texts did not persist throughout the process because no single actor can control the process of interpretation - "regardless of how persuasive a text is, actors cannot control whether or how other actors will translate their problematizations in subsequent texts."

A more agentic view is offered by those who agree that communication is a key element of legitimation, but argue that the process of meaning-making is strategic. These researchers tend to use the term "rhetoric" (Suddaby & Greenwood, 2005) or "framing" (Benford & Snow, 2000) rather than "discourse" to emphasize the high degree of agency in using language purposively to construct legitimacy. Suddaby and Greenwood (2005), for example, identified five rhetorical strategies used to contest the legitimation of a new organizational form in the professions. Elsbach (1994), similarly, analyzes the verbal accounts used by public relations officials to manage public perceptions (and the legitimacy of) the California cattle industry.

Subsequent empirical research on the use of persuasive language to construct legitimacy tends to fall between these two poles. Considerable research by Vaara and colleagues (Vaara, Tienari & Laurila, 2006; Vaara & Tienari, 2008, Vaara & Monin, 2010) focuses on the process of "discursive legitimation". Vaara, Tienari and Laurila (2006), for example, use critical discourse analysis of newspaper articles about a mill closure to

identify five types of discursive legitimation strategies; normalization, rationalization, authorization, moralization and narrativization. Significantly the authors note that “although journalists construct the texts, the use of specific legitimating strategies is not likely to be fully intentional or conscious” (Vaara, et al, 2006: 804).

By contrast, we see more agency and deliberation in persuasive language in a series of studies by Sillince and colleagues (Golant & Sillince, 2007; Sillince & Brown, 2009; Mueller, Sillince, Harvey & Howarth, 2004) who use a range of empirical contexts (hospitals, police constabularies and HIV clinics) to demonstrate how legitimation is a process that is dependent on both the persuasiveness of the rhetoric and on the use of a well-known genre of rhetoric which gives the ‘audience’ a taken-for-granted narrative structure. Similarly, we also see a moderate degree of agency in the construction of legitimacy through narrative as articulated by Brown and colleagues (Brown, 1997; 1998; Brown & Jones, 2000). So, for example, Brown (1998) demonstrates how a large information technology system was legitimated through stories that skilfully combined three elements – “rational” arguments that appealed to self-interest, broader cultural norms regarding the control of information and highly evocative symbols.

2. Theorization: Another stream of research points to theorization as a critical element of legitimation. Theorization refers to the process by which existing norms and practices are abstracted into generalized specifications or categories. It is a critical element of legitimacy because, successful abstraction aids in the diffusion and dissemination of practices that, in the accretion of time, allows them to become taken-for-granted. Theorization allows organizational practices, structures and characteristics

to diffuse widely when the process of abstraction emphasizes the “virtues involved, in terms of standardized notions of efficiency or justice or progress” (Strang & Meyer, 1993: 497).

Theorization, thus, can usefully initiate change when it both problematizes (i.e. de-legitimizes) an existing practice and simultaneously offers a solution (i.e. legitimates). So, for example, Greenwood, Suddaby & Hinings (2002) demonstrate how a new organizational form was legitimated in the professions by specifying the failings of the existing practice (professional partnerships) and justifying a new norm (multidisciplinary partnerships comprised of many professions) on the basis of moral or pragmatic considerations. Theorization is seen as one stage in a process model of institutionalization. As the theorized practice or form diffuses across an organizational field, it takes on even greater legitimacy until it becomes taken-for-granted.

Some researchers see theorization and standardization as mutually reinforcing processes of legitimation. Botzem and Dobusch (2012), for example, show how different types of legitimation (input and output) generate different processes of standardization in their comparison of standard setting in the computer and accounting industries. Similarly, Rindova and Fombrun (1999) point to performance standards as a critical precondition of processes of legitimation. That is, competition cannot exist without some degree of agreement on the performance standards in an industry.

The concept of theorization has been elaborated in a broad variety of empirical contexts. Sine and colleagues, for example, demonstrate how theorization has been

used to legitimate management consulting as a new profession (David, Sine & Haveman, 2013), and wind (Sine & Lee, 2009) and electric power generation (Sine & David, 2003).

3. Identification/Categorization: A recurrent paradox for legitimation theory is the observation that organizations suffer from an ongoing need to be both different (i.e. have a unique identity) and the same (i.e. be isomorphic) simultaneously. Martin, Feldman, Hatch and Sitkin (1983) termed this the “uniqueness paradox” by noting that firms are under ongoing pressure to be different, but different in the same way. The uniqueness paradox has been studied extensively by both institutional (Deephouse, 1996; Røvik, 1996; Pederson & Dobbin, 2006) and identity theorists (Brewer, 1991; Gioia, 1998; Navis & Glynn, 2010).

The real paradox, of course, is that the need to be isomorphic and to be different are both driven, and achieved, by processes of legitimation. Both identity and differentiation are closely related to assessments of approval of an organization’s actions by a range of social stakeholders. Organizations rely on similar processes to be “similar enough to an established reference group to be seen as legitimate, while also differentiating themselves from their competitors” (King & Whetten, 2008: 193). Thus, a range of scholars has demonstrated that legitimacy is constructed through, or is a prerequisite of, forms of identity work (Rao, 1994; Elsbach and Kramer, 1996; Navis & Glynn, 2010; Brown & Toyoki, 2013).

Reciprocally, a number of studies also demonstrate that, while there are competing pressures to be different, not only are there limits to the degree of differentiation for a firm or product (Zuckerman, 1999; Deephouse, 1996), but the

creation of a new product, market or organizational form must still comply with social norms and standards of legitimacy (Fligstein, 1997; Kennedy, 2008). Much of this argument is captured in research on categories and categorization where there is a growing understanding that categories are constructed around implicit or explicit claims of a legitimate identity (Pólos, Hannan, and Carroll, 2002; Hannan, 2005; Hsu and Hannan, 2005).

Significantly, when organizations seek to differentiate themselves by creating a new product, they must engage in considerable legitimacy work before that product will succeed. Since social entities, such as firms, industries, or product categories, are nested within social systems at different levels, the legitimation of a single entity (i.e., of a legitimacy object, such as an organization) requires legitimacy work not only at the organizational level, but also at the level of the category and sometimes even the society. Thus, Rosa et al (1999) demonstrate the complex social work required by Chrysler to legitimate the mini-van as an acceptable but differentiated product in the American automobile industry in the 1980s. Similarly, Navis & Glynn (2010) elaborate a stage model of first legitimating a broader market category of satellite radio in the US broadcast market through the use of isomorphic legitimation work, followed by a subsequent phase of legitimating unique identities for individual broadcasters within the newly created market category.

Barnett (2006) observes that firms' efforts to build legitimacy for an industry and their related efforts to create a distinct identity occur in waves that are triggered by external legitimacy challenges and which mobilize collective action by firms in an

industry. Once the challenge is over, firms turn their efforts to competitive differentiation. In this way, firms maintain a dynamic working balance between the objectives of category legitimation and firm differentiation. Differentiation and isomorphism, thus, while seemingly opposing activities, are both related to processes of legitimation. They are, as Pederson and Dobbin (2006) note, two sides of the same coin.

Legitimation as a Process: Summation

Seen as a process, legitimation is predicated on analyzing the various ways in which meaning is socially constructed. From the process perspective legitimation is understood to be *a structured set or sets of formal or emergent activities that describe how an actor acquires affiliation with an existing social order or category*. In contrast to the legitimacy-as-property perspective, in which there is an implicit assumption of universalism – i.e. that some clusters of traits, attributes or properties are inherently more legitimate than others – here we see an implicit assumption of equifinality. That is, there is no single best way of achieving legitimacy, but rather a relatively infinite range of processes, events (Van de Ven, 1992) or sets of activities (Malone et al, 1999) that adhere into different configurations of practices or processes through which legitimacy is created.

The conceptualization of legitimacy-as-process is more generative, interactive and dynamic than the legitimacy-as-property perspective. While the legitimacy-as-property perspective is grounded in structural-functionalism, the legitimacy-as-process

approach adopts a constructivist/interpretivist approach. The primary level of analysis for the process perspective is, necessarily, multi-level because social construction assumes interactions and reciprocal influences between the individual and collective levels of analysis (Johnson et al., 2006).

Perhaps the most significant difference between the legitimacy-as-property and the legitimation-as-process perspective is the assumed role of agency. Within the legitimacy-as-property perspective, accounts of agency with respect to legitimacy are somewhat restricted to demonstrations of how it can be gained, lost, accreted or depleted like any other organizational asset or resource (Dowling & Pfeffer, 1975; Pfeffer & Salancik, 1978; Suchman, 1995). However, when seen through a process lens, legitimation arises out of highly contested interactions between social actors (typically organizations) that are each pursuing their own self-interest (Maguire & Hardy, 2009; Vaara & Tienari, 2008). Agency, thus, plays a much more prominent role in process accounts of legitimation. However, because legitimation is a multi-actor and often multi-level process, legitimacy is not the outcome of efforts of a single actor, but rather a socially constructed outcome that emerges as part of the contestation and co-creation of the general social order.

Although conceptualizing legitimacy-as-process has generated new insights into this elusive construct, it also reveals shortcomings. While much of legitimacy-as-process research has been conducted using qualitative case studies that provide rich information about the institutional context, the role of these contextual factors remains underexplored: The rich descriptions of institutional contexts provided in these studies

help identify potential environmental factors that affect legitimation process, but cannot provide an empirical validation of their role and ensure generalizability to other contexts. In other words, by focusing on agency and institutional change, legitimacy-as-process research sometimes fails to recognize some of the relatively stable and exogenous aspects of legitimacy.

Furthermore, there is a tendency to conceive processes of legitimation as heroic acts of institutional change. The literature provides multiple accounts of the legitimation through single acts of a “hypermuscular” entrepreneur (Suddaby, 2010), who single-handedly legitimates new practices, categories organizational forms or entire organizational fields. But these accounts occur at the expense of a conceptualization of legitimacy as an inherently distributed effort of diverse social actors at multiple levels who engage in the day-to-day effort of legitimacy work (Johnson, Dowd, & Ridgeway, 2006; Lawrence, Suddaby, & Leca, 2008).

Another, related, issue with the legitimacy-as-process perspective is the marginalization of collective actors who participate in the ‘work’ of legitimation but who have been assigned the passive role of spectators. This creates a somewhat artificial division of the social world into ‘actors’, who have agency and social skill, and ‘audiences’ whose agency is restricted to perceiving and reacting to the actors (Bitektine, 2011; Hofer & Green, 2016). This simplistic view of actors and audiences neglects the nuanced and critical role of perceptions, cognitive processes, information search efforts and social interactions that occur at multiple levels and that precede the formation of legitimacy judgments in social fields (Bitektine & Haack, 2015; Tost, 2011).

Critically, the legitimacy-as-process view has overlooked the observation that legitimacy “lies in the eye of the beholder” (Ashforth & Gibbs, 1990: 177) and the socio-cognitive aspect of legitimacy as captured in Berger and Luckman’s (1966) sociology of knowledge. In the following section we review the socio-cognitive view of legitimacy.

Legitimacy as Perception

A third stream of research has explored the perceptual and subjective components of legitimacy (Bitektine, 2011; Tost, 2011; Bitektine & Haack, 2015). Similar to legitimacy-as-process, the notion of legitimacy as a perception has its roots in Berger and Luckmann’s (1966) theory of social construction of reality. However, whereas the legitimacy-as-process stream focused on the social construction of legitimacy as primarily a macro-level process, as a process that occurs through discursive interactions at the level of organizational fields, legitimacy-as perception research focuses on the role of individuals in the process of the social construction of legitimacy. It is individuals who perceive organizations (or other social entities), render judgments about their legitimacy, and act upon these judgments, eventually producing macro-level effects (Bitektine, 2011; Hofer & Green, 2016). The research on legitimacy as perception thus adopts a multi-level approach, but draws attention primarily to what happens at the individual, micro level. In this respect, the research on legitimacy as perception mirrors the growing interest in the microfoundations of organizational processes (Barney & Felin, 2013; Collins, 1981; Felin, Foss, & Ployhart, 2015; Fuchs, 1989) and institutions (Powell & Colyvas, 2008; Zucker, 1991).

Despite its interest to individuals and their cognitions, beliefs and judgments, legitimacy-as-perception perspective avoids the pitfalls of extreme individualism, or a reduction of social processes to “what occurs by individuals” (Daft & Weick, 1984: 285), by recognizing the multilevel nature of the socio-cognitive process of legitimacy judgment formation: Legitimacy evaluation is not limited to individual-level processes, it also encompasses sense-making of collective actors, who act upon some collective legitimacy judgment (Bitektine & Haack, 2015). Thus, the objective of this perspective is not to psychologize the study of legitimacy, but to develop an understanding of legitimacy as a cross-level socio-cognitive process that works through the interaction of individuals’ cognition and supra-individual social processes (Dornbusch & Scott, 1975; Tost, 2011).

Naturally, the legitimacy-as-perception research extensively draws on findings from related micro disciplines, such as cognitive psychology (Bandura, 1986; Sherif & Hovland, 1961) and micro-sociology (Berger, Ridgeway, Fisek, & Norman, 1998; Walker, Rogers, & Zelditch, 1988; Zelditch & Walker, 1984).

Sherif and Hovland (1961) advanced the theory of social judgments, which was then further extended by Zucker (1977). The authors understand social judgments as “categorizing items on a controversial social issue” (101), which corresponds to a particular case of what scholars currently call legitimacy judgments (or evaluations) in contexts characterized by institutional instability (Bitektine & Haack, 2015). Sherif and Hovland (1961) depart from the findings on simple forms of judgment, such as stimuli discrimination tasks (e.g., difference between two sounds or intervals), extending them

to judgments on controversial social issues. They observe that “a judgment always involves a comparison between two or more stimuli” (8) and that “the judgment of an item relevant to an attitude involves comparison with an appropriate reference scale, rather than simple comparison between two items” (9). Once an individual forms a psychological scale, subsequent judgments of a similar stimulus is greatly affected by the position of that stimulus relative to the scale.

When the scale is graded, and distances on the scale are easily quantifiable, judgments are more accurate and easy to make. However, "social reference scales that individuals in human groups use in judging political, religious, ethical, and aesthetic matters cannot be gauged against an objectively graded stimulus series. They are psychosocial in origin and can be gauged against social realities." (13). In the absence of objective stimulus standards, the judgment scale is less stable, the placement of items is less accurate, and the role of subjective factors and external social influences in judgment formation increases. In such instances, anchoring stimuli introduced by experimenter significantly affect the judgment, producing either assimilation or contrast effects. Assimilation occurs when items located not far from the anchor are placed even closer to it, while contrast occurs when items that are located far away from the anchor are placed even further away (Peak, 1958).

When an individual has an established reference scale, his own stand on the issue placed on that scale becomes an anchor for judgments. The area close to that anchor forms the latitude of acceptance, where the individual is likely to tolerate opinions similar to his own. Opinions placed beyond this area are likely to be rejected -

they fall into the latitude of rejection. Individuals with substantial ego-involvement on the issue (e.g., activists, militants of a particular cause, etc.) tend to have a much smaller latitude of acceptance and a much larger latitude of rejection. These studies reported by Sherif and Hovland (1961) provide important insights for later theoretical developments around the concept of “legitimacy threshold”, or the point that organizations need to pass in order to earn social acceptance and support from important constituents (Bitektine, 2008; Navis & Glynn, 2010; Zimmerman & Zeitz, 2002).

Building upon the studies of Sherif (1935) and Jacobs and Campbell (1961) on the autokinetic effect, Zucker (1977) provided experimental evidence of the effect of legitimate authority on subjects’ conformity in judgments and behavior. Previous research on the autokinetic effect showed that an individual’s standard to judge the assumed movement of a stationary point of light was influenced by the standards adopted by other group members, making the standard converge into a social norm that persisted over time. Zucker (1977) could show that adding a legitimate authority (a “light operator”) strengthened the norm and made it more stable in transmission to new “generations” of experiment participants, more persistent over time, and also more resistant to attempts to change the norm by a confederate brought in at a later point in the study.

The interaction between individual and social was further extended in Bandura’s (1986) Social Cognitive Theory, which asserts that much of individual behaviour is based on the reinforcing interaction of three elements – attentive processes, representational processes and behavioural production (Wood & Bandura, 1989). Individuals learn by

careful observation and reflection about the world around them. Individual attentive processes (cognition) are selective in that they are influenced by broader social schema or representations about the social environment. Behavioural processes, in turn, are influenced by acting in accordance to broader social templates or codes of behaviour that emerge from the interaction of selective attentive processes and processes of symbolic representation, a view which is line with an understanding of individuals as „activated actors“, who are constantly cued by their social environments, beyond deliberate control (Fiske & Taylor, 1991).

From these foundational works, the legitimacy-as-perception stream emerged as a cross-level research agenda, focused on individual, micro-level socio-cognitive processes and their macro-level antecedents and consequences. This research stream provides yet another set of answers to our three key questions about legitimacy: what is legitimacy, where does it occur, and how is it formed?

What is Legitimacy?

Much of the research on legitimacy concurs that legitimacy “resides in the eye of the beholder” (Ashforth & Gibbs, 1990: 177) or “within the psyches of social actors” (Zimmermann & Zeitz, 2002: 418). In this view, legitimacy is conceived as a perceptual or socio-cognitive phenomenon. However it has been often considered as a collective, or “generalized” perception, in a sense that collective approval is “independent of particular observers” (Suchman, 1995: 574). Yet, as opposed to the legitimacy-as-property and legitimacy-as-process perspectives, in legitimacy-as-perception studies,

subjects that evaluate legitimacy, are not aggregated into monolithic groups, or “audiences”, but are regarded as individuals making their own judgments or adopting judgments of others for reasons of cognitive economy (i.e., minimizing effort), social conformity, personal gain, or for fear of sanctions (Bitektine & Haack, 2015; Tost, 2011; Zelditch, 2006).

The conception of legitimacy within this stream is fundamentally multilevel: Legitimacy is theorized to reside at both individual and collective levels. At the individual level, legitimacy is present as propriety judgment (Dornbusch & Scott, 1975; Johnson et al., 2006; Tost, 2011; Zelditch, 2006), or an evaluator’s assessment of an appropriateness or acceptability of an entity (an organization, a practice, an authority, etc.). At the collective level, which, depending on the context, can be defined as a group, organization, field, or the whole society, legitimacy is present in the form of validity, i.e., an opinion (supposedly) shared by the majority of actors and/or by a recognized authority. Accordingly, depending on the source of validation, one can discern endorsement, which encompasses a validation by the peers, and authorization, which is a validation by a recognized authority (Johnson, 2004; Zelditch, 2006).

Experimental studies on social conformity (Asch, 1956; Gould, 2002; Milgram, 1974; Muchnik, Aral, & Taylor, 2013) and legitimacy of authority (Walker, Thomas, & Zelditch, 1986; Zelditch & Walker, 1984) have shown an important effect of validity on propriety judgments of individuals: In line with observations made by Max Weber (1968), evaluators tend to conform and adopt judgments that they consider valid. These studies confirm that legitimacy judgments are subject to isomorphic pressures,

institutionalization and ultimately, to social control (Bitektine & Haack, 2015): an open expression of a widely accepted (validated) opinion is usually associated with social approval, while expression of a deviant opinion may lead to social sanctions (Kuran, 1987).

An important aspect of validity is that it exists objectively, as a social fact independent of the opinion of a single evaluator. It is this objectified part of legitimacy that gives it its “resource” or “asset” properties (Bitektine & Haack, 2015). However, for individual evaluators, validity is available in the form of a perception, or validity belief. Validity belief refers to a focal evaluator’s perception that an entity is perceived as appropriate by others in a collectivity of evaluators, independent of the focal evaluator’s private endorsement of that entity (Johnson, 2004; Johnson et al., 2006). Evaluators who do not endorse the entity privately believe nonetheless that others in the collectivity perceive it as appropriate and therefore may choose to conform to the judgment they believe is shared by others. Accordingly, one of the ways to influence legitimacy judgments of individuals consists in manipulating their perceptions of validity (Bitektine & Haack, 2015). This brings us to the other two critical questions about legitimacy, which in the context of legitimacy-as-perception perspective are closely intertwined: Where does legitimacy occur and how is it formed?

Where does legitimacy occur?

Whereas for legitimacy-as-property scholars the primary locus of legitimacy is an organization or a category in question, and legitimacy-as-process studies position

legitimacy within a social space where actors “work” on it, the legitimacy-as-perception research places the individual evaluator at the center of the legitimacy judgment formation process. It is individuals who perceive macro-level properties of an organization or a category, consult opinions of others, render their (own) judgments, and then act upon those judgments, producing some macro-level effects (Bitektine & Haack, 2015).

At the same time, legitimacy is present at the macro level in the form of validity. And validity has an important impact on individuals’ judgments (Walker et al., 1988; Zelditch & Walker, 1984). Thus, in this perspective, scholars, on the one hand, examine the intra-individual antecedents of legitimacy judgments to shed light on perceptions, attitudes and judgments as “microfoundations” of legitimacy, and on the other hand, they explore the social interactions among actors that ultimately constitute legitimacy as a collective-level phenomenon (Bitektine & Haack, 2015; Johnson et al., 2006).

The fundamental element of the legitimacy-as-perception perspective is the recognition of diversity of legitimacy judgments at the micro level. Thus, some authors have emphasized that legitimacy is ascribed by multiple beholders with heterogeneous expectations and predispositions (Desai, 2011; Lamin & Zaheer, 2012; Tost, 2011; Voronov, De Clercq, & Hinings, 2013). In such complex settings, it may be hard or even impossible for organizations to respond to all the different demands (Ashforth & Gibbs, 1990).

While much of the observations on diversity in judgments are still limited to differences among large stakeholder groups (Lamin & Zaheer, 2012; Scherer et al.,

2013), there is hope that with further segmentation of stakeholder “audiences”, researchers will arrive to a more refined understanding of diversity and isomorphism in micro-level legitimacy judgments. In effect, an important implication of the legitimacy-as-perception perspective is that legitimacy research no longer needs to assume micro-level isomorphism in opinions of individuals: even if one can observe a complete unanimity in judgments expressed at the macro level, the reasons for adoption and/or expression of a given legitimacy judgment may vary among individual evaluators (Bitektine & Haack, 2015). For instance, evaluators may silence their propriety judgments if they believe that they differ from the majority opinion and fear sanctions, or they may adopt the majority’s opinion just because they don’t care much or don’t have enough information to make their own judgment about the issue.

In other words, legitimacy-as-perception approach places legitimacy in the perceptions and judgments of evaluators (individuals or collectives) and recognizes diversity of evaluators, as well as diversity of their judgments and motives, even in the presence of strong institutional pressures (Bitektine & Haack, 2015). If the diversity of cognitions is regarded as a natural state of the field, then a promising question for research in this perspective is the exploration of social and cognitive mechanisms that suppress this micro-level diversity, induce people to withhold or falsify their judgment, and thereby create an illusion of consensus so often observed by institutional theorists at the macro level.

How does legitimacy occur?

For researchers in legitimacy-as-perception stream, this question is divided in two major components: *How do individuals form their legitimacy judgments?* and *How do judgments of individuals aggregate to form a macro-level legitimacy opinion, i.e. to form validity?* With respect to the first question, organizational researchers can draw on decades of psychology research on judgments (Sherif, 1963; Sherif, 1936; Sherif & Hovland, 1961), cognitive heuristics (Gigerenzer, 2008; Kahneman & Tversky, 1996) and social conformity (Asch, 1956; Dittes & Kelley, 1956; Tubbs, 1971). However the second question, which is essentially the question of micro-to-macro translation within social theory (Jepperson & Meyer, 2011), remains underexplored, despite the extensive efforts dedicated to the analysis of legitimation and institutional change in the legitimacy-as-process literature.

How do individuals form their legitimacy judgments? While extant research has acknowledged that it is difficult to capture perceptions of evaluators and the socio-cognitive processes underlying legitimacy judgments (Higgins & Gulati, 2006; Pollock & Rindova 2003), the legitimacy-as-perception perspective seeks to achieve this, both empirically (e.g., Elsbach, 1994; Lamin & Zaheer, 2012; Sitkin, Sutcliffe, & Reed, 1993; Walker et al., 1986; Zelditch & Walker, 1984) and conceptually (e.g., Tost 2011; Bitektine, 2011; Bitektine & Haack, 2015). Recent conceptual studies have explicated a set of basic socio-cognitive processes underlying the formation of legitimacy (Bitektine, 2011; Tost, 2011) and other types of related social judgments (Bundy & Pfarrer, 2015;

Mishina, Block, & Mannor, 2012) and theorized how social and institutional contexts prime evaluators with cognitions, emotions, and legitimacy beliefs of other individuals (Haack, Pfarrer, & Scherer, 2014).

To date, empirical research on legitimacy within this stream has been conducted primarily by manipulating validity using authorization priming and measuring its effects on propriety judgments and behavior of subjects (Massey, Freeman, & Zelditch, 1997; Walker et al., 1988; Walker et al., 1986; Yoon & Thye, 2011). Recent studies, however, go beyond a purely cognitive focus and also highlight the emotional-affective foundation of legitimacy judgments (Garud, Schildt, & Lant, 2014; Haack, Pfarrer, & Scherer, 2014; Huy, Corley, & Kraatz, 2014). Research has theorized that legitimacy judgments can occur not only through active cognition (cf. evaluative mode in Tost, 2011), but also intuitively, i.e. in a passive, non-deliberate mode (Tost, 2011). For instance, scholars have suggested that the spread of legitimacy judgments (legitimacy spillover or “linkage legitimacy”) is the result of a perceptual process where evaluators rely on cognitive heuristics to reduce mental effort when judging an unknown target (Jonsson et al., 2009).

The mechanisms of legitimacy spillovers also shed light on the cognitive processes involved in the formation of legitimacy judgments. Haack and colleagues (2014) pointed out that in the context of industries, legitimacy spillovers are based on judgments of similarity. For the context of networks, they theorized that legitimacy spillovers are primarily driven by emotional processes. In both contexts, the underlying mechanism of legitimacy judgments is attribute substitution (Kahneman & Frederick,

2002), where evaluators substitute the target attribute of legitimacy with an affect-based or similarity-based heuristic attribute. Given that legitimacy judgments are often made intuitively and beyond deliberate control, the authors clarify that evaluators can turn into “intuiters” (Haack et al., 2014).

The understanding of sociocognitive processes involved in formation of legitimacy judgments has also been advanced by studies of impression management and communication, which is focused on how legitimacy judgments can be influenced by impression management tactics (Arndt & Bigelow, 2000; Elsbach & Sutton, 1992; Elsbach, Sutton, & Principe, 1998). For instance, Elsbach (1994) used experimental and survey research to examine how individuals evaluated the effectiveness of legitimating accounts issued to defend the legitimacy of the California cattle industry against moderately damaging events, such as food safety and environmental concerns. Elsbach found that for such events, acknowledgments of responsibility were more effective than denials, and references to institutionalized characteristics were more effective than references to technical characteristics. The most effective accounts were the ones combining acknowledgments with references to institutionalized characteristics.

Some additional insights on the content of legitimating accounts come from an experimental study by Sitkin, Sutcliffe, and Reed (1993), who examined the extent to which pharmacists relied upon conflicting professional, organizational, and legal accounts in explaining their actions to patients. They found that pharmacists’ use of explanations mirrored their hierarchy of concerns: professional explanations were used more frequently than managerial explanations, and legal explanations were used the

least. Other research has highlighted how organizations and industries can manage stakeholder perceptions to protect themselves from negative legitimacy spillovers (Desai, 2011; Haack et al., 2014) and explored to what extent judgments of illegitimacy can be avoided (Hudson and Okhuysen, 2009).

An important topic in legitimacy-as-perception research is the issue of comprehension and categorization: Attention and comprehension precede evaluation (cf. Petkova et al., 2013 and Zuckerman, 1999). An entity can only be favorably assessed when evaluators notice it and when evaluators can assign the entity to a pre-existing category. A high degree of attention was shown to affect both the evaluators' judgments and the behavior of social actors being evaluated (Hayward, Rindova, & Pollock, 2004; Rindova, Pollock, & Hayward, 2006). Experimental studies have shown that attention and visibility have a fundamental effect on actors' behavior, increasing their conformance to social norms (Dittes & Kelley, 1956). Lack of visibility and attention, in turn, has been shown to be associated with reduced probability of sanctions (Giordano, 1983). Furthermore, ambiguity in categorization, or category straddling, results in less negative evaluations of firms belonging to stigmatized categories (Vergne, 2012).

How do judgments of individuals aggregate to form a macro-level legitimacy opinion, i.e. to form validity? It should be noted that the question of aggregation of individual judgments into macro-level validity is essentially a question of the origins of social consensus and isomorphism in legitimacy judgments, but from the evaluators'

point of view. Within legitimacy-as-perception perspective, the theorization of the origins of consensus and isomorphism in legitimacy evaluations extends beyond the institutional theory's attribution of the macro-level consensus and isomorphism in organizational forms, practices and judgments to cognitive "taken-for-grantedness" of institutions (DiMaggio, 1988; Sine & David, 2003; Suchman, 1995). Several micro-organizational streams of research focused on individuals and their judgments suggest fairly different accounts of causes of conformity and isomorphism.

On the one hand, economic theory (Kuran, 1987; Kuran, 1995) provides an interest-based account of conforming behavior, where actors select which judgment/behavior to express not on the basis of their own propriety judgment, but on the basis of a calculus that takes into account rewards or sanctions that they can expect as a result of expression of certain opinion. In extreme cases, this calculus can lead actors to preference falsification, or a situation where the preference that an actor publicly expresses is different from his/her private preference (Kuran, 1987).

On the other hand, system justification theory developed in political psychology (Jost & Banaji, 1994; Jost, Banaji, & Nosek, 2004) provides an interest-free account of conformity, where actors can maintain legitimacy of an oppressive social order because they have "social and psychological needs to imbue the status quo with legitimacy and to see it as good, fair, natural, desirable" (Jost et al., 2004: 887). Experimental studies on system justification confirm that this motive is at least partially responsible for the internalization of inferiority among members of disadvantaged groups, and paradoxically, it can sometimes be strongest among those who are most disadvantaged

by existing social arrangements. Other research has explored under what circumstances individuals are more prone to question the validity of the existing social structure and seek to change it (Walker, Thomas, & Zelditch, 1986; Zelditch & Walker, 1984).

These observations from economics and political psychology suggest a greater diversity of individuals' motives that can lead social actors to conformity and create an illusion of macro-level isomorphism. At the same time, the process of validity formation remains largely underexplored in micro-organizational research. The research on conformity and isomorphism in legitimacy judgments can be further enriched through integration of insights from the organizational socialization literature, which, *inter alia*, is concerned with "the fashion in which an individual is taught and learns what behaviors and perspectives are customary and desirable within the work setting as well as what ones are not" (Van Maanen & Schein, 1979: 211-212).

Legitimacy as Perception: Summation

Overall, this stream of theory and research conceptualizes legitimacy as a multilevel social process that extends from perceptions of a legitimacy objects by evaluators to their judgments about it and eventually to their actions based on that judgment, which in turn produce macro-level effects on the object. To scholars adopting this perspective, legitimacy thus is neither an asset or a "thing" possessed by an organization/category, nor a social fact constructed by a set of actors for the "audiences", but a set of micro-level socio-cognitive processes that lead to a formation of legitimacy judgment by individuals and a set of collective processes that lead to

aggregation of individuals' judgments and emergence of a collective consensus judgment (validity) about legitimacy of that entity (Bitektine & Haack, 2015; Tost, 2011; Zelditch, 2006). This understanding of legitimacy has its theoretical roots in Berger and Luckmann's (1966) sociology of knowledge and Weber's (1968) conception of validity as a collective level judgment. The core constructs upon which the concept of legitimacy rests within the legitimacy-as-perception perspective thus are perceptions of the legitimacy object, individual's propriety judgment, collective validity judgment, and individual's validity beliefs about what the collective validity judgment is.

It should be noted that, the potential weaknesses inherent in the legitimacy-as-perception perspective are similar to those of micro-organizational theory more generally. Thus, one possible critique of the legitimacy-as-perception perspective, can be an over-reliance on micro-social explanations of the process of legitimacy judgment formation. As Jepperson and Meyer (2011: 56) note:

“Of course all causal social processes work through the behaviors and ideas of individual persons—this “ontological truism” (Watkins 1952) is a basic premise of all post-Hegelian naturalist social science. But this premise (sometimes called “ontological individualism”) in no way necessitates an explanatory (or “methodological”) individualism.”

Thus “for some explanatory issues individual-level explanations will be central. But for others they may be ineffective or irrelevant” (ibid., 56). In effect, certain social explanations can be provided without reference to psychological states (Goldstein, 1973). For research on micro-foundations of legitimacy this implies that researchers should not lose sight of organization, macro-level processes and their effects. The recognition of the cross-level nature of legitimacy, of interactions between the macro

and the micro (Bitektine & Haack, 2015) are essential for avoiding this potential pitfall in legitimacy-as-perception research.

Importantly, the conceptual apparatus of this stream, with its distinction of individual-level propriety and collective-level validity as two fundamental components of legitimacy, serves as a useful guard for avoiding the pitfalls of extreme individualism. At the same time, the micro-level focus of this perspective enables application of research methods adapted from psychology and micro-sociology to exploration of legitimacy. Experimental methods and computer simulations can substantially augment the scope of methods available to legitimacy scholars. Not only research on legitimacy can benefit from empirical validation of micro-foundations of legitimacy, but our understanding of relationships between macro level concepts can be advanced by tracing the micro-level causal mechanisms that connect them through macro-micro-macro causality chain.

Implications and Conclusion

By asking three simple questions (what is legitimacy, where does it occur and how is it constructed) we provide an analytic framework that synthesizes the burgeoning and often confusing literature on organizational legitimacy. Our framework demonstrates that legitimacy researchers adopt distinctly different assumptions about the phenomenon and, as a result, tend to talk 'past each other' as they focus on different elements of what is clearly a complex, multi-level social phenomenon. Despite,

or perhaps because, of its widespread use, legitimacy remains “one of the great unanalyzed concepts of organization theory” (Zald, 1978: 71).

We conclude with two recommendations for future work that derive directly from the three perspectives of legitimacy described above. First, we offer some suggestions for enhancing the clarity of the construct in future research. Second, we offer some suggestions about extending the range of methods used to study legitimacy.

Enhancing construct clarity

Clear constructs are essential for effective theorization. Construct clarity requires researchers to probe their own, often implicit, assumptions about the phenomenon that they are studying, providing clear definitions of the phenomenon complete with boundary conditions. Most importantly, clear constructs facilitate communication between researchers and help them understand when they are analyzing different elements of a larger phenomenon.

Our analytic framework reveals that management scholars who study legitimacy and who adopt different assumptions about the construct often allow those differences to become magnified when the construct is operationalized. As an illustration, consider the differences in how researchers have theorized and operationalized the ‘strength’ of legitimacy.

Considered as a property, some researchers theorize legitimacy as a valence or a ‘bipolar’ construct ranging from strong forms of positive legitimacy (e.g. highly taken for granted) to strong forms of negative legitimacy (e.g. stigmatization), with a midpoint value indicating a switch from legitimacy to illegitimacy (see, for example, Elsbach & Sutton, 1992). An alternative approach, more consistent with a process view of legitimacy, theorize the construct as ‘unipolar’ in which processes of legitimation must grow from a point where there is clearly no legitimacy (a ‘zero’ state) to pass a threshold or tipping point

at which legitimacy is established (see for example Fisher, Kotha & Lahiri, 2016; Zimmerman & Zeitz, 2002). In this process oriented view, illegitimacy does not signal negative legitimacy, but rather articulates its absence (Hudson, 2008; Hudson & Okhuysen, 2009).

From the perspective of legitimacy-as-perception, however, these efforts to assess the 'strength' of legitimacy raise important questions about how legitimacy is constructed. Does the notion of a 'threshold' value of legitimacy represent an undetermined state where evaluators do not make any judgment of legitimacy or illegitimacy? Or rather, does the threshold or tipping point represent an equally balanced state in which those evaluators who perceive something to be legitimate are negated by an equally influential group of evaluators who perceive the target to be illegitimate?

A related issue is whether legitimacy should be conceived as a dichotomous or a continuous construct. Deephouse and Suchman (2008) advance the case for legitimacy as a dichotomous entity – i.e. a target organization either has it or does not. The dichotomous view is consistent with a legitimacy-as-property perspective. Others, however, adopt the view that legitimacy is a continuous construct (Hudson & Okhuysen, 2009; Kostova & Zaheer, 1999; Tost, 2011) in which one can refer to “varying”, “low or high” levels of legitimacy (Gardberg & Fombrun, 2006; Fisher et al, 2016), “growing or declining” levels of legitimacy (Certo, 2003) and so on. Core assumptions about the essence of the phenomenon, thus, generate very different conclusions about how we might theorize the degree or comparative strength of legitimacy as a construct.

Expanding the methodological toolkit

An important insight of our analytic framework is that theoretical and methodological developments in the study of legitimacy have been intertwined. The evolution of property and process perspectives has been tightly knit with methodologies that are consistent with the epistemological and ontological assumptions of each

approach as well as with methodological approaches that were deemed legitimate within the research community at given points in time.

However, if we take seriously the insight that legitimacy is a complex phenomenon, constituted simultaneously as property, process and perception, and constructed across multiple levels of analysis, then we need to massively expand the range of methods used to study it. That is, legitimacy scholars need to complement existing approaches with new or underused methods and connect these methods with underexplored aspects of legitimacy (Haack, 2013). Below, we briefly sketch four underused but important methods that are well positioned to expand our understanding of legitimacy.

Lab experiments: Laboratory experiments take place in an environment that is created for the purpose of specific research and is fully controlled by the researcher (Colquitt, 2008). Lab experiments have a long history in organizational research (Stone-Romero, Weaver, & Glenar, 1995). The value of applying lab experiments in studying institutional processes is evidenced by both classic (Elsbach, 1994; Zucker, 1977) and more recent works (Lammers et al., 2008; Raaijmakers, Vermeulen, Meeus, & Zietsma, 2015; Sitkin & George, 2005). In the context of research on legitimacy, lab experiments seem particularly suitable for elucidating inter-individual or intra-individual factors that influence legitimacy judgments, including mood, cognitive load, and normative pressure. Lab experiments can also shed light on the heuristic foundation of legitimacy judgments and the behavioral implications of judgment heuristics (Bitektine, 2011; Haack et al., 2014), as well as mental and behavioral threshold values for the disclosure

of silenced propriety beliefs (Bitektine & Haack, 2015). In the future, institutional researchers could test deductively derived hypotheses on heuristic processes and “tipping points” associated with legitimacy by carrying out lab-based experiments on judgment formation, in which participants are asked to classify or evaluate stimulus material.

Deliberation designs: A methodology we deem particularly useful for the exploration of legitimacy as a social judgment is the (quasi-) experimental test on structured discussions or deliberations. “Deliberation” can be defined broadly as “communication that induces reflection on preferences, values and interests in a non-coercive fashion” (Dryzek, 2000: 76). As deliberation designs involve surveying pre- and post-deliberation opinions, as well as observing the actual discussion of a representative sample, they combine aspects of the “internal validity provided by experimental design, the external validity provided by actual deliberation about real-world issues, and the generalizability provided by surveys” (Carpini, Cook & Jacobs, 2004: 333). Deliberation experiments thus represent a sub-type of “situated experiments”; that is, laboratory experiments conducted in a natural setting (Greenberg & Tomlinson, 2004). Importantly, deliberation settings are not based on the view of legitimacy as the mere aggregate of individual beliefs but allow for the identification of supra-individual aspects of cognition, that is, addressing the issue of how everyday practices and conversations create intersubjectively shared typifications and meaning systems within a group (DiMaggio, 1997). Deliberation studies would therefore facilitate the empirical investigation on the negotiations and struggles underlying both the production of

prevailing judgments and silencing of marginalized voices in legitimacy judgment formation (Bitektine & Haack, 2015).

Multi-sited ethnography: According to the legitimacy-as-perception perspective, legitimacy is a subjectively bestowed judgment which is variably ascribed by different audiences. Yet, with methods traditionally applied in the field, legitimacy scholars have been unable to understand how legitimacy manifests amongst different audiences (Vergne, 2011). Multi-sited ethnography presumes that institutional dynamics are created at multiple local sites; they manifest at the discursive interstices between prevailing institutions of media, markets, states, industries, universities and so forth (Marcus, 1995). Within this purview, the global does not exist as an autonomous entity that is discursively bereft from the local. This method has thus much potential to investigate how legitimacy emerges in processes of social construction as a “generalized perception.” In using multi-sited ethnography, researchers can conceptualize how legitimacy is idiosyncratically understood by various constituents and study how legitimacy is produced, defined, and finally reified, at different organizational sites. Multi-sited ethnology thus allows researchers to identify the specific practices by which institutionalization transcends levels – from individuals making judgments to groups of similarly minded actors, to dominant opinions in the media, government and legal systems, and finally, to the validated consensus of most members of a social system.

Genealogical analysis: Finally, genealogical analysis can contribute to illuminating perspectives on organizational phenomena that have been submerged by hegemonic epistemological structures. Drawing on Nietzsche’s (1987 [1996])

foundational work, Foucault (1980: 83) develops the concept of genealogy to “refer to the erudite knowledge and local memories which allows us to establish a historical knowledge of struggles and to make use of this knowledge tactically today”. While the genealogy as a Foucauldian concept has acquired some purchase amongst critical management studies scholars (Barratt, 2008; Knights, 2004), recently some scholars have argued for organization research to substantively apply genealogy as an empirical method (Jorgensen, 2002). Whilst genealogical analysis has not been explicitly examined within the context of legitimacy research, there has been some consideration for critically engaging historical methods to understand institutional processes (Suddaby, Forster, & Mills, 2014). For instance, Schneiberg and Clemens (2006: 205) work from an institutional theory critique to encourage researchers to, “combine the attention to historical processes and complexity demanded by historians with the systematic analyses and rigor demanded by organizational researchers”. In our view, legitimacy researchers can use genealogical analysis to critically investigate the reliance of legitimacy and social judgment formation on history, thereby overcoming the essentialist epistemology of the property and process perspectives. Indeed, in being able to trace which organizational discourses, practices and judgments become legitimate or illegitimate over time, vividly elucidates the utility of genealogies in intricately conceptualizing legitimacy’s “history of the present” (Foucault, 1977).

Conclusion

More than twenty years ago, Suchman (1995) noted that researchers “have made legitimacy into an “anchor-point of a vastly expanded theoretical apparatus” (571), yet at the same time lamented that despite its importance the legitimacy construct was characterized by “fragile conceptual moorings” (572). Both statements are still applicable; indeed, in our view, both the importance and the conceptual ambiguity of legitimacy have rather increased than decreased in recent years, making legitimacy a central and widely-used but often confusing concept in management research. We hope that this review will be useful to scholars interested in legitimacy research, by providing an overview of the three most prominent perspectives on legitimacy, and suggesting several key issues that need attention to make progress in this fascinating area of research.

Table 1

The three Streams of Legitimacy Research

	Property	Process	Perception
What is Legitimacy	<ul style="list-style-type: none"> ▪ A property ▪ A resource ▪ A thing 	<ul style="list-style-type: none"> ▪ A process ▪ An impression ▪ A perception ▪ An assessment 	<ul style="list-style-type: none"> ▪ A socio-cognitive co-construction ▪ An institutionalized judgement
Where does it occur?	<ul style="list-style-type: none"> ▪ Legitimacy is “owned” by those being evaluated (by legitimacy objects - organizations, populations, less often – individual actors) 	<ul style="list-style-type: none"> ▪ Legitimacy is “constructed” by those seeking social change in an institutional field (individual actors or social groups) 	<ul style="list-style-type: none"> ▪ Legitimacy is “perceived” and evaluated by individual and collective evaluators ▪ Multiple/Cross levels
How does it occur?	<ul style="list-style-type: none"> ▪ “fit” between attributes of an organization and social values in the external environment 	<ul style="list-style-type: none"> ▪ socially constructed congruence between an individual actor and a social group 	<ul style="list-style-type: none"> ▪ typified patterns of perceptions, judgments, and behaviours between evaluator and beneficiary
Representative publications	Suchman (1995) Zimmerman & Zeitz, 2002 Singh, Tucker & House (1986) Rao (1991)	Johnson, Dowd & Ridgeway (2006) Maguire, Hardy & Lawrence (2004) Suddaby & Greenwood (2005)	Bitectine (2011), Tost (2011), Bitectine & Haack, (2015) Anand & Watson, (2004) Holm (1994)

REFERENCES

- Aldrich, H. E., & Fiol, C. M. 1994. Fools rush in? The institutional context of industry creation. *Academy of Management Review*, 19(4): 645-670.
- Aldrich, H. E., & Ruef, M. 2006. *Organizations Evolving* (2 ed.). London, UK: SAGE Publications.
- Anderson, P. & Tushman, M.L. 1991. Managing through cycles of technological change. *Research Technology Management*, 34(3): 26-31.
- Arndt, M., & Bigelow, B. 2000. Presenting structural innovation in an institutional environment: Hospitals' use of impression management. *Administrative Science Quarterly*, 45(3): 494-522.
- Asch, S. E. 1956. *Studies of Independence and Conformity*. Washington, D.C.: American Psychological Association.
- Ahlstrom, D. & Bruton, G.D. 2001. Learning from successful local private firms in China: Establishing legitimacy. *The Academy of Management Perspective*, 15(4): 72-83.
- Ashforth, B. E., & Gibbs, B. W. 1990. The double edge of organizational legitimation. *Organization Science*, 1(2): 177-194.
- Bandura, A. 1986. *Social Foundations of Thought and Action: A Social Cognitive Theory*. Englewood Cliffs, N.J.: Prentice-Hall.
- Bansal, P., & Clelland, I. 2004. Talking trash: Legitimacy, impression management, and unsystematic risk in the context of the natural environment. *Academy of Management Journal*, 47(1): 93-103.
- Barnett, M. L. 2006. Waves of collectivizing: A dynamic model of competition and cooperation over the life of an industry. *Corporate Reputation Review*, 8(4): 272-292.
- Barney, J., & Felin, T. 2013. What are microfoundations? *Academy of Management Perspectives*, 27(2): 138-155.
- Baum, J. A. C., & Oliver, C. 1991. Institutional linkages and organizational mortality. *Administrative Science Quarterly*, 36(2): 187-218.
- Baum, J.A.C. & Powell, W.W. 1995. Cultivating an institutional ecology of organizations: comment on Hannon, Carroll, Dundon and Torres. *American Sociological Review*, 60(4): 529-538.
- Baum, J.A.C. & Singh, J.B. 1994. Organizational niches and the dynamics of organizational mortality. *American Journal of Sociology*, 100: 346-80.
- Benford, R. D., & Snow, D. A. 2000. Framing processes and social movements: An overview and assessment. *Annual Review of Sociology*, 26: 611-639.
- Berger, J., Ridgeway, C. L., Fisek, M. H., & Norman, R. Z. 1998. The legitimation and delegitimation of power and prestige orders. *American Sociological Review*, 63(3): 379-405.
- Berger, P. L., & Luckmann, T. 1966. *The social construction of reality: A treatise in the sociology of knowledge*. Garden City, NY: Doubleday.
- Bitektine, A. 2008. Legitimacy-based entry deterrence in inter-population competition. *Corporate Reputation Review*, 11(1): 73-93.

Bitektine, A., & Haack, P. 2015. The macro and the micro of legitimacy: Towards a multi-level theory of the legitimacy process. *Academy of Management Review*, 40(1): 49-75.

Botzem, S. & Dobusch, L. Standardization cycles: A process perspective on the formation and diffusion of transnational standards. *Organization Studies*, 33: 737-762.

Bozeman, B. 1993. A theory of government 'red tape'. *Journal of Public Administration Research and Theory*, 3(3): 273-304.

Brewer, M. B. 1991. The social self: On being the same and different at the same time. *Journal of Personality and Social Psychology Bulletin*, 17: 475-482.

Brown, A.D. 1997. Narcissism, identity and legitimacy. *Academy of Management Review*, 22(3): 643-686.

Brown, A.D. 1998. Narrative, politics and legitimacy in an IT implementation. *Journal of Management Studies* 35(1): 35-58.

Brown, A.D. & Jones, M. 2000. Honourable members and dishonourable deeds: Sensemaking, impression management and legitimation in the arms to Iraq affair. *Human Relations*, 53(5): 655-689.

Bundy, J., & Pfarrer, M. D. 2015. A burden of responsibility: The role of social approval at the onset of a crisis. *The Academy of Management Review*, 40(3): 345-369.

Carroll, G.R. & Hannan, M.T. 1989. Density delay in the evolution of organizational populations: A model and five empirical tests. *Administrative Science Quarterly*, 34(3): 411-430.

Certo, S. T. 2003. Influencing initial public offering investors with prestige: Signaling with board structures. *Academy of Management Review*, 28(3): 432-446.

Chen, H.Y., Griffith, D.A. and Hu, M.Y. 2006. The influence of liability of foreignness on market entry strategies. *International Marketing Review*, 23(6): 636-649.

Collins, R. 1981. On the Microfoundations of Macrosociology. *American Journal of Sociology*, 86(5): 984-1014.

Czarniawski, B., and B. Joerges 1996. "Travels of ideas." In *Translating organizational change*, edited by B. Czarniawsky and G. Sevón. Berlin/New York: De Gruyter.

D'Aunno, T., Sutton, R. I., & Price, R. H. 1991. Isomorphism and external support in conflicting institutional environments: A study of drug abuse treatment units. *Academy of Management Journal*, 34(3): 636.

Daft, R. L., & Weick, K. E. 1984. Toward a model of organizations as Interpretation systems. *Academy of Management Review*, 9(2): 284-295.

David, R. J., Sine, W. D., & Haveman, H. A. 2013. Seizing opportunity in emerging fields: How institutional entrepreneurs legitimated the professional form of management consulting. *Organization Science*, 24(2): 356-377.

Deephouse, D. L. 1996. Does isomorphism legitimate? *Academy of Management Journal*, 39(4): 1024-1039.

Deephouse, D. L. 1999. To be different, or to be the same? It's a question (and theory) of strategic balance. *Strategic Management Journal*, 20(2): 147-166.

- Deephouse, D. L. & Carter, S. M. 2005. An Examination of Differences Between Organizational Legitimacy and Organizational Reputation, *Journal of Management Studies*, 42(2):329-360.
- Deephouse, D. L., & Suchman, M. C. 2008. Legitimacy in organizational institutionalism. In R. Greenwood, C. Oliver, & R. Suddaby (Eds.), *The Sage Handbook of Organizational Institutionalism* 49-77. Los Angeles, CA: Sage.
- Desai, V. M. 2011. Mass media and massive failures: Determining organizational efforts to defend the field's legitimacy following crises. *Academy of Management Journal*, 54(2): 263–278.
- Diez-Martin, F., Prado-Roman, C. & Blanco-Gonzalez, A. 2013. Beyond legitimacy: Legitimacy types and organizational success. *Management Decision*, 51(10): 1954-1969.
- DiMaggio, P. J., & Powell, W. W. 1983. The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48(2): 147-160.
- Dittes, J. E., & Kelley, H. H. 1956. Effects of different conditions of acceptance upon conformity to group norms. *The Journal of Abnormal and Social Psychology*, 53(1): 100-107.
- Dobrev, S. D., Ozdemir, S. Z., & Teo, A. C. 2006. The ecological interdependence of emergent and established organizational populations: Legitimacy transfer, violation by comparison, and unstable identities. *Organization Science*, 17(5): 577-597.
- Dornbusch, S. M., & Scott, W. R. 1975. *Evaluation and the exercise of authority*. San Francisco, CA: Jossey-Bass Publishers.
- Dowling, J., & Pfeffer, J. 1975. Organizational legitimacy: social values and organizational behavior. *Pacific Sociological Review*, 18: 122-136.
- Drori, I. & Honig, B. 2013. A process model of internal and external legitimacy. *Organization Studies*, 34(3): 345-376.
- Dunn, M. B., & Jones, C. 2010. Institutional Logics and Institutional Pluralism: The Contestation of Care and Science Logics in Medical Education, 1967-2005. *Administrative Science Quarterly*, 55(1): 114-149.
- Durand, R., & Vergne, J.-P. 2015. Asset divestment as a response to media attacks in stigmatized industries. *Strategic Management Journal*, 36(8): 1205-1223.
- Durkheim, E. 1982. *The Rules of the Sociological Method* (W. D. Halls, Trans.). New York: Free Press.
- Edelman, L.B. 1992. Legal ambiguity and symbolic structures: Organizational mediation of civil rights law. *American Journal of Sociology*, 97: 1531-1576.
- Elsbach, K. D. 1994. Managing organizational legitimacy in the California cattle industry. *Administrative Science Quarterly*, 39(1): 57-88.
- Elsbach, K.D. & Kramer, R.M. 1996. Members' responses to organizational identity threats: Encountering and countering the Business Week rankings. *Administrative Science Quarterly*, 41(3): 442-476.
- Elsbach, K. D., & Sutton, R. I. 1992. Acquiring organizational legitimacy through illegitimate actions: A marriage of institutional and impression management theories. *Academy of Management Journal*, 35(4): 699-738.

Elsbach, K. D., Sutton, R. I., & Principe, K. E. 1998. Averting expected challenges through anticipatory impression management: A study of hospital billing. *Organization Science*, 9(1): 68-86.

Felin, T., Foss, N. J., & Ployhart, R. E. 2015. The Microfoundations Movement in Strategy and Organization Theory. *The Academy of Management Annals*, 9(1): 575-632.

Fiske, S. T., & Taylor, S. E. 1991. *Social cognition* (2 ed.). New York: McGraw-Hill.

Fiss, P.C. & Zajac, E.J. 2004. The Diffusion of Ideas over Contested Terrain: The (Non)adoption of a Shareholder Value Orientation among German Firms. *Administrative Science Quarterly*, 49: 501-534.

Fligstein, N. 1985. The spread of the multidivisional form among large firms, 1919-1979. *American Sociological Review*, 50(3): 377-391.

Flibstein, N. 1987. Social skill and institutional theory. *American Behavioral Scientist*, 40(4): 397-405.

Foreman, P. & Whetten, D.A. 2002. Members' identification with multiple identity organizations. *Organization Science*, 13(6): 618-635.

Fuchs, S. 1989. On the microfoundations of macrosociology: A critique of macrosociological reductionism. *Sociological Perspectives*, 32(2): 169-182.

Galaskiewicz, J. 1985. Interorganizational relations. *Annual Review of Sociology*, 11: 281-304.

Gardberg, N.A. & Fombrun, C.J. 2006. Corporate citizenship: Creating intangible assets across institutional environments. *Academy of Management Review*, 31(2): 329-346.

Garud, R., Schildt, H. A., & Lant, T. K. 2014. Entrepreneurial storytelling, future expectations, and the paradox of legitimacy. *Organization Science*, 25(5): 1479-1492.

George, E., Chattopadhyay, P., Sitkin, S. B., & Barden, J. 2006. Cognitive underpinnings of institutional persistence and change: A framing perspective. *Academy of Management Review*, 31(2): 347-365.

Gigerenzer, G. 2008. Why heuristics work. *Perspectives on Psychological Science*, 3(1): 20-29.

Gioia, D.A. 1998. *Identity in Organizations: Building theory through conversations*. Newbury Park, CA: Sage.

Giordano, P. C. 1983. Sanctioning the high-status deviant: An attributional analysis. *Social Psychology Quarterly*, 46(4): 329-342.

Golant, B.D. & Sillince, J.A.A. 2007. The constitution of organizational legitimacy: A narrative perspective. *Organization Studies*, 28(8): 1149-1167.

Glynn, M.A. & Azbug, R. 2002. Institutionalizing identity: Symbolic isomorphism and organizational names. *Academy of Management Journal*, 45(1): 267-280.

Goldstein, L. J. 1973. The Inadequacy of the Principle of Methodological Individualism. In J. O'Neill (Ed.), *Modes of Individualism and Collectivism*: 264-276. London: Heinemann.

Gould, R. V. 2002. The origins of status hierarchies: A formal theory and empirical test. *The American Journal of Sociology*, 107(5): 1143-1179.

Greenwood, R., Suddaby, R., & Hinings, C. R. 2002. Theorizing change: The role of professional associations in the transformation of institutional fields. *Academy of Management Journal*, 45(1): 58-80.

Haack, P., Pfarrer, M., & Scherer, A. G. 2014. Legitimacy-as-feeling: How affect leads to vertical legitimacy spillovers in transnational governance. *Journal of Management Studies*, 51(4): 634-666.

Habermas, J. (trans. by T. McCarthy). 1975. *Legitimation Crisis*. Boston, MA: Beacon Press.

Hallett, T. & Ventresca, M.J. 2006. Inhabited institutions: Social interactions and organizational forms in Gouldner's *Patterns of Industrial Democracy*. *Theory and Society*, 35: 213-236.

Hallstrom, K.T. & Bostrom, M. 2010. *Transnational multi-stakeholder standardization: Organizing fragile non-state authority*. Cheltenham, U.K.: Edward Elgar.

Hannan, M. T. 2005. Ecologies of organizations: Diversity and identity. *The Journal of Economic Perspectives*, 19(1): 51-70.

Hannan, M. T., & Carroll, G. 1992. *Dynamics of organizational populations: Density, legitimation, and competition*. New York: Oxford University Press.

Hannan, M. T., & Freeman, J. 1977. The population ecology of organizations. *American Journal of Sociology*, 82(5): 929-964.

Hannan, M.T. & Freeman, J. 1984. Structural inertia and organizational change. *American Sociological Review*, 49(2): 149-164.

Hannan, M.T. & Freeman, J. 1984. Where do organizations come from? *Sociological Forum*, 1(1): 50-72.

Hannan, M. T., & Freeman, J. 1989. *Organizational Ecology*. Cambridge, MA: Harvard University Press.

Hardy, C., & Clegg, S. R. 1996. Some dare call it power. In S. R. Clegg, C. Hardy, & W. R. Nord (Eds.), *Handbook of Organization Studies*: 622-641. London: Sage Publications.

Hargadon, A. B. and J. Y. Douglas. 2001. When Innovations meet Institutions: Edison and the Design of the Electric Light, *Administrative Science Quarterly*, 46: 476-501.

Haveman, H.A. 1993. Follow the leader: Mimetic isomorphism and entry into new markets. *Administrative Science Quarterly*, 38: 593-627.

Hayward, M. L. A., Rindova, V. P., & Pollock, T. G. 2004. Believing one's own press: The causes and consequences of CEO celebrity. *Strategic Management Journal*, 25(7): 637-668.

Henisz, W.J. & Zelner, B.A. 2005. Legitimacy, interest group pressures, and change in emergent institutions: The case of foreign investors and host country governments. *Academy of Management Review*, 30(2): 361-382.

Hsu, G., & Hannan, M. T. 2005. Identities, Genres, and Organizational Forms. *Organization Science*, 16(5): 474.

Hudson, B.A. 2008. Against all odds: A consideration of core-stigmatized organizations. *Academy of Management Review*, 33(1): 252-266.

Hudson, B.A. & Okhuysen, G.A. 2009. Not with a ten foot pole: Core stigma, stigma transfer and improbable persistence in men's bathhouses. *Organization Science*, 20(1): 134-153.

Human, S., E., & Provan, K. G. 2000. Legitimacy building in the evolution of small firm multilateral networks: A Comparative study of success and demise. *Administrative Science Quarterly*, 45(2): 327-365.

Hunter, J.E., Schmidt, F.L. & Jackson, G.B. 1982. *Meta-analysis: Cumulating Research Findings across Studies*. Newbury Park, CA: Sage.

Huy, Q. N., Corley, K. G., & Kraatz, M. S. 2014. From support to mutiny: Shifting legitimacy judgments and emotional reactions impacting the implementation of radical change. *Academy of Management Journal*, 57(6): 1650.

Hybells, R. 1995. On legitimacy, legitimation and organizations: A critical review and integrative theoretical model. *Academy of Management Proceedings*: 241-245.

Hybels, R., Ryan, A. & Barley, S. 1994. Alliances, legitimation and the founding rates in the US biotechnology field, 1971-1989. *Proceedings of the Annual Meeting of the Academy of Management*, Dallas, TX.

Jepperson, R., & Meyer, J. W. 2011. Multiple levels of analysis and the limitations of methodological individualisms. *Sociological Theory*, 29(1): 54-73.

Johnson, C. 2004. Introduction: Legitimacy processes in organizations. In C. Johnson (Ed.), *Research in the Sociology of Organizations*, Vol. 22: 1-24: Emerald Group Publishing Ltd.

Johnson, C., Dowd, T. J., & Ridgeway, C. L. 2006. Legitimacy as social process. *Annual Review of Sociology*, 32: 53-78.

Jonsson, S., Greve, H. R., & Fujiwara-Greve, T. 2009. Undeserved loss: The spread of legitimacy loss to innocent organizations in response to reported corporate deviance. *Administrative Science Quarterly*, 54(2): 195-228.

Kahneman, D., & Tversky, A. 1996. On the reality of cognitive illusions. 103(3): 582-589.

Kennedy, M. T. 2008. Getting counted: Markets, media, and reality. *American Sociological Review*, 73(2): 270-295.

Kennedy, M.T. & Fiss, P.C. 2009. Institutionalization, framing, and diffusion: The logic of TQM adoption and implementation decisions among US hospitals. *Academy of Management Journal*, 52(5): 897-918.

King, B.G. & Whetten, D.A. 2008. Rethinking the relationship between reputation and legitimacy: A social actor conceptualization. *Corporate Reputation Review*, 11: 192-207.

Koopmans, R. & Olzak, S. 2004. Discursive opportunities and the evolution of right wing violence in Germany. *American Journal of Sociology*, 110(1): 198-230.

Kostova, T. & Roth, K. 2002. Adoption of an organizational practice by subsidiaries of multinational corporations: institutional and related effects. *Academy of Management Journal*, 45(1): 215-233.

Kostova, T., & Zaheer, S. 1999. Organizational legitimacy under conditions of complexity: The case of the multinational enterprise. *Academy of Management Review*, 24(1): 64-81.

Kuran, T. 1987. Preference falsification, policy continuity and collective conservatism. *Economic Journal*, 97: 642-665.

Lamertz, K., & Baum, J. A. C. 1998. The legitimacy of organizational downsizing in Canada: An analysis of explanatory media accounts. *Canadian Journal of Administrative Sciences*, 15(1): 93-107.

Lamin, A., & Zaheer, S. 2012. Wall Street vs. Main Street: Firm strategies for defending legitimacy and their impact on different stakeholders. *Organization Science*, 23(1): 47-66.

Langley, A. 1999. Strategies for theorizing from process data. *Academy of Management Review*, 24(4): 691-710.

Langley, A. 2007. Process thinking in strategic organization. *Strategic Organization*, 5(3): 271.

Lawrence, T. B., & Phillips, N. 2004. From Moby Dick to Free Willy: Macro-cultural discourse and institutional entrepreneurship in emerging institutional fields. *Organization*, 11(5): 689-711.

Lawrence, T. B., Suddaby, R., & Leca, B. 2008. Institutional Work. In S. Clegg, C. Hardy, W. R. Nord, & T. B. Lawrence (Eds.).

Lipsett, S. M. 1959. Some social requisites of democracy: economic development and political legitimacy. *American Political Science Review*, 53, 69–105.

Low, B. & Johnston, W. 2008. Securing and managing an organizations network legitimacy: The case of Motorola China. *Industrial Marketing Management*, 37(7): 873-879.

Maguire, S., & Hardy, C. 2009. Discourse and deinstitutionalization: The decline of DDT. *Academy of Management Journal*, 52(1): 148-178.

Maguire, S., Hardy, C., & Lawrence, T. B. 2004. Institutional entrepreneurship in emerging fields: HIV/AIDS treatment advocacy in Canada. *Academy of Management Journal*, 47(5): 657-679.

Malone, T. W., Crowston, K., Lee, J. et al. 1999. Tools for Inventing Organizations, *Management Science* 45(3): 425–43.

Martin, J., Feldman, M.S., Hatch, M.J. & Sitkin, S.B. 1983. The uniqueness paradox in organizational stories. *Administrative Science Quarterly*, 28(3): 438-453.

Massey, K., Freeman, S., & Zelditch, M. 1997. Status, power, and accounts. *Social Psychology Quarterly* 60(3): 238-251.

Meyer, J. W., & Rowan, B. 1977. Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, 83(2): 340-363.

Milgram, S. S. 1974. *Obedience to Authority: An Experimental View* New York: Harper & Row.

Miller, D., & Chen, M.-J. 1995. Nonconformity in competitive repertoires. *Academy of Management Journal*: 256-261.

Mishina, Y., Block, E. S., & Mannor, M. J. 2012. The path dependence of organizational reputation: how social judgment influences assessments of capability and character. *Strategic Management Journal*, 33(5): 459-477.

Mohr, L.B. 1982. *Explaining organizational behaviour*. San Francisco, CA: Jossey-Bass.

Muchnik, L., Aral, S., & Taylor, S. J. 2013. Social Influence Bias: A Randomized Experiment. *Science*, 341: 647-651.

Mueller, F., Sillince, J.A.A., Harvey, C. & Howorth, C. 2004. A rounded picture is what we need. Rhetorical strategies, arguments and the negotiation of change in a UK hospital trust. *Organization Studies*, 25(1): 75-93.

Navis, C., & Glynn, M. 2010. How new market categories emerge: Temporal dynamics of legitimacy, identity, and entrepreneurship in satellite radio, 1990-2005. *Administrative Science Quarterly*, 55(3): 439-471.

Neilsen, E. H., & Rao, M. V. H. 1987. The strategy-legitimacy nexus: A thick description. *Academy of Management Review*, 12(3): 523-533.

Noblit, G.W. & Hare, R.D. 1988. *Meta-ethnography: Synthesizing qualitative studies*. Newbury Park, CA: Sage.

Peak, H. 1958. Psychological structure and psychological activity. *Psychological Review*, 65: 325-347.

Pedersen, J.S. & Dobbin, F. 2006. In search of identity and legitimation: Bridging organizational culture and neoinstitutionalism. *American Behavioral Scientist*, 49(7): 897-907.

Phillips, M.E. 1994. Industry mindsets: Exploring the culture of two macro-organizational mindsets. *Organization Science*, 5(3): 384-402.

Pfarrer, M.D., Decelles, K.A., Smith, K.G. & Taylor, M.S. 2008. After the fall: Reintegrating the corrupt organization. *Academy of Management Review*, 33(3): 730-749.

Pfeffer, J. 1981. *Power in organizations*. Marshfield, MA: Pitman.

Pfeffer, J., & Salancik, G. R. 1978. *The external control of organizations: A resource dependence perspective*. New York: Harper & Row.

Pollock, T. G., & Rindova, V. P. 2003. Media legitimation effects in the market for initial public offerings. *Academy of Management Journal*, 46(5): 631-642.

Pólos, L., Hannan, M. T., & Carroll, G. R. 2002. Foundations of a theory of social forms. *Industrial and Corporate Change*, 11(1): 85-115.

Powell, W. W., & Colyvas, J. A. 2008. Microfoundations of institutional theory. In R. Greenwood, C. Oliver, K. Sahlin, & R. Suddaby (Eds.), *The Sage Handbook of Organizational Institutionalism*: 276-298. London: Sage.

Rao, H. 1994. The social construction of reputation: Certification contests, legitimation, and the survival of organizations in the American automobile industry: 1895-1912. *Strategic Management Journal*, 15: 29-44.

Rao, H. 2004. Institutional activism in the early American automobile industry. *Journal of Business Venturing*, 19(3): 359-384.

Ridgeway, C.L. & Berger, J. 1986. Expectations, legitimation and dominance behaviour in task groups. *American Sociological Review*, 51(5): 603-617.

Rindova, V. P., Pollock, T. G., & Hayward, M. L. A. 2006. Celebrity firms: The social construction of market popularity. *Academy of Management Review*, 31(1): 50-71.

Rindova, V.P. & Fombrun, C.J. 1999. Constructing competitive advantage: The role of firm-constituent interactions. *Strategic Management Journal*, 20(8): 691-710.

- Rosa, J. A., Porac, J. F., Runser-Spanjol, J., & Saxon, M. S. 1999. Sociocognitive dynamics in a product market. *Journal of Marketing*, 63: 64-77.
- Ruef, M., & Scott, W. R. 1998. A multidimensional model of organizational legitimacy: Hospital survival in changing institutional environments. *Administrative Science Quarterly*, 43(4): 877-904.
- Rutherford, M.W. & Buller, P.F. 2007. Searching for the legitimacy threshold. *Journal of Management Inquiry*, 16(1): 78-92.
- Scherer, A. G., Palazzo, G., & Seidl, D. 2013. Managing legitimacy in complex and heterogeneous environments: Sustainable development in a globalized world. *Journal of Management Studies* 50(2): 259-284.
- Scott, W.R. 1995. *Institutions and organizations*, Newbury Park, CA: Sage.
- Searle, J.R. 1969. *Speech acts: An essay in the philosophy of language*. Cambridge, UK: Cambridge University Press.
- Selznick, P. 1949. *TVA and the Grass Roots: A Study of Politics and Organization*. Berkley, LA, London: U. of California Press.
- Sherer, P. D., & Lee, K. 2002. Institutional change in large law firms: A resource dependency and institutional perspective. *Academy of Management Journal*, 45(1): 102.
- Sherif, C. W. 1963. Social categorization as a function of latitude of acceptance and series range. *The Journal of Abnormal and Social Psychology*, 67(2): 148-156.
- Sherif, M. 1935. A study of some social factors in perception. *Archives of Psychology*, 27(187): 1-60.
- Sherif, M. 1936. *The psychology of social norms*: Harper & Brothers.
- Sherif, M., & Hovland, C. 1961. *Social judgment: Assimilation and contrast effects in communication and attitude change*. Westport, CT: Greenwood Press.
- Sillince, J.A.A. & Brown, A.D. 2009. Multiple organizational identities and legitimacy: The rhetoric of police websites. *Human Relations*, 62(12): 1829-1856.
- Sine, W. D., & David, R. J. 2003. Environmental jolts, institutional change, and the creation of entrepreneurial opportunity in the US electric power industry. *Research Policy*, 32(2): 185-207.
- Sine, W.D. & Lee, B.H. 2009. Tilting at windmills? The environmental movement and the emergence of the US wind energy sector. *Administrative Science Quarterly*, 54(1): 123-155.
- Singh, J. V., Tucker, D. J., & House, R. J. 1986. Organizational legitimacy and the liability of newness. *Administrative Science Quarterly*, 31(2): 171-193.
- Spender, J.C. 1989. *Industry Recipes*. Oxford, UK: Blackwell.
- Staw, B.M. & Epstein, L.D. 2000. What bandwagons bring: Effect of popular management techniques on corporate performance, reputation and CEO pay. *Administrative Science Quarterly*, 45(3): 523-556.
- Strang, D & Meyer, J.W. 1993. Institutional conditions for diffusion. *Theory and Society*, 22: 487-511.
- Suchman, M. C. 1995. Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review*, 20(3): 571-610.
- Suddaby, R. 2010a. Construct Clarity in Theories of Management. *Academy of Management Review*, 34(3): 346-357.

Suddaby, R. 2010b. Challenges for Institutional Theory. *Journal of Management Inquiry*, 19(1): 14-20.

Suddaby, R., & Greenwood, R. 2005. Rhetorical strategies of legitimacy. *Administrative Science Quarterly*, 50(1): 35-67.

Suddaby, R. 2013. Institutional Theory, Pp. 379-384 in *Sage Encyclopaedia of Management Theory*, edited by E. Kessler, London: Sage.

Terreberry, S. 1968. The evolution of organizational environments. *Administrative Science Quarterly*, 12: 590-613.

Tolbert, P. S., & Zucker, L. G. 1983. Institutional sources of change in the formal structure of organizations: The diffusion of civil service reform, 1880-1935. *Administrative Science Quarterly*, 28(1): 22-39.

Tornikoski, E.T. & Newbert, S.L. 2007. Exploring the determinants of organizational emergence: A legitimacy perspective. *Journal of Business Venturing*, 22(2): 311-335.

Tost, L. P. 2011. An integrative model of legitimacy judgments. *Academy of Management Review*, 36(4): 686-710.

Tsoukas, H. 1991. The missing link: A transformational view of metaphors in organizational science. *Academy of Management Review*, 16(3): 566-585.

Tubbs, S. L. 1971. Two Person Game Behavior, Conformity-Inducing Messages and Interpersonal Trust. *Journal of Communication (pre-1986)*, 21(4): 326.

Tyler, T. R. 2006. Psychological perspectives on legitimacy and legitimation. *Annual Review of Psychology*, 57: 375-400.

Vaara, E., & Monin, P. 2010. A Recursive Perspective on Discursive Legitimation and Organizational Action in Mergers and Acquisitions. *Organization Science*, 21(1): 3-22.

Vaara, E., & Tienari, J. 2008. A discursive perspective on legitimation strategies in multinational corporations. *Academy of Management Review*, 33(4): 985-993.

Vaara, E., Tienari, J., & Laurila, J. 2006. Pulp and Paper Fiction: On the Discursive Legitimation of Global Industrial Restructuring. *Organization Studies*, 27(6): 789-810.

Van de Ven, A. H. 1992. Suggestions for studying a research process: A research note. *Strategic Management Journal*, 13(8): 169.

Van de Ven, A. H., & Garud, R. 1989. A framework for understanding the emergence of new industries. In R. S. Rosenbloom, & R. A. Burgelman (Eds.), *Research on Technological Innovation, Management, and Policy*: 195-225. Greenwich, CT: JAI Press.

Vanhonacker, W.R. 2000. A better way to crack China, *Harvard Business Review*, 78 (4): 20-21.

Vergne, J.-P. 2011. Toward a New Measure of Organizational Legitimacy: Method, Validation, and Illustration. *Organizational Research Methods*, 14(3): 484.

Vergne, J.-P. 2012. Stigmatized categories and public disapproval of organizations: A mixed-methods study of the global arms industry, 1996-2007. *Academy of Management Journal*, 55(5): 1027-1052.

Voronov, M., De Clercq, D., & Hinings, C. R. 2013. Institutional complexity and logic engagement: An investigation of Ontario fine wine. *Human Relations*, 66(12): 1563.

Wade, J.B. 1995. Dynamics of organizational communities and technological bandwagons: An empirical investigation of community evolution in the microprocessor market. *Strategic Management Journal*, 16(S1): 111-133.

Wade, J.B. 1996. A community-level analysis of sources and rates of technological variation in the microprocessor market. *Academy of Management Journal*, 39(5): 1218-1244,

Walker, H. A., Rogers, L., & Zelditch, M. 1988. Legitimacy and Collective Action: A Research Note. *Social Forces*, 67(1): 216-228.

Walker, H. A., Thomas, G. M., & Zelditch, M. 1986. Legitimation, Endorsement, and Stability. *Social Forces*, 64(3): 620-643.

Weber, M. 1958. The three types of legitimate rule. *Berkeley Publications in Society and Institutions*, 4(1): 1-11.

Weber, M. 1968. *Economy and society: An outline of interpretive sociology*. New York: Bedminster Press.

Webb, J.W., Tihanyi, L., Ireland, R.D., Sirmon, D.G. 2009. You say illegal, I say legitimate: Entrepreneurship in the informal economy. *Academy of Management Review*, 34(3): 492-510.

Weick, K. 1969. *The social psychology of organizing*. Reading, MA: Addison Wesley.

Westphal, J. & Zajac, E.J. 1995. Who shall govern? CEO/board power, demographic similarity, and new director selection. *Administrative Science Quarterly*, 40(1): 60-83.

Yoon, J., & Thye, S. 2011. Theoretical model and new test of managerial legitimacy in work teams. *Social Forces*, 90(2): 639-659.

Zelditch, M. 2006. Legitimacy theory. In P. J. Burke (Ed.), *Contemporary Social Psychological Theories*: 324-352. Stanford, CA: Stanford University Press.

Zelditch, M., & Walker, H. A. 1984. Legitimacy and the stability of authority. *Advances in Group Processes*, 1: 1-25.

Zelner, B.A., Henisz, W.J. & Holburn, G.L.F. 2009. Contentious implementation and retrenchment in neoliberal policy reform: The global electric power industry, 1989-2001. *Administrative Science Quarterly*, 54(3): 379-412.

Zilber, T.B. The work of the symbolic in institutional processes: Translations of rational myths in Israeli high tech. *Academy of Management Journal*, 49(2): 281-303.

Zimmerman, M. A., & Zeitz, G. J. 2002. Beyond survival: Achieving new venture growth by building legitimacy. *Academy of Management Review*, 27(3): 414-431.

Zucker, L. G. 1977. The role of institutionalization in cultural persistence. *American Sociological Review*, 42 726-743.

Zucker, L. G. 1988. Where do institutional patterns come from? Organizations as actors in social system. In L.G.Zucker (Ed.), *Institutional patterns and organizations: culture and environment*: 23-49. Cambridge, MA: Ballinger.

Zucker, L.G. 1989. Combining institutional theory and population ecology: No legitimacy, no history. *American Sociological Review*, 54: 542-545.

Zucker, L. G. 1991. Postscript: Microfoundations of institutional thought. In W. W. Powel, & P. J. DiMaggio (Eds.), *The new institutionalism in organization analysis*: 103-106. Chicago: University of Chicago Press.

Zuckerman, E. W. 1999. The categorical imperative: Securities analysts and the illegitimacy discount. *American Journal of Sociology*, 104(5): 1398-1438.

DiMaggio, P. 1988. Interest and agency in Institutional theory. In L.G.Zucker (Ed.), ***Institutional patterns and organizations: culture and environment***: 3-22. Cambridge, MA: Ballinger.

Dowling, J., & Pfeffer, J. 1975. Organizational legitimacy: social values and organizational behavior. ***Pacific Sociological Review***, 18: 122-136.

Haccoun, R. P., & Klimoski, R. J. 1975. Negotiator status and accountability source: A study of negotiator behavior. ***Organizational Behavior and Human Performance***, 14(3): 342-359.

Hiatt, S. R., Sine, W. D., & Tolbert, P. S. 2009. From Pabst to Pepsi: The deinstitutionalization of social practices and the creation of entrepreneurial opportunities. ***Administrative Science Quarterly***, 54(4): 635-667.

Johnson, C., Dowd, T. J., & Ridgeway, C. L. 2006. Legitimacy as social process. ***Annual Review of Sociology***, 32: 53-78.

Jost, J. T., & Banaji, M. R. 1994. The role of stereotyping in system-justification and the production of false consciousness. ***British Journal of Social Psychology***, 33: 1-27.

Jost, J. T., Banaji, M. R., & Nosek, B. A. 2004. A decade of system justification theory: Accumulated evidence of conscious and unconscious bolstering of the status quo. ***Political Psychology***, 25(6): 881-919.

Kuran, T. 1987. Preference falsification, policy continuity and collective conservatism. ***Economic Journal***, 97: 642-665.

Kuran, T. 1995. ***Private Truths, Public Lies: The Social Consequences of Preference Falsification***. Cambridge, MA: Harvard University Press

Lammers, J., Galinsky, A. D., Gordijn, E. H., & Otten, S. 2008. Illegitimacy moderates the effects of power on approach. ***Psychological Science***, 19(6): 558-564.

Lawrence, T. B., & Phillips, N. 2004. From Moby Dick to Free Willy: Macro-cultural discourse and institutional entrepreneurship in emerging institutional fields. ***Organization***, 11(5): 689-711.

Lawrence, T. B., Suddaby, R., & Leca, B. 2008. Institutional Work. In S. Clegg, C. Hardy, W. R. Nord, & T. B. Lawrence (Eds.).

Maguire, S., & Hardy, C. 2009. Discourse and deinstitutionalization: The decline of DDT. ***Academy of Management Journal***, 52(1): 148-178.

Pfeffer, J., & Salancik, G. R. 1978. ***The external control of organizations: A resource dependence perspective***. New York: Harper & Row.

Raaijmakers, A. G. M., Vermeulen, P. A. M., Meeus, M. T. H., & Zietsma, C. 2015. I need time! Exploring pathways to compliance under institutional complexity. ***Academy of Management Journal***, 58(1): 85-110.

- Russo, M. V. 1992. Power plays: Regulation, diversification, and backward integration in the electric utility industry. *Strategic Management Journal*, 13(1): 13-27.
- Sanders, G., & Tuschke, A. 2007. The Adoption Of Institutionally Contested Organizational Practices: The Emergence Of Stock Option Pay In Germany. *Academy of Management Journal*, 50(1): 33-56.
- Sine, W. D., & David, R. J. 2003. Environmental jolts, institutional change, and the creation of entrepreneurial opportunity in the US electric power industry. *Research Policy*, 32(2): 185-207.
- Sitkin, S. B., & George, E. 2005. Managerial Trust-Building Through the Use of Legitimizing Formal and Informal Control Mechanisms. *International Sociology*, 20(3): 307-338.
- Sitkin, S. B., Sutcliffe, K. M., & Reed, G. L. 1993. Prescriptions for justice: Using social accounts to legitimate the exercise of professional control. *Social Justice Research*, 6(1): 87-111.
- Souitaris, V., Zerbinati, S., & Liu, G. 2012. Which iron cage? Endo- and exoisomorphism in corporate venture capital programs. *Academy of Management Journal*, 55(2): 477-505.
- Suchman, M. C. 1995. Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review*, 20(3): 571-610.
- Trubetzkoy, N. S. 1976. *Principes de phonologie*. Paris: Klincksieck.
- Vaara, E., & Tienari, J. 2008. A discursive perspective on legitimation strategies in multinational corporations. *Academy of Management Review*, 33(4): 985-993.
- Vaara, E., & Tienari, J. 2011. On the narrative construction of multinational corporations: An antenarrative analysis of legitimation and resistance in a cross-border merger. *Organization Science*, 22(2): 370-390.
- Van Maanen, J., & Schein, E. H. 1979. Toward a Theory of Organizational Socialization. In B. M. Staw (Ed.), *Research in Organizational Behavior*, Vol. 1: 209-264. Greenwich, CT: JAI Press.
- Walker, H. A., Thomas, G. M., & Zelditch, M. 1986. Legitimation, Endorsement, and Stability. *Social Forces*, 64(3): 620-643.
- Zelditch, M., & Walker, H. A. 1984. Legitimacy and the stability of authority. *Advances in Group Processes*, 1: 1-25.

¹ Academy of Management Journal, Academy of Management Review, Administrative Science Quarterly, Strategic Management Journal, Journal of Management, Journal of Management Studies, Organization Science, Organization Studies