



## Conceptualising Legitimacy for New Venture Research

*A paper for the Small Enterprise Association of Australia and New Zealand 16<sup>th</sup> Annual Conference,  
Ballarat, 28 Sept-1 Oct, 2003.*

Scott Hargreaves, BA, PGDipArts (*Public Policy*), MBA (*Melb.*)

A DBA candidate at the Australian Graduate School of Entrepreneurship, Swinburne University of  
Technology, Melbourne,

[www.swin.edu.au/agse](http://www.swin.edu.au/agse)

and Director of Policy and Public Affairs at the SDA Group

[www.sdagroup.com.au](http://www.sdagroup.com.au)

c/- SDA Strategic

Level 8

460 Collins St

Melbourne, VIC, 3000

Telephone: 0418 528 281

+613 9648 5420 (BH)

+613 9347 1661 (AH)

email: [shargreaves@dignum.com.au](mailto:shargreaves@dignum.com.au)

### Abstract

The absence of legitimacy has been identified as a factor in the “liability of newness” faced by new ventures, so it should be of prime interest to researchers and practitioners in the field of entrepreneurship. A research design based on the literature as it stands would however be deficient for many applications, principally because the widespread evocation of “sociopolitical legitimacy” does not sufficiently account for the role of the State, and also because concepts analogous to those in the stakeholder literature are frequently deployed but without the associated and necessary theoretical underpinnings. Identifying these gaps in the course of a literature review, a firmer foundation for new venture legitimacy research is suggested.

The concept of legitimacy has a long history in the field of strategic management research (Powell and DiMaggio, 1991; Suchman, 1995), and its potential relevance of legitimacy for entrepreneurship theory and research has been well established by authors such as Aldrich & Fiol (1994).

While “research on the topic of new venture legitimacy is in its infancy” (Zimmerman & Zeitz, 2002, p.414) some conceptual issues must first be addressed or the research will not account for major determinants of new venture survival. In particular the role of the State needs to be expanded beyond the standard formulation of “sociopolitical” legitimacy, and the dynamics of firm/stakeholder interactions need to be taken into account.

## Definitions

Legitimacy is a theoretical construct grounded mostly in neo-institutional theory (Powell & DiMaggio, 1991), organisational ecology (Haveman, 1983), and strategic management (Aldrich & Fiol, 1994).

In a much-quoted review, Suchman (1995) defines:

“Legitimacy (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.” (p. 574)

Suchman sought a definition of legitimacy broad enough to encompass both the dominant ‘institutional school’ (Ashforth & Gibbs, 1990; Dowling & Pfeffer, 1975; Pfeffer, 1981; Pfeffer & Salancik, 1978) as well as the ‘strategic’ school (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Powell & DiMaggio, 1991).

He was concerned the former did not leave sufficient room for agency and overstated legitimacy’s cultural embeddedness (*ibid.*), so incorporated the approach of the latter school with its much greater scope for social actors in organisations to analyse their environment and make interventions.

The key difference between the two schools is the *mechanism* of legitimacy and the nature of conformity.

In the strategic school legitimacy connotes:

“congruence between the social values associated with or implied by (organizational) activities and the norms of acceptable behavior in the larger social system” (Dowling & Pfeffer, 1975, p. 122, quoted in Suchman, 1995, p. 573)

Whereas for the institutional school legitimacy is:

“the extent to which the array of established cultural account provide explanations for [an organization’s] existence” (Meyer & Scott, 1983, p.201)

Thus the strategic school emphasises behaviors and values while the institutional school emphasises symbols and cognitive processes.

## Why Does it Matter?

For the institutional school, the study of legitimacy serves a larger purpose. Its primary interest is in the ‘structuration dynamics’, the “process by which actors reproduce socially endorsed patterns of behaviour” (Giddens, 1979). Legitimation is the driver of structuration because social actors reproduce the socially endorsed patterns of behaviour in order to gain legitimacy.

Through “mimetic isomorphism”, for example, firms copy socially approved structural forms even when these may be sub-optimal from a purely instrumental point of view (DiMaggio & Powell, 1983).

While the model of cause (the search for legitimacy) and effect (the reproduction of structure) is critical to explaining actors’ behavior, it is not necessary for those actors to be wholly conscious of the process. Indeed, a key assumption of institutional theory is:

“that bounded rationality and uncertainty are chronic conditions in societies and in business organizations.....when faced with uncertain decisions (as so many decisions are), social actors refer back to this stock of scripts, rules, norms, values, and models in order to proceed.” (Zimmerman & Zeitz, 2002, p. 416)

The strategic school would not rely upon such a strong assumption of ‘bounded rationality’, instead emphasising the instrumental view of legitimacy as a *resource*, “one necessary for acquisition of other resources and for survival – and thus, (a) key factor influencing new venture growth” (Zimmerman & Zeitz, 2002, p. 414). In this way legitimacy is an “important complement to the economic model of the new venture” (*ibid*, p. 416). It is also consistent with the resource based school of strategic management (Priem & Butler, 2001).

## The Relevance of Stakeholders

Although legitimacy is grounded in a conception of approval by “society”, in its practical application analysis usually examines intermediate ‘stakeholders’, “any group or individual who can affect or is affected by the achievement of the organization’s objectives” (Freeman, 1984, p. 46), and who act as the providers or withholders of legitimacy (Cummings & Doh, 2000).

It is these intermediate actors which either directly provide the resources sought by the organisation or provide the legitimacy necessary to acquire resources from others (Aldrich & Fiol, 1994). The importance of this to the firm is spelt out by Mezner & Nigh (1993):

“The legitimization and ultimate survival of the firm may hinge on adequately managing the relationship between the organization and its social and political stakeholders.” (p. 30)

More will be said on the importance of stakeholder theory in a later section.

## Aspects of Legitimacy

Suchman’s (1995) broad definition of legitimacy encompasses three principal aspects: pragmatic, moral, and cognitive. Of these, the first two are usually considered from the point of view of the organisation’s stakeholders, whereas cognitive legitimacy is perhaps more relevant to considerations of “society” in its most general aspect.

Suchman also provides a taxonomy of sub-categories such as “structural legitimacy” within the moral order.

These sub-categories are useful constructs when considering how new organisations can gain legitimacy. “Structural legitimacy”, for example, suggests how a new organisation unable to achieve pragmatic legitimacy because it has as yet no outputs or benefits to show, can nevertheless deploy highly visible structural elements and processes such as quality accreditation to trigger positive responses from stakeholders.

Similarly, the efforts of a founder to create an account of the organisation in moral terms (“moral entrepreneurship”) is very important to gaining “personal legitimacy” within the moral order (DiMaggio & Powell, 1991).

Unfortunately such a strategy also leaves the organisation vulnerable to the departure of the founder, if the moral discourse he or she embodies has not been institutionalised in processes within the firm.

The third principal category of legitimacy is cognitive legitimacy, which in its mature form is described as “taken-for-grantedness”, a state in which the organisation’s presence and structure in society is no longer questioned at all, and potential alternatives are literally “unthinkable”.

The organisation has to provide an *account* of itself which meshes “both with larger belief systems *and* with the experienced reality of the audience’s daily life” (Suchman, 1991, p. 582).

Understanding the dynamics of cognitive legitimacy is potentially very important to a new venture. The temptation for many a new business is to emphasise its “novelty”, its point of differentiation.

While this may be important in product marketing efforts, it actually undermines the cognitive legitimacy that comes from familiarity (*see also Strategic Balance, below*).

While the most difficult to obtain, the potential rewards from cognitive legitimacy are great:

“as one moves from the pragmatic to the moral to the cognitive, legitimacy becomes more elusive to obtain and more difficult to manipulate, but is also more subtle, more profound, and more self-sustaining, once established (*ibid*, p. 584)

### **Organisational Ecology and the Liability of Newness**

The school of organizational ecology lies outside the mainstream of the neo-institutionalist school of strategic management, but is related to it in that they both examine legitimacy as a contributor to organisational survival (Baum & Powell, 1995; Hannan & Carroll, 1995). Where it extends beyond most institutional theory is in the hypothesis that legitimacy can explain the growth of organisational *populations* in a systematic way.

In their comprehensive review of “Organizational Ecology and the ‘Liability of Newness’” Singh *et al* (1986) trace the latter concept to Stinchcombe (1965), who opened up for analysis the question of why it was that “young organizations have a higher propensity to die” (Singh *et al.*, 1986, p. 510). The specific proposition is that the ‘liability of newness’ - the greater risk of mortality experienced by firms in new industries – is related to legitimation, which is in turn a dependent variable of the density of organisations within the population. As it was later put by Hannan *et al* (1995):

“as density increases, legitimation increases at a *decreasing* rate and competition increases at an *increasing* rate. Thus growth in density from zero mainly legitimates an organisational form, but continued growth eventually generates enough competition to overwhelm the effect of legitimation” (Hannan *et al.*, 1995, p.510)

According to its adherents this hypothesis, expressed algebraically and tested empirically, has been shown to accurately describe the evolution of (amongst others) the Irish and Argentinian newspaper industries (Delacroix & Carroll, 1983), the US automobile industry from 1895-1912 (Rao, 1994) and the post-war Bulgarian newspaper industry (Dobrev, 2001).

### **Strategic Balance**

Deephouse (1999) demonstrates how the issues thrown up by organisational ecology can be reframed as strategic problems for management:

“By differentiating, firms reduce competition. By conforming, firms demonstrate their legitimacy...(this) theory directs attention to intermediate levels of strategic similarity where firms balance the pressures of competition and legitimacy” (Deephouse, 1999, p. 147)

In the resource based view, presenting evidence of this balance is critical:

“entrepreneurs need to disguise the truly radical nature of their new activity....while simultaneously making a case they are different enough to hold a comparative advantage (Aldrich & Fiol, 1994, p. 652)

Deephouse found support for this hypothesis of “strategic balance” in a study of US commercial banks. His finding was that success (measured financially) was maximized when the firm achieved a

“strategic balance” between an increasing variable of differentiation and a decreasing variable of conformity.

The Deephouse formulation does however reveal a somewhat monodimensional conception of strategy, placing it firmly in the camp of “strategy as positioning” (see Mintzberg & Lampel, 1999, for a discussion on the ‘schools’ of strategy). In reality firms face a range of strategic options for achieving legitimacy, a subject to which this paper will return in a later section.

### **The Level of Analysis**

Zucker’s (1989) critique of organizational ecology does highlight the importance of keeping in clear view the level of analysis. Are we for instance, examining the legitimacy of organisations within an industry, or perhaps the legitimacy *of that industry*, as seen by other industries?

The four levels at which legitimation processes operate are: organizational, intraindustry, interindustry, and institutional (Aldrich and Fiol 1994, p. 649).

It is also necessary to understand the connections *between* levels, such as when Aldrich & Fiol (1994) make the link between individual and industry efforts, as an:

“(entrepreneur’s successful pursuit) of legitimacy may evolve from innovating ventures to broader contexts, collectively reshaping industry and institutional environments.” (p. 645)

The following sections build on Aldrich and Fiol’s (1994) levels while bringing in a range of questions and approaches relevant to the study of legitimacy.

### **Organizational Level**

While the organisation is typically the unit of study, studies of legitimation should at times also encompass the “intra-organizational” dynamics, for which Neilsen & Rao (1987) believe we should adopt the approach of the anthropologist Geertz, to achieve a “thick” description.

By highlighting the assumptions of managerial rationality and organisational cohesiveness implicit in firm level analysis, this approach provides a path for further analysis of the official discourse should these assumptions be no longer valid (such as in, for instance, an intra-firm conflict over succession).

### **Intraindustry Level**

Building the legitimacy of an industry typically requires promotion of its *bona fides* to other industries. In technology based industries it is often necessary to converge around a “dominant design” or common firm structure and processes, as a multiplicity of standards and designs creates confusion and undermines legitimacy (Van De Ven & Garud, 1989).

The case of Sun Microsystems and its sponsorship of Java provides an example of the issues that arise as entrepreneurial firms attempts to promulgate a common standard within an industry (Garud et al, 2002).

Building innovative practices within an emerging industry, when often a key firm must seek to cooperate with those with whom they otherwise compete, can be seen as a strategic problem calling forth a strategy of “co-opetition” (Brandenburger & Nalebuff, 1995), or alternatively, as task of transformational leadership (Howell & Higgins, 1990).

Also relevant is the Human & Provan (2000) study on the network as a specific type of response to the problems of establishing or growing new industries. This comparative study of two multilateral networks of small and medium sized firms in the US wood products manufacturing industry highlighted that each of the three key aspects of the network structure had to be legitimated.

As well as establishing legitimacy of the “network as form”, to succeed it must also establish the legitimacy of the “network as entity”, giving it a permanent and independent identity, and finally also establish the “network as interaction”, validating the relationships between the firms in the network (pp. 337-338.)

The other notable contribution of the Human and Provan paper is its characterisation of the “stages” of industry evolution and the different considerations and strategies relevant at each stage. Beginning

with the “pre-network organizational field”, through “network formation”, “early growth”, “emerging legitimacy”, and finally to “sustainment or demise” (pp. 342-343).

Like similar models which characterise the growth of an individual firm (Churchill & Lewis, 1983), this analysis is potentially the foundation of a practical guide to predicting in advance the emergence of “dominant problems” at each stage in the manner of, for example Kazanjian (1988).

### **Interindustry Level**

At the interindustry level, Aldrich and Fiol (1994) highlight two key strategies for achieving the legitimacy necessary to acquire resources from other industries in the supply chain. The strategy of *framing* starts from an awareness that as external parties do not as yet have mental models of how the new firms operate, they will tend to fall back on existing models of entrepreneur behaviour and attributes.

The entrepreneurs in this situation must therefore be aware of the importance of “framing and editing their behaviors and intentions *vis-à-vis* the (other) trusting parties” (p. 657), a practice elsewhere characterised as “impression management” (Elsbach & Sutton, 1992), and which highlights more generally the importance of “framing” behaviors and organisational stories to achieve cognitive legitimacy (Elsbach & Eloffson, 2000).

Framing “affects attitudes by influencing the importance individuals attach to issue-relevant beliefs (*in contrast to*) the more familiar means of persuasion via change in belief content.” (Nelson & Oxley, 1999).

Institutionalists such as Ashforth and Gibbs (1990) would however recommend caution in exercising such impression management strategies. Their concern was “how organisations often ‘protest too much’ their legitimacy and produce the opposite effect of that desired” (p. 177).

They can be caught in the ‘self-promoter’s paradox’, as “protests of legitimacy are likely to be more successful if they are indirect and subtle (but) the low legitimacy organisation often lacks the *capacity* – the substance *and* the style – to behave in such a manner” (*ibid.*)

To avoid the perception of *self*-promotion, firms may seek ‘third-party endorsement’, as organisations may seek to alleviate selection pressures on the organization and thus lower the death rate (Singh et al., 1986, p.173).

This could take the form of marketing alliances, product endorsement, ‘cause-related marketing’ (e.g. Bennett, 2002; Smith & Higgins, 2000) and the building of cross-industry alliances to change societal attitudes on specific issues (e.g. Hemphill, 1996).

An interesting approach to such alliance-building is that which considers a “market for legitimacy”, first proposed by Brandenburger & Nalebuff (1996) and taken further by Cummings & Doh (2000). It establishes a “political market” analogous to Porter’s five forces model (Porter, 1980).

Continuing the analogy to the substitutes and complements of the five forces model, ‘social actors’ (in place of customers) grant or withhold legitimacy in a process made more difficult by “political competitors” or eased by “political complementors” (Cummings & Doh, 2000).

This is potentially a valuable aid to practical legitimacy management, as it can be easily integrated with the more familiar Porter-style analysis of the competitive environment.

### **Institutional Level**

At the ‘institutional’ level firms gain legitimacy from society at large and may also face the coercive power of the State as “new industries whose activities and long-term consequences are not well understood may have trouble in winning approval from cautious government agencies.” (Aldrich & Fiol, 1994)

At this level of analysis a potential difficulty with Suchman’s tri-fold taxonomy of legitimacy (pragmatic, moral, cognitive) comes to the fore (Suchman, 1995). Neither “pragmatic” nor “moral”, as defined, really capture the role of the State.

Similarly, Aldrich and Fiol's (1994) analysis of "sociopolitical" legitimacy offers little more than the suggestion that emerging industries can harness educational institutions to increase their occupation of "social space" (p. 660). Against threats of State intervention it offers "collective marketing and lobbying efforts", the brevity of this suggestion highlighting that the model has not fully accounted for the State as a very particular type of institution (p. 663).

Ruef & Scott (1998) refer back to the analysis of the State provided by the foundational theorist of legitimacy, the nineteenth century German sociologist Max Weber:

"Weber developed a distinction between general social norms and what he termed guaranteed law: the existence of a 'coercive apparatus' Thus Weber regarded regulatory institutions as clearly distinctive from other, normative elements" (Ruef & Scott, 1998 p. 877).

Without this understanding isomorphic behaviour might incorrectly be attributed to "mimetic isomorphism", when in fact the organisation has migrated to officially sanctioned industry norms primarily because of "coercive isomorphism" attributable to subtle or overt pressure from State agencies.

The study of regulatory legitimacy is then the study of how and why State institutions grant or withhold legitimacy, such as in Ruef and Scott's (1998) study of a hospital system.

Institutional legitimacy also pays insufficient attention given to what Suchman (1995) labelled "pragmatic" legitimacy. As he notes, the institutional school "downplay(s) both managerial agency and manager-stakeholder conflict" (p. 576).

It is here institutional conceptions are strengthened to the extent that they draw on relevant aspects of stakeholder theory.

### **Stakeholder Theory and Legitimacy**

The relevant aspect of stakeholder theory is the conception that society and the firm stand in a 'master-agent' relationship (Hill & Jones, 1992). This by no means captures all that stakeholder theory has to say, but it is the relevant aspect (see Freeman, 1999; Jones & Wicks, 1999 for a debate on its place in stakeholder theory).

In place of the traditional primacy of the 'shareholder', it is "society" that as master acknowledges (or doesn't) the value of the goods or services provided by the firm or industry as servant (Freeman, 1984, Goodpaster, 1991). It approves or disapproves of the way firms handles social and political issues (Meznar & Nigh, 1993); it tends to increase the legitimacy awarded in proportion to the timeliness and relevance of information provided (Woodward, Edwards, & Birkin, 1996).

If it can gain credit for discharging these responsibilities in a manner superior to competitors, then it gains relative status and is said to have a superior reputation (Deephouse, 1997; Fombrun *et al*, 2000). Other disciplines characterise this benefit to the firm as "goodwill" (Sirgy, 2002) or perhaps "brand equity" (Keller, 2000; Hoeffler & Keller, 2002), but the underlying concept is very similar.

For the sociopolitical aspect of legitimacy in particular, this rich conception enables empirical research on topics such as how well the individual firm or industry manages its "boundary spanning" function, as it pursues policies of 'buffering' or 'bridging' with external stakeholders (Meznar & Johnson, 1996; Meznar & Nigh, 1995; Mahon *et al*, 2002; Bendheim *et al*, 1998).

As well as conflicts over substance, there can also be "recurrent conflicts between managers and constituents over the *form* of legitimization activities, with managers favoring the flexibility and economy of symbols, whereas constituents prefer more substantive responses" (Suchman, 1995, p. 576, *emphasis added*)

Stakeholder theory offers a framework to consider such conflicts between the organisation and the environment within the framework of legitimacy, with scope to examine the relative success or otherwise of legitimization strategies.

## A Tactical Approach to Strategy

Earlier in this paper it was suggested that the notion of ‘strategic balance’ (Deephouse, 1999) revealed a somewhat monodimensional conception of strategy, equating strategy with position.

Broadening the scope to include conceptions of strategy in which “cognition is used to construct strategies as creative interpretations” (Mintzberg & Lampel, 1999, p. 25) creates scope for alternative means of dealing with the strategic environment.

Following Suchman (1995), organisations can seek to:

- *Conform* to the dictates of pre-existing audiences within the current environment;
- *Select* among multiple environments in pursuit of an audience that will support current practices, and
- *Manipulate* environmental structure by creating new audiences and new legitimating beliefs.

If the observed phenomenon is *conformity* the mechanism of “mimetic isomorphism” so beloved of institutional theory may be well be relevant (DiMaggio & Powell, 1983; Haveman, 1993), but there is also scope to attribute it to deliberate management choice rather than the more mysterious workings of bounded rationality.

Moreover, an organisation can select the management functions in which to be isomorphic. For example, instead of accepting that it must choose a “strategic balance” between conformity and differentiation (per Deephouse, 1999), an organisation can be isomorphic on managerial structures and processes, while differentiating and seeking to legitimate only those ‘technical’ aspects which offer competitive advantage.

Empirical support for the efficacy of this approach was found by Ruef & Scott (1998), who confirmed the hypothesis that “an organization’s technical legitimacy increases with its level of niche specialism but its managerial legitimacy increases with its level of niche generalism” (p. 588).

Another potential ‘tactical’ approach to strategy is to “decouple” potentially illegitimate methods from the organisation proper, in effect “disowning” them for public purposes, while leaving the door open to later claim the moral legitimacy if the outcome is positive (Elsbach & Sutton, 1992).

Similarly the managerial effort can, if appropriate, focus not on legitimating the organisation *per se*, but only the specific actions which are of prime interest to actors in the environment (Boyd, 2000).

The ability to *select* among environments is particularly relevant for organisations in new industries, the boundaries of which are often not well defined. Market research can identify sub-sets of the overall market which are more receptive to the organisation’s pitch. *Certification* by a centralised body within a specific environment can signal to others that the organisation is a legitimate member of that particular industry (Suchman, 1995, p. 590).

The ability to *manipulate* environments is many ways the ultimate entrepreneurial strategy. If the battleground for strategic legitimacy is a “battle between frames”, then this type of *institutional entrepreneurialism* would most likely call forth the articulation of entirely new cognitive frame, relying on repetition of narratives to assist diffusion (*ibid*, p. 592)

## Conclusion

The literature of legitimacy provides a number of axes along which the research questions relevant for any particular entrepreneurial setting could be framed. For instance: should the emphasis be on pragmatic, moral, or cognitive, or sociopolitical aspects; should it be specific to the organisation or instead the entire industry; and should the recommended environmental strategy encompass conformity, selection, or manipulation?

The review has established that the particular hypotheses developed for any research project would in many instances benefit from incorporation of relevant concepts from stakeholder theory and from political science and sociology (in respect of the State).



With those modifications, there should be sufficient intellectual foundation for a researcher to begin overcoming the paucity of research into new venture research, identified in the quote from Zimmerman & Zeitz (2002) which began this review.

If this research can, in turn, assist new ventures in overcoming the “liability of newness” (Neilsen & Rao, 1987), then it will be a very worthwhile exercise.

## 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.
- Ashforth, B. E. & Gibbs, B. W. (1990). The Double-Edge Of Organizational Legitimation. *Organization Science*, 1(2), 177-194.
- Baron, J. N. & Hannan, M. T. (2002). Organizational Blueprints for Success in High-Tech Start Ups: Lessons from the Stanford Project on Emerging Companies. *California Management Review*, 44(3), 8-36.
- Baum, J. A. C. & Powell, W. W. (1995). Cultivating an institutional ecology of organizations: comment on Hannan, Carroll, Dundon, and Torres . *American Sociological Review*, 60(4), 529-538.
- Bendheim, C. L., Waddock, S., & Graves, S. B. (1998). Determining Best Practice In Corporate-Stakeholder Relations Using Data Envelopment Analysis. *Business and Society*, 37(3), 306-339.
- Bennett, R. (2002). Corporate Perspectives on Cause Related Marketing. *Journal of Nonprofit & Public Sector Marketing*, 10(1), 41-60.
- Boyd, J. (2000). Actional Legitimation: No Crisis Necessary. *Journal of Public Relations Research*, 12(4), 341-353.
- Brandenburger, A. M. & Nalebuff, B. J. (1995). The Right Game: Use Game Theory to Shape Strategy. *Harvard Business Review*, (July), 57-68.
- Brandenburger, A. M. & Nalebuff, B. J. (1996). *Co-opetition* . New York: Doubleday.
- Carroll, G. R. & Hannan, M. T. (1989). On Using Institutional Theory in Studying Organizational Population. *American Sociological Review*, 54(4), 545-549.
- Churchill, N. C. & Lewis, V. L. (1983). The Five Stages of Small Business Growth. *Harvard Business Review*, 61(3), 30-50.
- Cummings, J. L. & Doh, J. P. (2000). Identifying who matters: mapping key players in multiple environments. *California Management Review*, 42(2), 83-104.
- Deephouse, D. L. (1997) 'Distinguishing between legitimacy and reputation.' Presented at the annual meeting of the Academy of Management, Boston MA.
- Deephouse, D. L. (1999). To Be Different, Or To Be The Same? Its A Question (And Theory) Of Strategic Balance . *Strategic Management Journal*, 20(2), 146-166.
- Delacroix, J. & Carroll, G. R. (1983). Organizational Foundings: An Ecological Study Of The Newspaper Industries Of Argentina And Ireland. *Administrative Science Quarterly*, 28(2), 274-291.
- DiMaggio, P. & Powell, W. W. (1983). The Iron Cage Revisited: Institutional Isomorphism And Collective Rationality In Organizational Fields. *American Sociological Review*, 48, 147-160.
- DiMaggio, P. & Powell, W. W. (1991). Introduction, in W. W. Powell, & P. DiMaggio (Eds), *The new institutionalism in organizational analysis*, 3-22, Chicago: University of Chicago Press.
- Dobrev, S. (2001). Revisiting organizational legitimation: Cognitive diffusion and sociopolitical factors in the evolution of Bulgarian newspaper enterprises. *Organization Studies*, 22( 3), 419-444.
- Dowling, J. & Pfeffer, J. (1975). Organizational Legitimacy: Social values and organizational behavior. *Pacific Sociological Review*, 18, 122-136.
- Elsbach, K. D. & Eloffson, G. (2000). How the Packaging of Decision Explanations Affects Perceptions of Trustworthiness. *Academy of Management Journal*, 43(1), 80-90.
- 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, 699-738.
- Farmer, B. A., Slater, J. W., & Wright, K. S. (1998). The Role of Communication in Achieving Shared Vision Under New Organizational Leadership. *Journal of Public Relations Research*, 10(4), 219-236.
- Fombrun, C. J., Gardberg, N. A., & Barnett, M. L. (2000). Opportunity Platforms and Safety Nets: Corporate Citizenship and Reputational Risk. *Business and Society Review*, 105(1), 85-106.
- Freeman, R. E. (1984). *Strategic Management: A stakeholder approach* . Boston: Pitman.
- Freeman, R. E. (1999). Divergent Stakeholder Theory . *Academy of Management Review*, 24(2 ), 233-236.
- Garud, R., Jain, S. & Kumaraswamy, A. (2002). Institutional Entrepreneurship In The Sponsorship Of Common Technological Standards: The Case Of Sun Microsystems And Java. *Academy of Management Journal*, 45(1), 196-218.

- Giddens, A. (1979). *Central Problems in Social Theory* . London: Macmillan.
- Goodpaster, K. E. (1991) Business Ethics and Stakeholder Analysis. *Business Ethics Quarterly*, **1**, 53-73
- Hannan, M. T. & Carroll, G. R. (1995). Theory Building And Cheap Talk About Legitimation: Reply To Baum And Powell . *American Sociological Review* , 60(4), 539-544.

- Hannan, M. T., Carroll, G. R., Dundon, E. A., & Torres, J. C. (1995). Organizational Evolution In A Multinational Context: Entries Of Automobile Manufacturers In Belgium, Britain, France, Germany, And Italy--Comment/Reply. *American Sociological Review* , 60(4), 509-529.
- Haveman, H. A. (1993). Follow The Leader: Mimetic Isomorphism And Entry Into New Markets. *Administrative Science Quarterly*, 38 (4), 593-628.
- Hemphill, T. A. (1996). Enterprise Strategy And Corporate Environmental Alliance. *Business Forum*, 21(1/2), 8-13.
- Hill, C. W. L. & Jones, T. M. (1992). Stakeholder-Agency Theory. *Journal of Management Studies*, 29(2), 131-155.
- Hoeffler, S. & Keller, K. L. (2002). Building Brand Equity Through Corporate Societal Marketing. *Journal of Public Policy & Marketing*, 21(1), 78-90.
- Howell, J. M. & Higgins, C. A. (1990). Champions of Technological Innovation. *Administrative Science Quarterly*, 35(2), 317-331.
- 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), 327-366.
- Jones, T. M. , & Wicks, A. C. (1999). Convergent Stakeholder Theory. *Academy of Management Review*, 24(2), 206-221.
- Kazanjian, R. K. (1988). Relation of Dominant Problems to Stages of Growth in Technology-Based New Ventures. *Academy of Management Journal*, 31(2), 257-279.
- Keller, K. L. (2000). Building and Managing Corporate Brand Equity, in Shultz, M. Hatch, M. J.& Larsen M. H. (Eds.), *The Expressive Organisation: Linking Identity, Reputation, and the Corporate Brand*. Oxford: Oxford University Press.
- Lounsbury, M. & Glynn, M. A. (2001). Cultural entrepreneurship: stories, legitimacy, and the acquisition of resources, *Strategic Management Journal*, 22, 545-564.
- Mahon, J. F. , Wartick, S. L., & Fleisher, C. S. (2002). Public Affairs, Issues Management, and Corporate Political Strategy. *Journal of Public Affairs*, 1(4), 294-302.
- Meyer, J. W. & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, 83(2), 340-363.
- Meyer, J. W. , & Scott, W. R. (1983). Centralization And The Legitimacy Problems Of Local Government. J. W. Meyer, & W. R. Scott (Eds.), *Organizational environments: Ritual and rationality*, 199-215, Beverly Hills, CA: Sage.
- Meznar, M. & Johnson, J. J. (1996). Multinational Operations and Stakeholder Management: Internationalization, Public Affairs Strategies, and Economic Performance. *Academy of Management Proceedings*, 357-361.
- Meznar, M. & Nigh, D. (1993). Managing Corporate Legitimacy: Public Affairs Activities, Strategies And Effectiveness. *Business and Society*, 32(1), 30-44.
- Meznar, M. & Nigh, D. (1995). Buffer or Bridge? Environmental and Organizational Determinants of Public Affairs Activities in American Firms, *Academy of Management Journal*, 38(4), 975-997.
- Mintzberg, H. & Lampel, J. (1999). Reflecting on the Strategy Process. *Sloan Management Review*, 40(3), 21-30.
- Neilsen, E. H. & Rao, M. V. H. (1987). The Strategy-Legitimacy Nexus: A Thick Description. *Academy of Management Review*, 12(3), 523-534.
- Nelson, T. E. & Oxley, Z. M. (1999). Issue Framing Effects on Belief Importance and Opinion., *Journal of Politics*. 61(4), 1040-1067.
- Pfeffer, J. (1981). Management As Symbolic Action: The Creation And Maintenance Of Organizational Paradigms, in Cummings, L. L. & Staw, B. M (Eds.), *Research in organizational behavior* (Vol. 13pp. 1-52). Greenwich, CT: JAI Press.
- Pfeffer, J. & Salancik, G. (1978). *The external control of organizations: A resource dependence perspective* . New York: Harper and Row.
- Porter, M. (Ed) (1980)., *Competitive Strategy: Techniques for Analyzing Industries and Competitors* . New York, NY: The Free Press.
- Powell, W. W. & DiMaggio, P. (Eds). (1991). *The new institutionalism in organizational analysis* . Chicago: University of Chicago Press.
- Priem, R.L. and Butler, J.E. (2001) Is the Resource Based "View" a Useful Perspective for Strategic

Management Research? *Academy of Management Review* **26**, 22-40.

- Rao, M. V. H. (1994). The Social Construction Of Reputation: Certification Contests, Legitimization, And The Survival Of Organizations In The American Automobile Industry: 1895-1912. *Strategic Management Journal*, 15, 29-44.
- Ruef, M. & Scott, W. R. (1998). A Multidimensional Model of Organizational Legitimacy; Hospital Survival in Changing Institutional Environments. *Administrative Science Quarterly*, 43, 877-904.
- Shaw, G. G. (2000). Planning and Communicating Using Stories, in Shultz, M. Hatch, M. J. & Larsen M. H. (Eds.), *The Expressive Organisation: Linking Identity, Reputation, and the Corporate Brand* . Oxford: Oxford University Press.
- Singh, J. V. , Tucker, D. J., & House, R. J. (1986). Organizational Legitimacy and the Liability of Newness. *Administrative Science Quarterly*, 31(2), 171-194.
- Sirgy, M. J. (2002). Measuring Corporate Performance by Building on the Stakeholders Model of Business Ethics. *Journal of Business Ethics*, 35, 143-162.
- Smith, W. & Higgins, M. (2000). Cause-Related Marketing: Ethics and the Ecstatic. *Business and Society*, 39(3), 304-323.
- Suchman, M. C. (1995). Managing Legitimacy: Strategic and Institutional Approaches. *Academy of Management Review*, 20(3), 571-611.
- Van De Ven, A. H. & Garud, R. (1989). A Framework For Understanding The Emergence Of New Industries, in Richard Rosenbloom (Ed.), *Research on Technological Innovation, Management and Policy* (Vol. 4), 195-225. Greenwich, CT: JAI Press.
- van Riel, C. B. M. (2000). Corporate Communication Orchestrated by a Sustainable Corporate Story, in Shultz, M. Hatch, M. J. & Larsen, M. H. (Eds.), *The Expressive Organisation: Linking Identity, Reputation, and the Corporate Brand* . Oxford: Oxford University Press.
- Woodward, D. G., Edwards, P., & Birkin, F. (1996). Organizational Legitimacy and Stakeholder Information Provision. *British Journal of Management*, 7(4), 329-347.
- Zimmerman, M. A. & Zeitz, G. J. (2002). Beyond Survival: Achieving New Venture Growth By Building Legitimacy. *Academy of Management Review*, 27(3), 414-432.
- Zucker, L. G. (1989). Combining Institutional Theory and Population Ecology: No Legitimacy, No History. *American Sociological Review* , 54(4), 542-545.