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## Article

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## Measuring a scientifically multifaceted concept. The jungle of organizational legitimacy

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### ABSTRACT

Measuring organizational legitimacy has become a challenge for researchers because they face a multilevel construct, where diverse terminologies, approaches, and evaluators converge. As a consequence, researchers have developed different conceptual proposals that have, in turn, given rise to multiple measurement methodologies, generating some uncertainty among researchers about the best measurement instrument. These methodologies are not generalizable to other contexts, do not integrate the different approaches to assessing legitimacy, nor do they explain their suitability for specific contexts. This paper proposes a general process for measuring organizational legitimacy in any context and across different terminologies, while providing criteria for a justified choice of measurement instrument. The study differentiates between organizational legitimacy measurements based on perceptions and secondary data, as well as between legitimacy as a global or as a dimensions-based judgment. We also present a broader typology of legitimacy dimensions that includes diverse fields of knowledge, avoids overlapping dimensions, and provides concept definitions in order to facilitate understanding by researchers and managers.

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### 1. Introduction

Generally, the concept of organizational legitimacy has been understood by companies as compliance with legal requirements. In this approach, an organization is legitimate to the extent that its activity is legal, that is, constituted in accordance with legal norms and procedures, and in compliance with legal norms in the development of its function. This concept of organizational legitimacy has been called into question from a social approach. Expressions such as “it is legal but unethical,” “it is legal but unfair,” or “it may be legal, but it is a professionally indecent behavior,” arise from the fact that, along with legal compliance, society, groups and individuals demand much more from organizations as social constructs in order to support or accept them.

Since the first half of the twentieth century, this social consideration of legitimacy receives attention from the field of Sociology (specifically, Institutional Theory) (Dart, 2004). Other areas of the social sciences (e.g. business management, strategy management, ethics, marketing, accounting, finance, social psychology, or education) also study the concept of legitimacy and contribute

positively to its development (Díez-Martín, Blanco-González, & Prado-Román, 2020). As a consequence of increasing theoretical and empirical insights into organizational legitimacy, multiple definitions of its concepts have emerged (Díez-de-Castro, Peris-Ortiz, & Díez-Martín, 2018). Researchers also realize that organizational legitimacy is a multidimensional concept based on differences inherent to the audience properties upon which it is developed (Díez-Martín, Blanco-González, & Prado-Román, 2019) and on the context in which it occurs (Suddaby, Bitektine, & Haack, 2017).

Legitimacy measures depend on the criteria used by stakeholders to assess organizations. In addition, these criteria may vary according to cultures, institutions, industries, as well as over time (Ruef & Scott, 1998). Legitimacy is socially-constructed and therefore context-dependent. Institutional Theory recognizes that organizations do not operate in homogeneous environments. Therefore, the criteria for judging organizational legitimacy must be different according to these environments. Legitimacy has a multifaceted nature, with different audiences and types of legitimacy (Lister, 2003).

The existing literature reveals several methodologies for measuring organizational legitimacy. These differ mainly in their sources of information (primary or secondary) and evaluation criteria (types of legitimacy). Some evaluations have focused on measuring the collective perceptions of groups of evaluators, such

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as the media (Bansal & Clelland, 2004; Payne, Cruz-Suarez, & Prado-Román, 2018; Vergne, 2011), customers (Randrianasolo & Arnold, 2020), or regulators (Deephhouse, 1996). However, others researchers measure individual legitimacy perceptions (Alexiou & Wiggins, 2019; Díez-Martín, Prado-Roman, & Blanco-González, 2013; Miotto, Del-Castillo-Feito, & Blanco-González, 2019; Pollack, Rutherford, & Nagy, 2012). At the same time, some evaluators measure global organizational legitimacy through different measurement scales (Chaney, Lunardo, & Bressolles, 2016; Chung, Berger, & DeCoster, 2016). In addition, most researchers examine legitimacy through its typologies (Alexiou & Wiggins, 2019).

This has resulted in some dissatisfaction among researchers about the insecurity caused by the existence of a plethora of methods to measure organizational legitimacy. In this context, researchers question why some methodologies are used instead of others? Is it better to measure organizational legitimacy globally (using general concepts) or through its typologies? What typologies should be used? What sources of information should be used? In short, what is the most appropriate approach for measuring organizational legitimacy?

Organizational legitimacy has become both a field of study and a jungle of ideas and concepts from different disciplines. This leads researchers to select measurement approaches that are not always suitable to their research objective. This paper responds to the need for a method of measuring organizational legitimacy (Alexiou & Wiggins, 2019; Díez-Martín et al., 2020) that: (i) is generalizable to different contexts and circumstances (Suddaby et al., 2017), (ii) has the ability to analyze the complexity of a construct composed of multiple typologies and sources of information (Deephhouse, Bundy, Tost, & Suchman, 2017), and (iii) is justifiable in terms of research objectives. It is very difficult to find studies showing enough evidence about the adequacy of the legitimacy measurement instrument used to achieve research objectives.

In this work, we aim to formulate a generalizable and integrative process for measuring organizational legitimacy. This general aim has been divided into four objectives. First, to define a process, generalizable to any context, in which the instruments used to measure legitimacy are consistently justified. Second, to establish a legitimacy measure that separates the global evaluation of the organization from more detailed and in-depth legitimacy judgments through its dimensions. The third objective consists of differentiating organizational legitimacy measurements based on perceptions, from measurements that use secondary data. Fourth, to suggest a broader typology of legitimacy dimensions than those currently used, including contributions from different fields of knowledge. In doing so, we avoid overlapping dimensions and offer differentiated content descriptions among them, which favors comprehension by researchers and managers.

To achieve these objectives, our study reviews the meaning and ways of measuring organizational legitimacy as a global judgment. Following this, we summarize the dimensions or typologies used to measure organizational legitimacy. In the next section, we propose a general process for measuring organizational legitimacy that integrates global judgments, dimensions-based judgments, and different sources of information. Finally, we share conclusions and future lines of research.

## 2. Legitimacy as a global judgment

Organizational legitimacy is granted by stakeholders (Deephhouse, 1996). It cannot be acquired or bought on the market (Scott, 1995). Legitimacy is a judgment (Bitektine, 2008)—an interpretation of the organization (Tyler, 2006)—which serves to rate and evaluate it (Bitektine & Haack, 2015). The legitimacy level depicts the organization's position within a social group as a

demonstration of its degree of social recognition and acceptance (Deephhouse & Suchman, 2008). Such acceptance justifies the organization's role in the social system (Ashforth & Gibbs, 1990) and confers it with the right to exist (Ahlstrom & Bruton, 2001; Bitektine, 2011; Massey, 2001), as the organization is publicly validated (Cruz-Suárez, Marino, & Prado-Román, 2020; Dacin, Oliver, & Roy, 2007).

There are two main sources for evaluating global organizational legitimacy. The most used and widespread is the assessment through judgments of the organization's actions. The second is based on reflected information or indirect data.

### 2.1. Evaluation based on the organization's actions

Measuring legitimacy involves evaluating the actions of an organization. This type of assessment has been widely used by researchers (e.g. Chaney, Lunardo, & Bressolles 2016; Miotto & Youn, 2020) There are two conceptual approaches to judging organizational legitimacy. One approach is linked to the legitimacy concept suggested by Suchman (1995), the other is derived from the work of Dowling and Pfeffer (1975). The difference between the two approaches lies in the way of judging legitimacy. While the organizational legitimacy definition proposed by Suchman (1995) establishes the criteria that must be used to generate a legitimacy judgment, the approaches that follow Dowling and Pfeffer (1975) are based on comparisons and seek congruence with social system norms.

#### 2.1.1. Legitimacy evaluation based on specific criteria

Organizations gain legitimacy when their actions are seen as appropriate by stakeholders (Deephhouse et al., 2017). At this stage, the basic points to be assessed in order to measure organizational legitimacy are the utility or desirability of its actions, whether these actions are proper, and whether they are appropriate (Suchman, 1995). An organization may have these three qualities to a greater or lesser extent, but in any case, it is legitimate when these qualities earn the evaluators' approval.

The concept of utility (Parent & Deephhouse, 2007) has rarely been used in the literature. Nevertheless, we find similar terms qualifying organizations as 'valuable', 'desirable' (Suchman, 1995) or 'necessary' (Nagy, Pollack, Rutherford, & Lohrke, 2012). This idea suggests that the social value generated by an organization is a source of legitimacy (Vidaver-Cohen & Brønn, 2008), which fully justifies the role of the organization in society. An organization is useful when it contributes to society or to its stakeholders (Chung et al., 2016). The utility of an organization has several origins. For example, when it provides a significant number of jobs in an area or when it stimulates the market chain of local products.

An organization is fair when its actions are equitable and impartial, which is achieved by respecting and supporting social values (Dowling & Pfeffer, 1975). Generally, to be considered fair, an organization must comply with the rule of law and social norms. However, laws do not regulate everything, are not always up to date, nor do they often consider social values. What is legal is not always considered as fair by society as a whole. An organization can be legal and at the same time socially rejected because of issues not regulated by laws. For example, when an organization pays workers too little or keeps them under temporary work conditions, its behavior may be considered illegitimate by some stakeholders, especially if it is making big profits and even if it is not breaking the law. In the organizational legitimacy conceptualization, 'fair' has been used in the same sense as 'proper' (Aldrich & Fiol, 1994; Massey, 2001).

Appropriate means that it is convenient or suitable for the purpose for which it is intended. An organization is appropriate when it strives to do things right and tries to develop the best products

and services (Dacin et al., 2007). It is challenging to consider the concept of legitimacy without knowing what social actors generally value as appropriate (Cloutier & Langley, 2013). The rating of appropriate is used to define organizational legitimacy (Deephouse et al., 2017) but similar terms such as reasonableness or congruence are also used (Brown, 1998; Deephouse & Carter, 2005).

Consequently, we formulate the following definition of organizational legitimacy: Organizational legitimacy is a favorable judgment on the acceptability of an organization's actions, based on their utility, justice, and appropriateness.

### 2.1.2. Legitimacy evaluation based on consistency with the social system

This approach has its origin in Parsons (1960) who indicates that legitimacy derives from the organization sharing its values with the social system. Dowling and Pfeffer (1975: 122) consolidate this conceptual approach: "Organizations seek to establish congruence between the social values associated with or implied by their activities and the norms of acceptable behavior in the larger social system of which they are a part. Insofar as these two value systems are congruent we can speak of organizational legitimacy".

In this line, Epstein and Votaw (1978) define the concept of legitimacy based on the coherence of organizational actions with social norms. Ashforth and Gibbs (1990) suggest that legitimacy is the congruence between the values, norms, and expectations of society and the results of the organization's activities. Moreover, Jia, Li, Wang, Sun, and Li (2012) propose that organizational legitimacy is judged according to the consistency between the organization and the social system.

## 2.2. Legitimacy evaluation based on reflected information

Reflected legitimacy is based on indirect data. An organization may achieve legitimacy when it demonstrates specific characteristics. For example, when it has a particular mission, is managed by prestigious leaders, or is linked with high-status organizations. In these cases, organizations are obtaining legitimacy as a reflection of these data or information. Literature has shown at least four ways of measuring global organizational legitimacy based on reflected information: properties; linkages with organizations; leaders' prestige; media and social networks.

### 2.2.1. Legitimacy by properties

Organizations gain legitimacy when they have specific properties. Researchers have defined and measured these properties from three perspectives: isomorphism, threshold of legitimacy, and neo-isomorphism.

"Isomorphism is a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions" (DiMaggio & Powell, 1983). When an organization adopts similar properties than legitimated organizations, it gains legitimacy (Deephouse, 1996). This is valid within the same field. In general, the main attributes used to identify organizational isomorphism have been structures and practices (DiMaggio & Powell, 1983). Although, scholars have also used other attributes such as scholarly content (Kraatz & Zajac, 1996), legal contracts (Suchman, 1995), strategies (Deephouse, 1996), or hospital quality practices (Westphal, 1997). For example, companies that obtain the EFQM 500+ seal are recognized as organizations that, in all their management and social commitment aspects, can be considered excellent. The same happens when organizations are at the top of prestigious rankings.

The legitimacy threshold is "the point below which the new venture struggles for existence and will probably perish" (Rutherford & Buller, 2007, p. 78). Researchers consider this point is reached when there are no difficulties in accessing resources necessary for

growth (Zimmerman & Zeitz, 2002). For example, when initial difficulties have been overcome in areas such as financing (resources acquisition), sales (customers' acceptance), or human resources (integration of the best employees) (Nagy, Rutherford, Truong, & Pollack, 2017; Rutherford, Matthew, Tocher, Pollack, & Coombes, 2016). Legitimacy is achieved when organizations comply with the minimum standards or characteristics of a social identity archetype (King & Whetten, 2008).

Neo-isomorphism defines the set of characteristics that all organizations must have to be considered legitimate. Unlike isomorphism, neo-isomorphism is not based on the similarity of such characteristics even though the details may differ among organizations. Organizations gain legitimacy by adopting preset characteristics without the need for those characteristics to be similar to those of other organizations. For example, in order to gain legitimacy it is necessary to have a defined mission, but the mission of each organization will be different. Literature suggests the main characteristics that organizations must possess: organizational mission in the public interest (Roper & Schoenberger-Orgad, 2011); identifiable routines (Deephouse, 1996); a recognizable strategy (Haveman, 1993); a recognizable structure (Chan & Makino, 2007); inspiring leaders and; information transparency (Aerts & Cormier, 2009).

### 2.2.2. Legitimacy by linkages with legitimate organizations

Legitimacy is also obtained through recognition by other legitimate organizations (Suchman, 1995). This type of situation occurs when an organization achieves legitimacy through cooperation agreements or long-term commitments with organizations already legitimized. This is particularly the case of organizations that are suppliers of the Royal House or become preferred suppliers of prestigious companies.

### 2.2.3. Legitimacy by the prestige of the leaders

The prestige of an organization's leaders, especially its CEO, can make people think that an organization will achieve its goals. Prestige corresponds to the reputation, importance, or good credit recognized to a person for their quality and competence in some matter. To have prestige or to be prestigious is something that supposes a good consideration from the rest of society. A CEO has prestige when he stands out in his professional field. Prestige is built over the years by showing honesty and capacity. Investors agree that CEO prestige provides companies with a rational hope for profits (Pollack et al., 2012).

### 2.2.4. Legitimacy by media

Another approach to assessing organizational legitimacy is based on media coverage and impact as prominent sources of societal legitimacy perceptions. Because legitimacy is not directly observable, it is common for researchers to infer legitimacy processes by examining information from the media. Media both influence and reflect social values. They are institutional intermediaries specialized in disseminating organizational information as well as evaluating organizations' outputs (Cornelissen, Durand, Fiss, Lammers, & Vaara, 2015; Deephouse et al., 2017). Researchers have used print media to assess legitimacy (Bansal & Clelland, 2004; Payne et al., 2018; Pollock & Rindova, 2003). Their media, such as television and radio, have been less popular (Pollack et al., 2012). Nowadays, traditional print media seems less able to explain social changes than social media. Social networks give voice to actors who previously had limited access to the public domain and allows them to reach a broad audience connected through online networks. Emotionally charged content may now be rapidly disseminated and become sources of opinion as other users comment on, forward, modify or add to the original content (Veil, Sellnow, & Petrun, 2012). Recent research has measured organizational legitimacy based on

sentiment analysis (Etter, Colleoni, Illia, Meggiorin, & D'Eugenio, 2018).

### 3. Legitimacy as a dimensions-based judgment

There are occasions when an overall organizational legitimacy assessment is not enough. For example, when an organization wants to formulate specific strategies leading to the achievement of legitimacy. In these cases, it is necessary to analyze the origin of global judgments and provide more clarity about the underlying motivations and the most significant characteristics of the assessment. This requirement has led to the establishment of multiple typologies of legitimacy types (cognitive, regulatory, moral, pragmatic, and others). The literature is very prolific in this regard (see Díez-de-Castro et al., 2018 for coincidences and differences). Each typology aims to identify the individuals' evaluations on a partial type of legitimacy. These typologies differ from each other according to the approach used by the evaluator to make a judgment.

On this basis, the main dimensions leading to the organizational legitimacy assessment are shown below: cognitive, regulative, moral, pragmatic, managerial, technical, and emotional legitimacy. The assessment of each dimension can be developed based on perceptions or data measurement.

#### 3.1. Cognitive legitimacy

Cognitive legitimacy is the dimension most analyzed by researchers. At the same time, it is the legitimacy dimension with the most measurement difficulties. The origin of this difficulty is in the way in which cognitive legitimacy has been interpreted.

Researchers understand cognitive legitimacy as a collection and dissemination of information (Zhang, Young, Tan, & Sun, 2018). Cognitive legitimacy arises from information obtained about an organization. Thus, less widely available information leads to lower cognitive legitimacy. Legitimacy is implicitly understood as being equivalent to cultural cognitive legitimacy expectations of transparency, accountability, and participation (Bond, Pope, Retief, & Morrison-Saunders, 2018).

Another difficulty in measuring cognitive legitimacy lies in the two subtypes of this dimension: legitimacy based on comprehensibility and legitimacy based on taken-for-grantedness (Kusano & Sanada, 2019). While comprehensibility helps to differentiate cognitive legitimacy from other types, legitimacy based on taken-for-grantedness cultural account creates real practical problems to differentiate cognitive legitimacy (Zhang et al., 2018). Taken-for-granted behaviors may have an ethical or moral origin, or an origin of proper management. That is, they are practical or moral values. Consequently, this characteristic of cognitive legitimacy is also found in other dimensions.

The cognitive dimension is related to knowledge which, in turn, is the accumulation of information that is available through a learning process or experience (Diez-Martin et al., 2019). Cognitive legitimacy can be measured by the level of public knowledge about an organization and its activities. Cognitive legitimacy is specified through the meaning of organizational activities; it is what makes sense of organizational activities (Bridwell-Mitchell & Mezas, 2012). This approach leads to cognitive legitimacy being a judgment based on the knowledge of the organization by stakeholders. It emerges when society considers the output, procedures, structures, and leadership behavior of an organization, as desirable and necessary. This acceptance is based on public assumptions (Palazzo & Scherer, 2006). Thanks to the knowledge of the organization, we can understand it and, therefore, judge it. "Cognitive legitimacy focuses on what organizations represent" (Deloffre & Schmitz, 2019, p. 612). Thus, the critical characteristics for the mea-

surement of cognitive legitimacy are its products, services, and some structural characteristics.

*Products and services.* It refers to the perceived quality of products and services, their usefulness and ease of use, and the expectations of stakeholders that are taken for granted. "The greatest level of cognitive legitimacy is accomplished when a new product, process, or service is considered as established" (Diez-Martin et al., 2019).

*Structural characteristics.* "Social actors reach cognitive legitimacy judgments about a new organization by assigning it to an already known organizational form, usually based on a set of recognizable organizational characteristics" (Almobaireek, Alshumaimeri, & Manolova, 2016). These characteristics are basically: the physical facilities, the type of legal company, longevity and experience, the dimensions of the organization, and market expansion.

#### 3.2. Regulative legitimacy

Regulative legitimacy reflects the conformity of actions with the standards established by authorities (Baum & Oliver, 1991; Deephouse, 1996). It seems evident that if an organization does not scrupulously comply with applicable laws it will not obtain legitimacy. Regulation arises to support the implementation of social values in a mandatory and coercive way. Compliance with legal norms becomes a duty for organizations and proves a clear commitment of the organization to society. Following regulations provides legitimacy.

However not everyone respects regulations entirely. Sometimes, due to a lack of rule understanding or because regulators neglect to apply the law. Occasionally, these breaches result in impunity or even in economic benefits because the sanctions are deficient.

We found six especially significant concepts related to regulative legitimacy: compliance with official regulations and laws; environmental management; compliance with health and safety regulations; compliance with taxes and mandatory social insurance; compliance with rules on equality and non-discrimination; penalties to organization and managers.

*Compliance with official regulations and laws.* Organizations must be registered to operate. In most countries, the government keeps a central registry of companies' information and all organizations must be registered. Also, there are specific laws and regulations related to consumer protection that promote and enforce quality standards (Kostova & Roth, 2002).

*Environmental management.* The impact of organizations on the environment is significant. Societal concern for these issues is growing and therefore, there are regulations on polluting waste, energy efficiency, environmental management, and garbage.

*Health and safety.* Governments tend to legislate standards that protect the health of workers. Avoiding occupational hazards and contributing to the reduction of accidents at work are often legislative priorities.

*Taxes and mandatory social insurance.* Compliance with tax obligations and social security is a common element in the relations between the public administration and private companies.

*Compliance with standards on personnel, equality, and non-discrimination.* Governments have regulated many issues of hiring, permanence, and staff behavior. Among these issues, equality is increasingly important (the same treatment to any person without discriminating by gender, race, religion, or political ideas).

*Penalties to organizations and managers.* Managers or owners involved in lawsuits or organizations sanctioned for breaches of any of the following rules on: personnel rules; toxic waste; environment; discrimination based on gender, race or religion; financial crimes; consumer rights.

### 3.3. Moral legitimacy

Moral legitimacy is closely linked to perceptions of fairness, justice and impartiality in an organization's actions. From a moral or ethical perspective, a legitimate organization is one whose values, actions, techniques, and procedures used to achieve objectives are congruent with social values (Galaskiewicz, 1985). Moral legitimacy is achieved when an organization undertakes actions based on moral or ethical values which are not required of the organization. Other examples are actions performed because of social conscience, moral beliefs, the desire to serve others, or the desire to give back to society part of what they received (Brønn & Vidaver-Cohen, 2009). Occasionally, moral legitimacy issues are gradually transformed into official norms, regulations, or laws. When this occurs, these issues are integrated into the regulatory legitimacy dimension.

Moral legitimacy is based on the assessment of company actions based on five criteria: do the right thing; information dissemination; surveillance and ethical control; go beyond regulation; social values congruence.

*Do the right thing.* When an organization makes decisions, it should not be based solely on cost-benefit. For example, Ahlstrom and Bruton (2001) offer a very graphic example of the use and acquisition of technology and its application to patients in a hospital. They showed that the right decision is to provide the best technology for the patients' health, although in many cases, this would never be the best economic decision. "Do your best" or "give back to society" are expressions often used in organizational documents.

*Information dissemination.* Organizations disseminate information because of mandatory requirements, but also for image or marketing reasons. Moral legitimacy is achieved when the information disseminated is not exclusively limited to favorable issues to the organization, hiding other less convenient information (Baumann-Pauly, Scherer, & Palazzo, 2015). Moreover, information should be credible and ensure its truthfulness using verifiable information processes.

*Surveillance and ethical control.* Organization's actions, attitudes and behaviors must be continuously controlled. Generally, the instrument used by organizations to control their ethical behavior is based on the ethical code.

*Go beyond regulation.* Voluntary behaviors are the essence of moral legitimacy. "Go beyond regulation" means to act without the public authority's coercion. It refers to the organizations' actions about unregulated issues (Basu & Palazzo, 2008; Willke & Willke, 2007) such as: sustainability; environment; energy and water savings; employee benefits; social projects aid; gender, race and religion equality policies; public contracting system; health and security or; philanthropy (e.g. Blanco-Gonzalez, Díez-Martín, Cachón-Rodríguez, & Prado-Román, 2020).

*Social values congruence.* Legitimacy has been defined as the congruence between organization activities and social values (Dowling & Pfeffer, 1975). This congruence is perceived by stakeholders through two main issues: worth and honesty.

*Worth:* Refers to an organization deserving of respect and consideration, a commendable organization (Elsbach, 2001; Pollock & Rindova, 2003; Thurlow & Helms Mills, 2015; Tornikoski & Newbert, 2007; Vidaver-Cohen, 2007; Zimmerman & Zeitz, 2002). It means that an organization will be trustworthy (Bansal & Clelland, 2004; O'Dwyer, Owen, & Unerman, 2011), credible (Certo, 2003), and reliable, because the organization's principles are similar to social principles (Boxenbaum & Jonsson, 2008).

*Honesty:* It consists in behaving and expressing oneself with sincerity respecting the values of justice and truth (Goddard & Assad, 2006). It makes the organization decent (Suchman, 1995), com-

pliant, because it strives to fulfill its commitments (Treviño, den Nieuwenboer, Kreiner, & Bishop, 2014).

### 3.4. Pragmatic legitimacy

Pragmatic legitimacy is achieved when an organization responds to stakeholders' needs and aspirations. Previous research shows that pragmatic legitimacy is granted by stakeholders when the organization serves their interests and fulfills their expectations (Kumar & Das, 2007; Suchman, 1995). That is, when stakeholders clearly and precisely perceive benefits from the organization. This dimension of legitimacy is the most tangible of all dimensions (Suchman, 1995).

This type of legitimacy, also called instrumental (Tost, 2011), is based on individual or group-based self-interest. Pragmatic legitimacy "rests on the self-interested calculations of an organization's most immediate audiences" (Suchman, 1995: 578). The greater the value achieved by the stakeholders, the higher the organizational legitimacy assessment (Bloodgood, Hornsby, Rutherford, & McFarland, 2017).

Pragmatism is independent of other dimensions of legitimacy. Pragmatic legitimacy can be positively assessed, even if an organization's actions generate damage to society or are the results of negligent management (Bicho, Nikolaeva, & Lages, 2019). Bitektine (2011) indicates that there is an opposition between the moral and the pragmatic aspects. The interest of a group may be against the interest of other groups. The actions may be unfair, harmful in the medium-term, or even inappropriate, but stakeholders may forget all of this as long as the organization acts in a way that benefits them. When legitimacy is granted for pragmatic reasons, the other dimensions may not be assessed by selfish groups.

Organizational legitimacy is related to the stakeholder who confer it. In this way, we find expressions as: customers' legitimacy; investors' legitimacy; employees' legitimacy, advocacy groups legitimacy, community members legitimacy, shareholders legitimacy, managers legitimacy, and suppliers' legitimacy.

Pragmatic legitimacy assessment focuses on two convergent concepts: the satisfaction of stakeholder needs and aspirations, and the creation of stakeholder's value.

*The satisfaction of stakeholder needs and aspirations.* Each group has different desires or needs and, therefore, their perception of legitimacy is connected with the degree of satisfaction about the organization's compliance with those desires or aspirations (Brønn & Vidaver-Cohen, 2009; Kumar & Das, 2007).

*The creation of value for interest groups.* Researchers have placed great emphasis on creating value for stakeholders as a necessary element to achieve pragmatic legitimacy (Ahlstrom & Bruton, 2001; Alajoutsijärvi, Juusola, & Siltaja, 2015). They suggest that organizations that create value can more easily influence stakeholders and improve pragmatic legitimacy (Bicho et al., 2019).

### 3.5. Managerial legitimacy

Managerial legitimacy can be understood as the legitimacy of management from a strategic point of view. Organizations are managed by senior executives who exercise leadership, create strategies and policies to fulfill its mission, generate a flexible structure upon which to act, learn over time, and are accountable to stakeholders (Ruef & Scott, 1998).

Organizational management is not easily observable. It may be excellent, but internal and external stakeholders may still be unaware of its actual level. One of the instruments that gives visibility to management quality are certifications. Certifications also allow comparisons between organizations. With regards to management quality, or excellence in management, there are certification models such as EFQM (Europe), Malcom Baldrige

(USA) and Deming model (Japan). These models highlight the underlying issues of organizational management that contributing to organizations' excellence and therefore to managerial legitimacy (Carmona-Márquez, Díez-de Castro, Vázquez-Sánchez, & Leal-Rodríguez, 2015).

Thus, managerial legitimacy measurement involves the assessment of organizational mechanisms such as: mission; objectives and strategy; committed leadership; financial structure and solvency; ability for action and reaction; and industry experience.

**Mission.** Organizations must prove to their audiences that they have defined their mission and take decisive steps to achieve their vision.

**Objectives and strategy.** Goals and strategies are recurring themes in management. Scholars have shown that the way to assess objectives and strategies legitimacy is by evaluating their social acceptability (Dowling & Pfeffer, 1975). Stakeholders require valid, reasonable, and rational objectives and strategies (Dhalla & Oliver, 2013).

**Committed leadership.** Managers' performance is a key issue in management. To assess managers' performance, indicators on issues related to training, career, roles, board of directors, and top management team must be requested (Chemmanur & Paeglis, 2005; Westphal & Stern, 2007). The underlying idea is that good leaders can deal with problems successfully (Nagy, Pollack, Rutherford & Lohrke, 2012).

**Financial structure and solvency.** Legitimated companies show excellent financial structure in their balance sheets. Companies' balance sheets allow stakeholders to get a general idea of a company's financial situation. This is one of the most often requested pieces of information before establishing relationships with an organization (Batchelor & Burch, 2011).

**Ability for action and reaction.** There are two issues of particular concern regarding management capacities: (a) Whether the decision making process is aligned with objectives, plans, and policies; (b) Whether managers can address unexpected situations, which implies: risk management policies, emergency management systems, and crisis management plans.

**Industry Experience.** Having experience is something that must be proven to acquire legitimacy. New ventures lack legitimacy simply because their capabilities and behaviors are unknown.

### 3.6. Technical legitimacy

Technical legitimacy can be understood as the legitimacy of management from a tactical point of view. It resides in the fact that an organization's actions are carried out in the best possible way: current technology is applied, the best professionals are available, staff is adequately trained, new management techniques are developed, work procedures are updated, and quality assurance mechanisms are created (Díez-de-Castro, Díez-Martín, & Madrid-Sanz, 2019; Ruef & Scott, 1998). Middle managers are responsible for the performance of these actions. In doing so, they set up procedures to guarantee quality and reliability.

Technical legitimacy can be assessed through: certification and operating procedures; documentation and effective communications; product quality assurance; staff qualification and training.

**Certification and operating procedures.** Organizations gain legitimacy by participating in certification processes (Blanco-González, Cruz-Suárez, & Díez-Martín, 2015; Rao, 1994) and sustain their commitments by receiving external evaluations (Vergne, 2011). New companies often seek formal certifications to reduce uncertainty (Higgins & Gulati, 2003; Sine, David, & Mitsuhashi, 2007). The certification process provides information not transmitted by price mechanisms to stakeholders (Vergne, 2011).

**Documentation and effective communications.** Documentation and communication are essential because stakeholders need evi-

dence that organizations can meet their demands. Aspects that generate security and confidence in an organization (and therefore, legitimacy) include: being able to access documentation about what is happening within an organization; fluid communications with managers and other departments; the existence of a document management system (Prado-Roman, Díez-Martín, & Blanco-González, 2020).

**Quality assurance of products and services.** Quality assurance provides confidence to stakeholders about the appropriate development of the work within planned deadlines (O'Dwyer, Owen, & Unerman, 2011). Quality assurance implies checks and control processes for all products and services.

**Qualification and training of staff.** Having the proper staff and the necessary training to carry out the work is essential. However, organizations notice that staff choice is not enough, since knowledge evolves very quickly and must be adapted to the environment. Therefore, along with staff qualification, other issues related to supplying the proper tools to do the job must be included.

### 3.7. Emotional legitimacy

Emotions are an individual natural manifestation. An emotion is a set of neurochemical and hormonal responses that predispose people to react in a particular way to a stimulus. Emotions in organizations refers to a feeling state with an identified organization that can be expressed verbally or non-verbally (Elfenbein, 2007). Emotions are getting increasing attention by organizational legitimacy academics because of their influence on organizations' decision-making processes (Creed, Hudson, Okhuysen, & Smith-Crowe, 2014; Friedland, 2018).

Organizations acquire legitimacy when individuals feel affirmed and reinforces their self-esteem through organizational identification (Tyler & Lind, 1992). This type of legitimacy is named relational legitimacy (Tost, 2011). We suggest that the term emotional legitimacy more clearly reflects this conceptualization.

In an organizational context, emotional legitimacy is the legitimacy based on individual feelings. In some entities such as sports, religious, ideological, political, or family organizations, emotion is the basis for assessing legitimacy. In those cases, audiences assume that organizations represent an ideal with which they identify emotionally, regardless of the activities it develops, the people who run it, or the way it is managed.

Emotional legitimacy is based on three dimensions: sense of belonging; affective emotions, and relational identification.

**Sense of belonging.** Sense of belonging research is based on the theory of social identity (Haslam & Ellemers, 2006). It occurs when stakeholders assume that organizations represent the same values with which they feel identified with, and which they have in their minds and hearts (Suchman, 1995). Social identity refers to attributes that reflect group membership. Most research related to identification in organizational contexts focuses on the collective level and includes identification with the team, the workgroup, the department, the occupation, and the organization as a whole. It has been analyzed in religious institutions (Martinez, 2019) as well as in citizens' perceptions of countries (Beugelsdijk, Kostova, & Roth, 2017).

**Affective emotions.** Institutions are partially defined and supported by emotions and emotional ties, which reflect long-term commitments and loyalty to the collective (Moisander, Hirsto, & Fahy, 2016). Constructs based on affection must be integrated into legitimacy analyses (Haack, Pfarrer, & Scherer, 2014). What are the affective emotions to evaluate? For academics, emotions are manifested through various terms such as: anger, excitement, hope, compassion, frustration, disappointment, or surprise (Huy, Corley, & Kraatz, 2014). Ekman (1992), affirmed that the underlying emotions are six: sadness, happiness, surprise, disgust, fear, and anger.

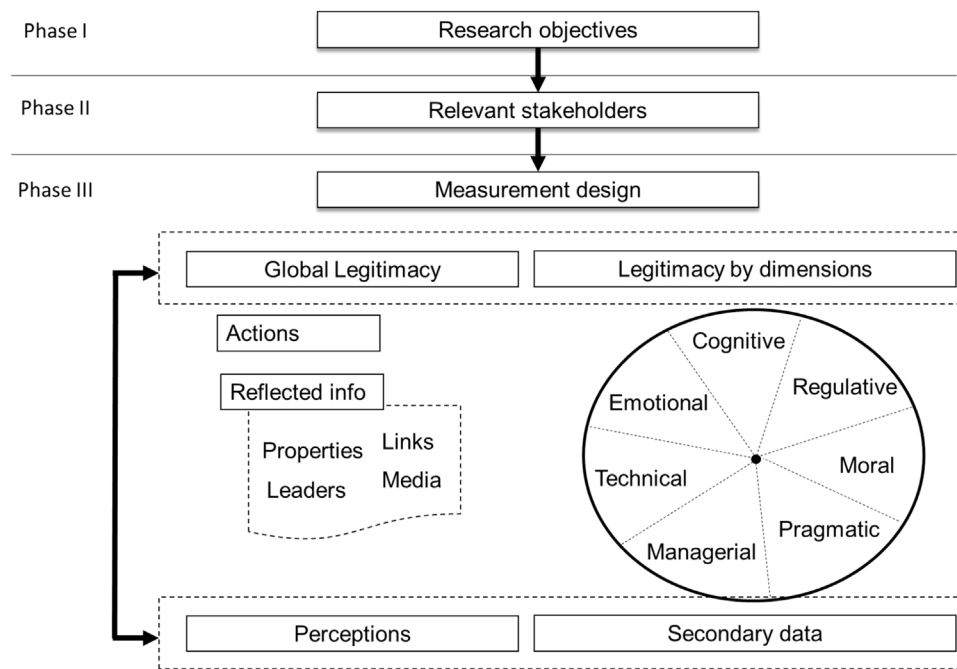


Fig. 1. General process to measure organizational legitimacy.

Stamkou, van Kleef, Fischer, and Kret (2016), indicates the existence of eight primary emotions, namely: anger, fear, happiness, sadness, disgust, surprise, pride, and shame.

*Relational identification.* Positive relationships (with managers, supervisors, colleagues, customers, or suppliers) create an organizational climate that provides happiness, friendship and affective dependence which becomes part of people’s lives and links them to the organization (Ashforth, Schinoff, & Rogers, 2016). This form of bond makes them express themselves in a positive way and place value on the organization because of that contact. These emotions are personal fulfillment; companionship; mutual assistance and support; friendship; respect; personal recognition; rewarding experiences.

#### 4. General process to measure organizational legitimacy

In this section we suggest a general process to measure organizational legitimacy which identifies three phases to be considered in order to guarantee an adequate measurement of organizational legitimacy (Fig. 1). Each phase involves making decisions to obtain an accurate measurement.

##### 4.1. Phase I. Research objectives

The first research decision is to respond to the question: what is the research objective? Organizational legitimacy measurement can be conducted in many ways, with different approaches, relying on perceptions, or data, exploring individual dimensions, or in a global way. Researchers can evaluate the organization as a whole or just evaluate some issues that are relevant to their stakeholders. “One might examine whether, and the extent to which, different users are interested in different types of content” (Golden-Biddle, Locke, & Reay, 2006, p. 250). The activities of an organization may have different levels of importance for different actors (Ruef & Scott, 1998; Suchman, 1995). Thus, some issues may be relevant for one type of organization, but not for another.

Researchers should clearly define the purpose of the investigation because it is the starting point to guide the entire process of measuring legitimacy. Research objectives indicate what should be

measured. One of the problems of measuring organizational legitimacy is the lack of coherence between research objectives and methodology. This lack of coherence shows a validity problem of the measurement.

One of the major implications of defining research objectives is the choice of relevant stakeholders.

##### 4.2. Phase II. Identification of relevant stakeholders.

As a consequence of the previous decision, the second decision researchers must answer is: who are the relevant stakeholders?

The most widespread definition of organizational legitimacy states that organizational legitimacy is judged by stakeholders (Deephouse et al., 2017). These evaluators show interest in the organization and their judgment may influence the organization’s performance. Sometimes, a large part of the population may not know or care about organizations because they have no relationship with them, neither feel affected by their decisions. Other times, a small part of those who show interest about an organization are not always considered as evaluators. Stakeholders influence on legitimacy may be different (Bitektine & Haack, 2015). Who the relevant stakeholders are will depend on the research objectives. To measure organizational legitimacy, researchers must consider those stakeholders whose self-goals may interfere (positively or negatively) with the research objectives (Mitchell, Agle, & Wood, 1997). This may force the researcher to select different measures for the assessment of different stakeholders groups.

As part of this process, the researcher must explain why the legitimacy assessments of the selected groups are considered relevant for the research objectives. When organizational legitimacy is measured without considering all relevant stakeholders, this must be indicated as a research limitation.

##### 4.3. Phase III. Design of the measurement instrument

Once research objectives and relevant stakeholders have been selected, the next decision is about the evaluation criteria (types of legitimacy) and the sources of information (primary or secondary) for the measurement. Evaluation criteria are related to whether



a global or a specific analysis based on legitimacy dimensions is appropriate. Sources of information involves the use of either stakeholders' perceptions or secondary data for legitimacy assessment.

What is the research evaluation criteria? When the research objectives do not require to go delve into the different dimensions of legitimacy, then a global evaluation is appropriate (Chung et al., 2016). However, when research objectives involve knowing the origin of the global judgment, researchers may consider whether organizational legitimacy is motivated by the evaluators' interest in moral, regulatory, or management issues (Díez-Martín et al., 2013). In other words, the researcher would focus on the measurement of the different dimensions of legitimacy.

Besides, we perceive that not all dimensions of legitimacy have the same strength. They are not of equal importance for each group (Ruef & Scott, 1998), which implies the existence of dimensions more relevant than others. Sometimes, stakeholders use only one legitimacy dimension to judge organizational legitimacy. An organization may be considered legitimate based on a single dimension, forgetting the others (Ruef & Scott, 1998). For example, when organizations require their suppliers to comply with official laws and regulations, they require them to own regulatory legitimacy. Similar cases appear when evaluating large sports teams' legitimacy with assessments mainly focused on emotional legitimacy. In other cases, legitimacy assessments focus on multiple dimensions. For example, the European directive for administration contracts focuses on issues related to regulatory, administrative, and technical legitimacy (Díez-de-Castro et al., 2019). This generates multiple combinations when measuring legitimacy.

What are the research sources of information? Researchers must determine whether a methodology based on individual perception or based on secondary data will be used.

Judgments about legitimacy are perceptions (Suchman, 1995) and all perceptions involve a portion of knowledge and another portion of feelings. Organizations should be mostly interested in judgment based on knowledge, since knowledge is less easily manipulated indicator than feelings. Whatever the proportion between knowledge and feelings, the judgment issued is the essential instrument considered when assessing organizational legitimacy (Bitektine & Haack, 2015).

As a rule, perceptions should be considered as the most appropriate approach. Perceptions are measured by asking stakeholders.

Sometimes, organizational legitimacy is assessed by using secondary data, leaving aside feelings, which means the use of some algorithm or methodology to obtain the judgment. Assessment through data is appropriate when it is able to reflect stakeholders' perceptions. Moreover, legitimacy assessments based on data eludes judgments and perceptions. In this case, organizations gain legitimacy by their performance.

## 5. Discussion

Measuring organizational legitimacy has become a challenge for researchers because they face a multilevel construct (Zhu, 2011), where diverse terminologies, approaches, and evaluators converge (Hassan, Lee, & Mokhtar, 2020). As a consequence, researchers have developed different proposals that have given rise to multiple measurement methodologies, generating some uncertainty among researchers about the best measurement instrument. These methodologies are not generalizable to other contexts (Suddaby et al., 2017), do not integrate the different approaches to assessing legitimacy (Deephouse et al., 2017), neither do they explain their suitability. This paper contributes to the literature by proposing a general process for measuring organizational legitimacy that responds to this issue. We propose a generalizable process for any

context, inclusive with different terminologies, having the ability to justify the election measurement instruments.

One of the leading issues causing difficulties in the integration and generalization of the measuring organizational legitimacy methods is the fact that not all types of evaluation are equally crucial to evaluators. Factors influencing evaluators judgments depend on several circumstances (Bitektine & Haack, 2015; Díez-Martín et al., 2019). Sometimes, legitimacy assessment is based exclusively on the perceptions of one or two dimensions, while other dimensions are ignored and considered irrelevant. The general process to measure organizational legitimacy challenges previous literature, creating a methodology to integrate all legitimacy conceptualizations and typologies. This paper proposes a measurement process in which all types of legitimacy are integrated. The key phase for the integration process is the specification of the research objectives (Ruef & Scott, 1998). Objectives are essential for judging legitimacy, since they allows different sources of information (relevant stakeholders), different types of legitimacy (adjusted to relevant stakeholders' judgments), and different contexts (the one that affects relevant stakeholders) to be integrated into the same model.

Further, we review and sort the main concepts of organizational legitimacy. Until now, progress on this point has focused on developing and expanding concepts, classifying them according to legitimacy typologies (Bitektine, 2011; Deephouse et al., 2017). These advances have enriched the knowledge in this field, but at the same time, have increased concern about organizational legitimacy assessment. For this reason, we propose a classification based on the measurement ability of each concept. There are concepts to measure legitimacy based on organizational information and others focused on some specific aspects of legitimacy. This way of sorting concepts enables their integration in any research scheme.

### 5.1. Managerial implications

This work makes it easier for managers to measure organizational legitimacy. It has been shown that the instrument for measuring legitimacy is not unique and rigid but in fact is diverse and adaptable to each organizational environment. Organizations may decide in advance what matters to them and then decide what issues are to be measured to know its legitimacy degree. As the instrument is adaptable to the desired objectives, organizations can focus on their needs rather than asking questions or looking for information that will not be useful.

Along these lines, managers can opt for a global or dimensional measurement of legitimacy. Depending on how legitimacy is measured, it will provide information on some issues while leaving out others, which has later consequences on the strategic choice to create, enhance, or maintain organizational legitimacy.

### 5.2. Future research and limitations

The process we present has not been used formally and systematically. Consequently, it must be considered as a proposal, since its application will indicate its suitability. In this line, future researchers could analyze if the results of different proposals to measure organizational legitimacy are congruent. There are two significant issues of congruence on which research should continue. The first, results for global organizational legitimacy assessment should be similar to legitimacy assessments based on dimensions. The second, results of legitimacy assessments based on stakeholders' perceptions must match those obtained from an assessment based on secondary data.

Beyond this, researchers may use the general process to measure organizational legitimacy to analyze which legitimacy dimension

is more important for the stakeholders depending on the sector or the country in which they are located.

Researchers must answer an underlying question that is mentioned only in exceptional cases. An organization may be judged as legitimate under one legitimacy dimension and, at the same time, be judged as illegitimate under another dimension (Chung et al., 2016; Ruef & Scott, 1998). In these cases, it is possible to ask whether an organization can be partially legitimated. When an organization gets positive evaluations in one type of legitimacy and negative evaluations in another type, how is its legitimacy determined? Are the results counterbalanced? Would it be a legitimate or an illegitimate organization? Current literature has not yet clarified this question. We should address this issue in-depth and adopt decisions with the most significant scientific support.

The emergence of problematic legitimacy is another possible outcome of the process (Ashforth & Gibbs, 1990). The lack of legitimacy does not mean that the organization is illegitimate, which is especially significant in start-ups. Interest groups cannot grant legitimacy for various reasons (e.g., lack of information), but this does not mean they are illegitimate.

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