ORGANIZATIONAL LEGITIMACY: AN IN-DEPTH OVERVIEW THROUGH THE LENS OF INSTITUTIONAL THEORY

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ABSTRACT

This paper investigates the institutional view on organizational legitimacy and legitimation processes by addressing the principal theses of the institutional school of thought and fundamental arguments raised by institutionalists. Beyond a shadow of doubt, the notion of organizational legitimacy is not a simple phenomenon that can be confined to a sole paradigm or a phenomenon that be explained through a sole theoretical lens. However, based on the idea that theories pinpoint the most relevant factors affecting the phenomena under investigation, I aim to pave the way for further theoretical research by crystallizing how the institutional school of thought embraces organizational legitimacy. In this regard, this paper analyzes the institutional approach to organizational legitimacy by suggesting an in-depth overview of the factors that shape organizational legitimacy and identifies three essential institutional orientations**.** The paper concludes by indicating to the prominence of cultural frameworks in gaining legitimacy and by suggesting directions for future research.

Keywords: Organization Theory, Organizational Legitimacy, Legitimacy, Institutional Theory

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ÖRGÜTSEL MEŞRUİYET: KURUMSAL KURAM GÖZÜYLE DERİNLEMESİNE BİR BAKIŞ

ÖZ

Bu çalışma, kurumsal kuram düşünce okulunun temel tezlerini ve ortaya koyduğu temel argümanları inceleyerek örgütsel meşruiyet ve meşruiyet süreçlerine ilişkin kurumsal görüşü araştırmaktadır. Hiç şüphesiz, örgütsel meşruiyet kavramı tek bir paradigma ya da tek bir teorik mercekle açıklanabilecek veya sınırlandırılabilecek basit bir olgu değildir. Ancak, teorilerin araştırılan olguları etkileyen en ilgili faktörleri saptadığı düşüncesinden hareketle, kurumsal düşünce okulunun örgütsel meşruiyeti nasıl benimsediğini kristalleştirerek daha ileri teorik araştırmaların yolunu açmak hedeflenmektedir. Bu bağlamda, bu çalışma örgütsel meşruiyeti şekillendiren faktörlere derinlemesine bir bakış sunarak kurumsal yaklaşımın örgütsel meşruiyet yaklaşımını analiz etmekte ve üç temel kurumsal yönelimi ortaya koymaktadır. Makale, meşruiyet kazanmada kültürel çerçevelerin önemine işaret ederek ve gelecekteki araştırmalara yönelik öneriler sunarak sonuçlandırılmıştır.

Anahtar Kavramlar: Örgüt Kuramı, Örgütsel Meşruiyet, Meşruiyet, Kurumsal Kuram

INTRODUCTION

Apparently, organizational legitimacy has attracted significant attention as a point of concern within management research as well as many other disciplines of social science. Having raised great concern especially in management research, organizational legitimacy has been regarded as an abstract, a multidimensional and, essential phenomenon in organization studies (Ruef and Scott, 1998 ; Suchman, 1995). Similar to the way organizational reputation is embraced (Yüncü and Fidan, 2019) organizational legitimacy is often referred to as vital for the survival of organizations (Díez-Martín, Prado-Roman and Blanco-González, 2013; Meyer and Rowan, 1977; Zimmerman and Zeitz, 2002). Therefore, researchers have gone for conceptualizing this multilevel phenomenon to achieve a better understanding of how organizations gain and manage it. As a result of these conceptualization efforts, scholars have developed typologies with some basic and idiosyncratic dimensions of legitimacy. In this sense, Pandora's Box where any researcher can find the definition that best fits his/her purposes (Mazza, 1999, p. 18) was first opened by Singh, Tucker and House (1986) by suggesting a dual structure of organizational legitimacy: internal legitimacy and external legitimacy. Later, Aldrich and Fiol (1994), Scott (1995), and Suchman (1995) suggested their typologies that could be called basic typologies in which normative, cognitive, regulative, moral, pragmatic and sociopolitical aspects of legitimacy are

emphasized. Aldrich and Fiol (1994), for instance, set forth the concepts of cognitive and sociopolitical legitimacy as two essential types of organizational legitimacy. These two essential dimensions formed the basis of the studies of organizational ecologists to measure organizational legitimacy (Suddaby, Bitektine and Haack, 2017, p. 454). Right after, Scott (1995) subdivided Aldrich and Fiol's (1994) classification of sociopolitical legitimacy and he proposed three dimensions: cognitive legitimacy, regulative legitimacy and normative legitimacy. In addition to these typologies, Suchman (1995) proposed another typology that is composed of twelve distinct legitimacy types each of which rests on a different behavioral dynamic (Deephouse and Suchman, 2008, p. 52).

In a parallel fashion, researchers from various disciplines continued to suggest some other idiosyncratic dimension of legitimacy such as media legitimacy (Bitektine, 2011), technical legitimacy managerial legitimacy (Ruef and Scott, 1998), industry legitimacy (Zimmerman and Zeitz, 2002), output legitimacy (Ossewaarde, Nijhof and Heyse, 2008) and relational legitimacy (Tost, 2011). However, the dimensions of these typologies have also caused conceptual turmoil as they lacked an overarching consensus. Whereas these typologies and dimensions of legitimacy overlap in some respects, they differ significantly from one another in some other aspects. According to Díez-Martín et al., 2013, p. 7 such differences among typologies and dimensions can directly be observed within the evaluations of some researchers including Ruef and Scott (1998, p. 877) and Zimmerman and Zeitz (2002, p. 419). This indicates that understanding the general processes underlying organizational legitimacy and legitimation process has remained a tough and persisting problem (Johnson, Dowd, and Ridgeway, 2006, p. 53), and these problems "root in the scientific theories not only on which framework the researchers who create them move but also in the object and method of analysis"(Díez-de-Castro, Peris-Ortiz and Díez-Martín, 2018, p. 1).

As for these scientific theories, "the literature on organizational legitimacy falls fairly neatly into two camps—one strategic, the other institutional" (Suchman, 1995, p. 575). With reference to the fact that the institutional theory underlines the prominence of "social knowledge" and "cultural rule systems" (Scott, 1995) and centers upon "the incorporation of the institutions of the environment into the internal structures of an organization" (Johnson, 2004, p. 13), this paper aims to reflect how the institutional camp (new institutionalism) has embraced organizational legitimacy through a systematic literature review in direct proportion to the increase in the number of major studies. Because, the concept of legitimacy is one of the most important theoretical contribution that new institutionalization theory provides to organizational theory (Keskin, Akgün and Koçoğlu, 2016, p. 319). Hence, by crystallizing how the institutional school of thought embraces organizational legitimacy, I primarily aim to pave the way for further theoretical research regarding organizational legitimacy within the scope of other macro organization theories such as Resource Dependency and Population Ecology.

I. ORGANIZATIONAL LEGITIMACY IN THE CONTEXT OF ORGANIZATION THEORY

Practicing upon sciences, humanities and arts, organization theory establishes a ground for the intellectual challenge of interdisciplinary thinking stretched across the full array of human knowledge (Hatch and Cunliffe, 2013, p. 3).Thus, organization theory as a field that enables integration and interdisciplinary interaction provides the necessary ground for the construction or reconstruction of the concept of legitimacy and legitimation processes by making use of the conceptual and theoretical diversity. However, a cross-fertilization among disciplines is only slightly seen in organizational legitimacy researches as each theoretical approach has utilized its theoretical lenses that often differ from each other in the sense that legitimacy is conceptualized or analyzed (Mazza, 1999). Indeed, most of the attempts to define and conceptualize organizational legitimacy are based on the Weber (1968) who formulates legitimacy as conformity with a set of rules that actors accept as either a set of obligations or as a desirable model of action (Walker, 2004). Weber introduced the notion of legitimacy into sociological theory and it took place in organization theory later (Ruef and Scott, 1998). Then, the contribution of different disciplines to the concept of legitimacy and legitimation processes by their own contextual elements has led to a theoretical nuance that often established a ground of conceptual and typological diversity. Contrary to Weber's formulation of legitimacy in which the importance of social practice and faith in the presence of a legitimate order is emphasized (Weber, 1968), for instance, organization theorist, generally prefer to embrace the concept based on institutional and cultural perspectives, not on the context of power and authority systems.

From my standpoint, the conceptualization process shows a tendency to continue with considerable flexibility that unveiled both efficient conceptual evolution and inefficient conceptual stretching. Due to this conceptual stretching and lacking a consensus on a mutual framework, the current literature presents a series of definitions, measures and theoretical propositions that are not entirely compatible with each other. (Deephouse and Suchman, 2008; Osigweh, 1989). Drawing attention to this drawback, Suchman (1995, p. 572) argues that “research on organizational legitimacy threatens to degenerate into a chorus of dissonant voices” as most of the approaches to organizational legitimacy can only refer to a limited facet of the notion which eventually hinders the flow of knowledge from the theorist to the practitioners by partitioning scientific discourses, theoretical frameworks. Among many other theoretical approaches, the institutional theory, resource dependency theory and population ecology theory intensely emphasize the phenomenon of legitimacy (Kalemci and Tüzün, 2008). However, most of the organizational legitimacy researches come from two theoretical perspectives: strategic approach and institutional approach (Suchman, 1995). More precisely, the concept of legitimacy in organizational theory can be grouped into two basic views: functional (strategic) and symbolic institutional) (Mazza, 1999). Having a

pragmatic perspective, the functionalist view considers legitimacy as a necessary resource to be effective and productive under social constraints, and it focuses on how organizations strategically manipulate symbols (Massey, 2001) to gain a certain organizational legitimacy. Accordingly, legitimate status is a conferred status and an indispensable element for better access to required resources and survival of an organization in the long-run (Brown, 1998), and therefore steps to legitimize an organization are of great importance (Dowling and Pfeffer, 1975). As well as accessing resources that will bring about competitive advantage, relations with critical power centers that control the resources that are vital for the organization are essential in terms of gaining and preserving organizational legitimacy (Pfeffer and Salancik, 1978). The position of Pfeffer and his friends to take organizations as coalitions in their works and give examples of symbolic persons in the boards of directors could be seen as an indicator that they have an instrumentalist view of legitimacy (Kalemci and Tüzün, 2008).

On the other side, with its focus on more normative and cognitive aspects, the symbolic view takes organizational legitimacy as an output of social processes that determine the codes of admissible operations**.** It draws attention to the cultural environment in which organizations exist and the pressure this cultural environment exerts on organizations about the normative behaviors that the organization is expected to comply with (Massey, 2001). The concept of legitimacy emphasized by this approach refers to a clear need for cultural support (Yüncü and Koparal, 2017). Indeed, this point indicates the main difference between symbolic (institutional) and functional (strategic) views. According to symbolic (institutional) view, legitimacy is not a resource that organizations use strategically to gain or improve organizational reputation (Yüncü and Koparal, 2017, p. 62). On the contrary, it is the result of a spontaneous harmony between organizations and their cultural environments (Suchman, 1995).

II. INSTITUTIONAL ORIENTATIONS ON ORGANIZATIONAL LEGITIMACY

Institutional approach the foundations of which were laid by Selznick (1949) is known today as new institutional theory especially upon the contributions of Meyer and Rowan (1977), Meyer and Rowan (1983), Meyer and Scott (1983), DiMaggio and Powell (1983), DiMaggio and Powell (1991), and Tolbert and Zucker (1983). Founders of institutional Theory like Selznick (1949) and Parsons (1960) primarily emphasized the normative and regulative facet of institutional systems. Those who contributed to the theory later as mentioned above, referred to these aspects as prominent factors, too. However, they put more emphasis on the role of symbolic elements in forming organizational structures and organizational behavior (Scott, 2004). In other words, "the new institutionalism of organizational analysis is a theory of organizational legitimacy rather than the legitimacy of the organization's authority structure" (Johnson, 2004, p. 6). From my point of view, the first point to be considered here is how "*old"* and "*new*" institutionalists

conceptualized the notions of *institution* and *institutionalization*. In order to understand institutional perspective on organizational legitimacy, I believe these notions should be investigated first to see the whole picture. Because, these two camps approached the question of institutions and institutional change from different perspectives (Rutherford, 1995, p. 450). The old institutional approach, which still has much to offer (Abrutyn and Turner, 2011) postulates a distinction between "organization" and "institution." (Selznick, 1996). Accordingly, an organization is only a rational instrument to achieve specific goals but an institution is an organization that has gained a symbolic value beyond instrumental value. An institution, defined as "the process by which an organization develops a distinctive character structure" (Scott, 2003, p. 66) has a social meaning beyond strict functional requirements (Selznick, 1949). In this sense, institutionalization means "the emergence of orderly, stable, socially integrating patterns out of unstable, loosely organized, or narrowly technical activities" (Broom and Selznick, 1955, p. 238).

On the other hand, new institutionalists define the concept of the institution as "a social order or pattern that has attained a certain state or property" and institutionalization as "the process of such attainment". Accordingly, institutions are socially constructed patterns that reveal a particular reproduction process through which these patterns are supported (Jepperson, 1991). Indeed, new institutionalists assert that "beliefs, rules, cultural values and ethical expectations influence institutions to direct behaviours towards the attainment of external legitimacy" (Pillay, Reddy and Morgan 2016, p. 3; Scott 1987; Zucker 1987). Zucker (1987), who considers legitimacy as a key element for understanding survival and growth of organizations, draws attention to two distinct theoretical approaches to institutionalization within new institutional tenet: environment as institution and organization as institution. Accordingly, the environment as institution approach proposes that institutions exist in an organanization's environment as social facts (Galliers and Currie, 2011, p. 140). "The basic process is reproduction or copying of system-wide social facts on the organizational level". The organization as institution approach, however, institutions emerge within the organization and the central process is generation (meaning creation of new cultural elements) at the organization level. Here, reproduction is not a cause but a consequence of institutionalization (Zucker, 1987, p. 444). Also, addressing the question, *What is the meaning of institutional?* Zucker (1987) points at two defining elements shared by the theoretical approaches to institutionalization in organizations. These two are: (a) a rule-like, social fact quality of an organized pattern of action (b) an embedding in formal structures, such as formal aspects of organizations that are not tied to particular actors or situations (Galliers and Currie, 2011, p.140).

Institutionalization, however, "involves the processes by which social processes, obligations, or actualities come to take on a rule like status in social thought and action" (Meyer and Rowan, 1977, p. 341). Such an understanding of

institutionalization implies the emergence, acceptance, and permanence of new organizational forms, modern management practices and organizational fields (Çakar and Danışman, 2012). Tolbert and Zucker's model (1996) exhibit a set of sequential processes that suggests a variability in levels of institutionalization, which means that certain forms of social behavior are exposed more to critical consideration, modification, and emanation than some others (Tolbert and Zucker, 1996). This model is important in terms of revealing the factors that affect different levels of institutionalization and different points of the institutionalization process.

Another concept to focus on to evaluate the sense of organizational legitimacy within the institutionalist paradigm is the notion of *institutional contex*t. According to Meyer and Rowan (1977, p. 346), who later referred to the institutional context as "the rules, norms, and ideologies of the wider society" (Meyer and Rowan, 1983, p. 84), the i*nstitutional context* is one of the two factors that are effective in the rationalization and spread of the official bureaucracy in modern society. Meyer and Rowan (1983) particularly emphasized institutional context in most of their works and defined it as the rules, norms and ideologies of the society. Besides, Meyer and Rowan (1983) assert that *rationalized myths* are acknowledged as prescriptions of proper conduct as organizations are expected to behave rationally. By conforming to *rationalized myths*, *organizations* become *isomorphic* with their institutional context so that they can gain legitimacy in the sight of critical constituencies in the environment (Greenwood, Oliver, Suddaby, and Sahlin, 2008, p. 4-6). Indeed, Meyer and Rowan's suggestions also have parallels with the main theses of early institutionalists. These early institutionalists claimed that institutionalized organizations are sensitive to institutional contexts and organizations that want to survive become isomorphic with their institutional context to secure their legitimacy (Greenwood et al., 2008, p. 6).

An influential research that underlines the importance of organizational legitimacy in institutional view was conducted by Tolbert and Zucker (1983). Working on the diffusion and institutionalization of change in formal organization structure, and focusing more on cognitive forms of legitimacy, Tolbert and Zucker (1983) indicates two stages of diffusion. Accordingly, while those who adopt an innovation earlier are mainly inclined to improve internal processes such as streamlining procedures or reducing conflict, later adopters aim at assuring their societal legitimacy regardless of the value for that innovation or idea. In other words, such adoption "fulfills symbolic rather than task-related requirements". Adoption at this second stage is "related to institutional definitions of the legitimate structural form" (Tolbert and Zucker, 1983, p. 22-26).

As is seen, institutionalists typically refer to organizational legitimacy as the approval of an entity by environmental constituencies. They indicate that it is a *sine qua non*[1] for the survival of organizations, which means that organizational

[1] an essential condition without which something is not possible.

survival and success hinge on organizational legitimacy, and if the organizational structure, activities, actions etc. fail to comply with the changing rules that constitutes the organizational space, organizational legitimacy decreases. Because institutional views assert that legitimacy is attained via structural alignment under isomorphic regimes (Johnson, 2004, p. 13). Correspondingly, as for the factors influencing organizational legitimacy and the characteristics of the legitimacy processes, institutional school points at three factors that are claimed to shape organizational legitimacy: (1) the characteristics of the institutional environment, (2) the organization's characteristics activities and actions, and (3) the legitimation process by which the environment builds its perceptions of the organization (Kostova and Zaheer,1999, p. 66; Hybels, 1995; Maurer, 1971). Therefore, I will next focus on each of these factors separately.

A. THE EFFECTS OF THE CHARACTERISTICS OF THE INSTITUTIONAL ENVIRONMENT

It is essential to emphasize at the very beginning that organization theory literature provides us with sufficient evidence on the impact of the institutional environment on organizational legitimacy. Research asserting that the structure of the institutional environment has an effect on the organizational structure draws particular attention. According to very propositions of the new institutionalism, organizational structures and processes do not gain meaning and permanence by providing organizational outputs such as efficiency, productivity or performance. Instead, they gain meaning and permanence in the institutional environment they exist in (Keskin et al., 2016, p. 317). Meyer and Rowan (1977) put forward the first systematic claim about the importance of institutional environments in shaping institutional structures. Accordingly, as stated earlier, organizations that seek to survive become *isomorphic* with their institutional context to gain legitimacy in the sight of critical constituencies in the environment. With this design, they adopt organizational structures and management forms and styles that will increase their organizational legitimacy (Keskin et al., 2016, p. 317). Thus, the formal structures of organizations, especially in the postindustrial society, reflect the myths of their institutional settings (Meyer and Rowan 1977).

Essentially, the process through which organizations adopt similar structures, routines, practices is called institutional isomorphism and it helps organizations gain legitimacy and become institutionalized in their broad institutional environment (Díez-Martín et al., 2013, p. 23). As mentioned above, the rationalized myths that organizations conform to arise as solutions to common problems of organizing and they become rationalized when they are broadly believed to be proper solutions to specific problems (Boxenbaum and Jonsson**,** 2008, p. 78; Meyer and Rowan, 1977). DiMaggio and Powell (1983, p. 150–153) suggests that there are three major sources of institutional isomorphism. They

include, external pressure exerted by powerful organizations, conditions of uncertainty and increasing professionalization within a sector or field. "These three sources are analytically associated with three specific forms of institutional isomorphism (Table 1) – coercive, mimetic, and normative" (Croucher and Woelert, 2018 ,p. 2). Respectively, coercive isomorphism results from relationships and politics and dependency relationships (Croucher and Woelert, 2018, p. 2) among organizations within environments in which some organizations are reliant on other more powerful actors (Boxenbaum and Jonsson, 2008, p. 80; DiMaggio and Powell, 1983). It is roots in the problem of legitimacy and it is "illustrated by the influence of state agencies on other organisations through the enactment of legislation in the legal environment"(Elbardan and Kholeif, 2017, p. 77). Mimetic isomorphism essentially results from uncertainity and it originates in horizontally positioned peer-organizations (Boxenbaum and Jonsson, 2008). Innovations and practices that appear to increase legitimacy are copied by organizations (McAuley, Johnson and Duberley, 2007, p. 451). Normative isomorphism results from the influence of professionalization as a driving force for institutional isomorphism (Croucher and Woelert, 2018, p. 2; DiMaggio and Powell, 1983).

Table 1. Contrasting types of isomorphism

	Mimetic	**Coercive**	**Normative**
Reason to adopt	Uncertainty	Dependence	Duty, obligation
Carrirer	Innovation, visibility	Political law, rules, sanctions	Professionalism, including certification, accreditation
Social basis	Culturally supported	Legal	Moral
Examle	Reengineering, benchmarking	Pollution controls, school regulations	Accounting standards, consultant training

Source: McAuley et al., 2007, p. 452

Like several researchers within this approach, Scott and Meyer (1983) also suggest that environmental complexity obliges organizations to develop more sophisticated and elaborated internal structures. Such a relation between organizational structure and institutional settings is also mentioned by Powell (1998). In parallel with Scott and Meyer (1983), Powell (1988) professes that organizations settled in environments where they face conflicting demands are more likely to produce complex structures with several managerial entities and boundary-spanning units (Scott, 1995). As another indicator of the relationship between the institutional environment and organizational structure, Berger and Luckmann (1967) stated that the structures of organizations also reflect the socially constructed reality. This claim is also noticeable within the statements of Parsons

(1956) and Udy (1970), who suggests that organizations are largely programmed by their institutional environment (Meyer and Rowan 1977, p. 346). Moreover, the institutional environment, which involves various institutions such as cultural norms and education systems (Aldrich and Fiol, 1994), has a complex structure and originate in a combination of different parts. According to Kostova and Zaheer (1999), however, the complexity of the institutional environment is also suggested in two main facets**.** First of all, institutional environments are complex and fragmented and consist of particular domains (Scott, 1995) which are termed institutional pillars-*regulatory*, *cognitive*, *normative*- (Table 2). For Scott (1995, p. 33-35), institutions are meaningful systems that contain various structures and they have cognitive, normative and regulatory structures and actions. These structures and actions provide stability to social behavior and give meaning to it (Saylam and Leblebici, 2017, p. 101). Secondly, multinational organizations operate in different institutional environments and therefore they deal with several sources of authority (Kostova and Zaheer, 1999; Sundaram and Black, 1992).

Table 2. Pillars of Institutions

	Regulative	**Normative**	***Cultural-Cognitive***
Basis of compliance	Expedience	Social obligation	Taken-for-grantedness Shared understanding
Basis of order	Regulative rules	Binding expectations	Constitutive schema
Mechanisms	Coercive	Normative	Mimetic
Logic	Instrumentality	Appropriateness	Orthodoxy
Indicators	Rules Laws Sanctions	Certification Accreditation	Common beliefs Shared logics of action Isomorphism
Affect	Fear Guilt/ Innocence	Shame/Honor	Certainty/Confusion
Basis of legitimacy	Legally sanctioned	Morally governed	Comprehensible Recognizable Culturally supported

Source: Scott, 2014, p. 60

As such, the *regulatory pillar* consists of regulatory institutions that exist in order to procure stability and order in societies and these institutions have the power to establish rules, to check whether others comply with the rules created, and to impose sanctions, punishments in or give rewards to influence future behavior (Scott, 1995). Therefore, an organization needs to assort with the legally notified demands of the regulatory system to gain legitimacy (Kostova and Zaheer,1999; Murtha and Lenway, 1994). The cognitive pillar takes its roots from social psychology (Berger and Luckman, 1967) and the cognitive school of institutional theory (Meyer and Rowan, 1977; Zucker, 1983). For this school,

organizations need to comply with or be consistent with the cognitive structures established in society to be legitimate and being legitimate requires a "taken-for-granted" status (Aldrich and Fiol, 1994; Suchman, 1995). The cognitive pillar emphasizing the importance of social identities is more about our understanding of who we are and what actions are right or meaningful to us in a given situation (Scott, 1995). As for the normative pillar, it was adopted and examined by early sociologists such as Durkheim, Parsons, and Selznick, due to their tendency to attract attention to institutions such as kinship or religious systems, in which the common beliefs and values are more likely to be observed (Scott, 1995)**.** "Emphasis here is placed on normative rules that introduce a prescriptive, evaluative, and obligatory dimension into social life" (Scott, 1995, p. 37). Normative systems include both values and norms. Norms guide how to do things and define legitimate ways to achieve value attributed outputs. Values, on the other hand, represent basic insights into what is desired or preferred in parallel with the construction of standards to which existing structures or behaviors can be compared and assessed (Scott,1995). Values are crucial because organizational legitimacy arises from the harmony (conformity) between the values adopted by the organization and broader social values (Parsons, 1960).

Upon this brief, yet a clear explanation of these pillars is provided here, we can also question the relation among these particular domains(pillars) as well: every single pillar for itself or every single pillar for all pillars*?* Just as factors that are effective in the construction of organizational legitimacy cannot be considered independently of each other, Scott's (1995) institutional pillars are not as mutually exclusive. Kostova and Zaheer (1999, p. 70) explicitly states that it is not correct to consider Scott's (1995) three pillars of the institutional environment as mutually exclusive. Because values can drive cognitive categorization and, in turn, affect and be affected by regulation. Also, the cognitive and normative domains (pillars) rise through education and socialization processes, and primarily the regulatory domain is affected by the interest intermediation process (Kostova and Zaheer, 1999; Murtha and Lenway, 1994). In fact, Scott (2004) admits this in his later work and by acknowledging that these three pillars usually coexist. However, the cultural-cognitive dimension brings a deeper perspective on the foundations of institutional forms (Greenwood et al., 2008, p. 15) most of which act in accordance with certain logic which is called institutional logics (Friedland and Alford, 1991). Here, institutional logics indicate that taken-for-granted rules shape the behavior of the person and it heps determining appropriate behavior and ensuring success (Saylam and Leblebici, 2017, p. 101-102). Moreover, Goodrick and Reay (2011) set forth the concept of a constellation of institutional logics to describe the combination of institutional logics guiding behavior at any one point of time. Contrasting with the previous explanations that have conceptualized variation in logics, they identified three types of constellations. Accordingly, this concept provides a better explanation for not only the situation of a dominant logic, but also situations where multiple societal level logics coexist Goodrick and Reay, 2011, p.

399). Institutional logics approach, however, does not center upon isomorphism. Rather, it center upon the effects of institutional logics on individuals and organisations and provides a bridge between the macro-structural perspectives of DiMaggio and Powell (1991) and Zucker's micro-process approaches (Elbardan and Kholeif, 2017, p. 77).

B. THE EFFECTS OF THE ORGANIZATION'S CHARACTERISTICS AND ACTIONS

In order to exhibit their role in organizational legitimacy, I will discuss the characteristics and the actions and activities of organizations separately under this title. Institutionalists often explain the relationship between an organization's characteristics and organizational legitimacy through the notion of organizational complexity. Organizational complexity can simply be defined as the degree of differentiation existing in the different elements that make up the organization. In an organizational context, complexity provides an explanatory framework of how organizations behave, how individuals and organizations interact in a broader social ecosystem (Kaufmann, Keskinen, Aaltonen, Kaufmann and Mitleton-Kelly, 2003, p. 8). In this sense, the concept of organizational complexity has been described variously by different researchers, and they often focus on different functional aspects of the concept. Notably, the concept is very often referred to as the number of different professional specializations working in an organization. For instance, a university can be thought to have a more complex structure than a high school as universities consist of several faculties where numerous scholars of divergent professional specialties exist. However, it is also related to "the differentiation in structure, authority and locus of control, and attributes of personnel, products, and technologies" (Dooley, 2002, p. 2). The processes reflecting the core capabilities of the organization, technological level, customers and markets, products and product groups, distribution networks, suppliers or geographical location also have an impact on organizational complexity. Moreover, organizations are active systems (Lawrence and Lorsch, 1967) and over time they can create unique internal institutional environment in line with their legitimacy requirements (Selznick, 1957).

As the structure and characteristics of organizations are affected by technical and economic rationality, constraints in resource allocation, managerial heritage, or cognitive orientation of managers (Ghoshal and Bartlett, 1990), organizations can develop their unique (indigenous) structures and abilities over time. In other words, the original organizational structures can be shaped by the efforts of the inner actors of the other as well as the requirements imposed by the strong actors in the corporate environment (Scott, 1995). Wang (2009) points to a common consensus that as organizations grow, they undergo a structural differentiation process (Aytemiz Seymen, 2014, p. 147). As a matter of fact, organizational evolution theory claims that as an organization turns to different markets, their efforts to balance internal and external environmental caused by

alterations in conjuncture also lead to an organizational complexity (Mintzberg and Waters, 1982). As it puts organizational legitimacy at risk, this type of complexity makes control difficult especially in modern organizations (Powell and DiMaggio, 1991, p. 79). More importantly, as an organization may consist of a large number of sub-units with different levels of interdependence and independence relations, the organization itself can be complicated and fragmented just like its institutional context or environment. In this case, an organization would face institutional complexity as it confronts incompatible prescriptions from multiple institutional logics (Greenwood, Raynard, Kodeih, Micelotta and Lounsbury, 2011, p. 318). Hybrid organizations, for instance, which incorporate elements from different institutional logics (Battilana and Dorado, 2010), are obliged to find ways to overcome such demans of these different institutional logics (Pache and Santos, 2011, p. 972). Such complexity is usually more apparent in multinational organizations, where the organization is divided not only by functions or tasks but also by geographic regions. Because interactional conflict is an inevitable part of organizational life in complex structured organizations that coexist in different subsystems with different goals, norms and orientations (Lawrence and Lorsch, 1967). Organizational units that operate in different regions or countries are faced with their own hosting institutional environments differing in terms of legitimacy unique requirements (Ghoshal and Bartlett, 1990; Kostova and Zaheer, 1999). As no single macro structure has proven to fit all the institutional environments yet, (Bartlett, 1983; Ghoshal and Bartlett, 1990), organizations have to revise their operations and the organizational structure gradually becomes more complicated. At the basis of the organizational complexity mentioned here is the desire of organizations that try to adapt to new environments, to make organizational changes in order to maintain their current efficiency by bearing their costs (Kyung Ho Kang and Seoki Lee, 2014)**.**

Secondly, the relationship between an organization's actions and organizational legitimacy is very often emphasized within the works of institutional school. Since most of the efforts to explain the notion of organizational legitimacy are based on the Weber, it is clear that institutional perspective is also quite familiar with Weber's analysis of the legitimacy like so many other perspectives in organization theory (Deephouse and Suchman, 2008).

In this analysis of legitimacy, the importance of social practice is emphasized by suggesting types of social action guided by a belief in the existence of a social legitimate order**:** a set of determinable maxims, a model regarded by the actor as in some way obligatory or exemplary for him (Ruef and Scott, 1998, p. 877; Weber, 1968, p. 31). In a way that captures the collective nature of legitimation processes (Zelditch, 2001), Weber suggests that a social order is legitimate "only if action is approximately or on the average oriented to certain determinate 'maxims' or rules" (Johnson et al., 2006, p. 55; Weber 1978). From the same tradition, Dornbusch and Scott (1975) extended Weber's formulation of legitimacy in their theory of evaluation of authority (Johnson, 2004, p. 2) by

separating the dual aspects of legitimacy suggested by Weber into validity and propriety. Drawing attention to appropriate patterns of action again, Dornbusch and Scott (1975) refer to propriety as an actor's belief that a social order's norms and procedures of conduct are desirable and appropriate patterns of action.

The role of an organization's actions on organizational legitimacy is also highlighted in classical legitimacy typologies. The typology of Scott (1995) brought a systematic order and an impressive holistic perspective to institutional analysis by separating the regulatory, normative and cultural-cognitive dimensions of legitimacy. As suggested by Scott (1995), for example, normative legitimacy dimension is about the compliance of the actions of organizations with the informal norms, values, beliefs and cultural values of the society. In this sense, cognitive legitimacy is related to actions that are taken-for-granted as it stems from the predominance of organizational actors that are often compared to others, thus procuring patterns for organizational structures and actions (Johnson et al., 2006, p. 59). Another typology that stresses the importance of an organization's actions on legitimacy was suggested by Suchman (1995). Herein, Suchman (1995) suggests twelve distinct legitimacy types each of which rests on a different behavioral dynamic (Deephouse and Suchman, 2008). In this model, dynamics of legitimation are arrayed along two cross-cutting dimensions together with pragmatic, moral and cognitive dimensions of legitimacy: actions and essences. The first of these cross-cutting dimensions reflects the focus of legitimation while the second one captures the temporal texture of legitimation (Suchman, 1995, p. 583). This helps Suchman (1995) provide a more detailed or two-dimensional picture of taken-for-granted status. He terms the taken-for-grantedness of actions as inevitability and taken-for-grantedness of essences as permanence (Suchman, 1995).

C. THE LEGITIMATION PROCESS

The origin of the discourse on legitimation has a complex and controversial back story, yet it paves the way for a tempting intellectual challenge. Within organizational legitimacy literature, there are two camps that challenge each other in this sense: the strategic camp and the institutional camp as the principal subject of this paper (Suchman, 1995, p. 575). To illustrate the difference clearly from the very beginning and to avoid any confusion, however, it is necessary to underline the basic arguments of these two groups regarding their understanding of legitimation and legitimation process. According to the strategic tradition legitimation is essentially purposive, calculated, and frequently oppositional (Suchman, 1995, p. 576) and it is the process through which an organization validates its right to exist to relevant others in a system (Maurer, 1971, p.361). This approach, therefore, postulates a high level of managerial control over the legitimation process, focusing on tangible, real outcomes, such as sales, profits, and budgets (Pfeffer, 1981, p. 5; Suchman, 1995, p. 576;). But from institutional perspective, legitimation is closely associated with the notions of diffusion and

institutionalization (Deephouse and Suchman, 2008, p. 58). For Suchman (1995), it is virtually synonymous with the notion of institutionalization.

Essentially, as a social phenomenon and a hot topic within social sciences, the term legitimation is often associated with the institutional environment, institutional actors along with their actions that lead the way to gain legitimacy (Mazza,1999, p. 2). Thompson (1967), for example, suggested that legitimacy takes place at the institutional level of formal organizations and that the legitimation of the organization within the social system as one more element of it is among the essential functions of society at the institutional level. From sociological perspective, as another example, Weber refers to institutionalization (or routinization as he terms) as the main mechanism of legitimation that functions at two different levels. These levels are the charismatic level and the rational/legal level (Mazza, 1999, p. 33). Later on, Della Fave (1986) pointed at two basic approaches regarding the legitimacy processes. According to the first group, which included Della Fave (1986) and researchers such as Lenski (1966), Habermas (1973) and Collins (1975), legitimation is the normative approval of stratification. The second group with a non-normative perspective, however, embraces the legitimation process as behavioral acceptance and "legitimacy as a feature of the behaviors expected or desired by the institutions in the society" (Della Fave, 1986, p. 477). In this regard, social entities, structures, actions, ideas, etc. and the acceptability of which are being assessed can all be considered as the subjects of legitimation (Deephouse and Suchman, 2008, p. 54). The interaction between the organization and the environment is a complex social process that is subject to limited rationality, and therefore the process of legitimation is also likely to be a boundedly rational process (Kostova and Zaheer, 1999, p. 67). In due course of such ongoing interaction with the environment, an act of legitimation, however, does not only operate on a single dimension (or pillar as Scott terms). Instead, it could operate on several dimensions. For example, when a new pharmaceutical product is officially approved, such a legitimation cannot be confined to regulatory dimension as it also enhances the 'cognitive' comprehensibility and taken-for-grantedness of that new product or confirms the new product's demonstrable 'pragmatic' benefits (Deephouse and Suchman, 2008, p. 68).

In addition, the legitimation process seems to reflect an inherent duality between sociopolitical dynamics that take place at the institutional level and cognitive aspects that can provide explanations for the emergence of taken-for-grantedness (Aldrich and Fiol, 1994; Mazza, 1999). The coexistence of a legitimation process at the sociopolitical and at a cognitive level is one of the significant areas of research within institutional school. Investigation of legitimacy through these two critical levels, which are usually mediated by the legal system and the social construction of taken-for-granted institutions (Berger and Luckmann, 1967), has contributed to the identification of many elements that will contribute to the organizational legitimacy literature (Mazza, 1999). When the assumptions suggested by different disciplines in social sciences about the legitimation process

are examined, the stress on the phenomenon of culture can be observed in many studies in parallel with institutional efforts to conceptualize organizational legitimacy as the degree of cultural backing (Meyer and Scott, 1983). Here, such research stressing the phenomenon of culture points at a common cultural framework through which we know how things should be done or how they are typically done. However, because such frameworks underpin organizational legitimacy, we should also discuss the process of how those existing things became a part of the cultural framework. So that we can understand how social objects are construed as legitimate and how new social objects as legitimate. From this point of view, I believe the work of Johnson et al. (2006) who suggest a process of four stages model through which new social objects and organizational forms gain legitimacy- innovation, local validation, diffusion, and general validation- is crucial. Accordingly, though sometimes identical innovations can co-occur in many regional contexts, a social innovation is fundamentally carried out by actors at the local level. They aim to satisfy a need or fulfill a purpose and new social objects such as strategic resource accessibility issues. If an innovation can gain admission at its local context where the innovation itself is initiated, the innovation acquires local validation creating a new cultural schema that local actors consider useful and even necessary. Upon gaining local validation, this new schema can diffuse into other new, local situations and finally becomes not only a part of society's shared culture but also a part of the status quo by gaining acceptance on a broader environment (Johnson et al., 2006, p. 54).

CONCLUSION

This paper examined the institutional views on organizational legitimacy and legitimation processes. It addressed the principal theses of the institutional school of thought and fundamental arguments set forth by institutionalists. Without a shadow of a doubt, the notion of organizational legitimacy is not a simple phenomenon that could be confined to a single paradigm or a phenomenon that be explained through a single theoretical lens. On the contrary, it is a multilevel and multidimensional construct that still lacks a conceptual consensus as the conceptualization process has shown a tendency to continue with considerable flexibility that unveiled both efficient conceptual evolution and inefficient conceptual stretching. However, in order to gain a better and in-depth understanding of this conceptual turmoil, we have no choice but to resort to such macro theoretical frameworks in which such conceptual or typological problems root. As stated by Johansson and Sell (2004, p.114) theories pinpoint the most relevant factors affecting the phenomena under investigation. In this regard, organization theory as a field that enables integration and interdisciplinary interaction provides a proper ground for the construction or reconstruction of the concept of legitimacy and legitimation processes. Organization literature indicates that the notion of legitimacy has long been a critical subject matter in Institutional

Theory as well as other macro organization theories such as Organizational Ecology and Resource Dependency. With this paper, it is affirmed that Institutional theory is an influential approach to organizations and organizational legitimacy**.** Institutional view embraces organizational legitimacy as the acceptance of an organization by environmental constituencies and as a prerequisite for organizational survival and success. Highlighting the prominence of the social and cultural environment, they explicitly argue that legitimacy can be attained via structural alignment under isomorphic regimes and that organizational structures represent rationalized myths that conform with cultural values along with beliefs within the environment of an organization. We must underline the fact that some of the terminological elements that are articulated in legitimacy studies within the scope of institutional perspective requires separate attention. Because the ways earlier theorists conceptualize such term as an organization, institution, institutionalization and institutional context differs from those in new institutional statements. However, I believe the emergence of such a distinction between the old and the new supports well-set idea that concepts should evolve as they are used and juxtaposed with other concepts in the course of research (Wright 1985; Kaplan, 1964). Finally, most significant contribution of this paper is about the three main factors (Kostova and Zaheer, 1999) shaping organizational legitimacy. This study contributes to the institutional theory literature by suggesting an in-depth analysis of each of these factors.The findings of these analyses lead to the following conclusions. Firstly, institutional efforts to study organizational legitimacy tends to associate the characteristics of the institutional environment with organizational structure with an emphasis on structural alignment under isomorphic regimes, and pillars of the institutional environment. Another tendency standing out within the institutional school is that Institutionalist often explains the relationship between an organization's characteristics and organizational legitimacy through the notion of organizational complexity. Because it offers an explanatory framework of how organizations and individuals behave or interact in a wider social ecosystem in an organizational context. Another central finding is about the relationship between organizational actions and organizational legitimacy. Literature indicates that the role of an organization’s actions on organizational legitimacy is also highlighted in classical legitimacy typologies outlined in institutional perspective. For future studies, I would like to point at two inviting doors through which we can achieve a better understanding of the phenomenon. The first one is related to the process of legitimation itself. With a wide range of subject matter including social entities, structures and actions in a specific cultural framework, legitimacy is a complex social process with limited rationality. However, unveiling the process of how these social entities, structures and actions became a part of a cultural framework or how new social objects are construed as legitimate requires further research. The second one is about applying institutional theory to real life settings. I firmly suggest that future research examine this multilevel phenomenon through empirical study to see if/how the institutional approach operates at a real-life setting.

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