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# EMPIRICAL STUDIES ON LEGITIMATION STRATEGIES: A CASE FOR INTERNATIONAL BUSINESS RESEARCH EXTENSION

*Romeo V. Turcan, Svetla Marinova, and Mohammad Bakhtiar Rana\**

## ABSTRACT

*The paper focuses on legitimation and legitimation strategies applied by companies. Following the process of systematic review, we analyze empirical studies exploring legitimation and legitimation strategies from different theoretical perspectives. Using the key findings by reconnoitering and comparing the theoretical background, approaches, methodologies, and findings of these empirical studies, we outline potential directions for research in the legitimation strategies of firms engaged in international business operations.*

\*The authors have contributed equally to the paper.

## INTRODUCTION

International business research has been theoretically addressing aspects of legitimation strategies; although, empirically, legitimation, as a term, has not been explicitly used or at least has not formed the central line of enquiry in international business research. Drawing on the research findings from the systematic review of empirical research on legitimation from other fields of study, we reflect on how these findings could inform international business research. The research results, using the typology of legitimation, refer to the challenges that new or established multinationals and new international ventures face in pursuing legitimation strategies in new or established markets. Legitimation strategies are associated with the very purpose of establishing international business operations and their formalization in a host market context. Therefore they are aimed at securing the lawful existence of a business and its perceived conformity to the rules, norms, and expectation of the host country context. With this paper we aim to open a scholarly debate about legitimation strategies and aspects of their manifestation in international business activities of firms.

The term “legitimacy” refers to the state or fact of according with or meeting rules or standards that are either externally or internally defined (Shorter English Dictionary, 2007; Berger & Luckmann, 1966). Legitimacy is ascribed a central place in the theories of political psychology (Tyler, 1990) and social psychology (Baron & Pfeffer, 1994; Jost & Banaji, 1994; Haines & Jost, 2000), being defined as a process, resource and outcome of conformation to institutionally or socially defined norms, values, and expectations (Oliver, 1996). Perceptions of legitimacy matter to political systems, institutions, and organizations (Powell & DiMaggio, 1991) in the sense that their existence being worthwhile and valid, rather than objectionable.

The concept of organizational legitimacy has been explored by sociologists and organizational theorists (Baron & Pfeffer, 1994; Tomaka & Blascovich, 1994) as the outcome of a purposeful pursuit of external and/or internal validity and recognition, as well as a means or resource for an organization to strengthen and maintain its supplier, customer, institutional, and, more widely, social support. Organization theorists have explored the role of legitimacy as a resource for enhancing firm operations and overall performance that can provide access to scarce resources and maintain the support of valued stakeholders (Ashforth & Gibbs, 1990; Suchman, 1995). Furthermore, institutional theory views legitimacy as a key resource that organizations deploy in their efforts to diminish the negative impact of the liabilities of newness in an industry, market, organizational field, or economic sector (Stinchcombe, 1965). Hence, legitimacy is seen as a corner stone for organizational survival and growth, being a precondition for the continuous flow of resources and the sustained support of organizational constituents (Parsons, 1960; Pfeffer & Salancik, 1978; Weber, 1978).

International business research on legitimacy stems from political psychology theories (Boddeyn & Brewer, 1994; Boddeyn, 2007; Ring, Lenway, & Govekar, 1990), organization theory (Kostova & Zaheer, 1999) and its institutional perspective (Chan & Makino, 2007; Dacin, Oliver, & Roy, 2007; Henisz & Zelner, 2005). However, research on legitimacy in international business is somewhat scarce. Apart from some widely cited theoretical papers (Boddeyn & Brewer, 1994; Kostova & Zaheer, 1999), international business scholars have produced few empirical publications exploring legitimacy and legitimation strategies in cross-border firm activities. Except for studies on legitimation of international joint ventures (IJVs), e.g., Alcantara, Mitsuhashi, and Hoshino (2006) who offer empirical analyses of manufacturing IJVs in Japan, and Lu and Xu (2006) who develop an external-internal legitimacy perspective of the

growth and survival of IJVs, international business scholars have shown limited interest in studying the process of gaining legitimacy, hereafter referred to as legitimation.

To some extent, the research gap on legitimacy as related to international business, and more specifically in reference to overcoming the liability of foreignness as a major concern of firms engaged in cross-border activities, was addressed by publications in Volume 24 of *Advances in International Management* (Asmussen, Pedersen, Devinney, & Tihanyi, 2011). However, we argue that legitimation strategies call for much greater scholarly attention, as they may ensure the growth and survival of international business firms engaged in complex global markets in which corporate morality is increasingly questioned (Sethi, 2002) and business activities are closely scrutinized by Non-Governmental Organizations (NGOs) (Doh & Teegen, 2004) and by governments with their local development agendas (Marinova, Child, & Marinov, 2011).

With this paper we review empirical studies on legitimation and legitimation strategies that exist in diverse areas of studies and which have been developed from various theoretical perspectives. By exploring and comparing their theoretical background, approaches, methodologies and findings, we outline potential new directions for research into legitimation strategies that could offer avenues for exploration to international business scholars in this substantive research area. First we define legitimacy and delineate the domain of scholarly research on legitimation. The four types of legitimation strategies identified in the typology are discussed further. We then present the methodology designed to capture extant empirical knowledge on legitimation, employing the aforementioned typology of legitimation as the basis of our design. In the end, we discuss findings and emergent contributions.

Considering the general understanding of legitimacy as a state of according with or meeting rules or standards set by certain actors embedded in a socially constructed reality, for the purpose of this paper, legitimacy is used in the sense of “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, beliefs, and definitions” (Suchman, 1995, p. 574). However, we differentiate between legitimacy as “a state,” “outcome” or “output,” and the process of gaining recognition, acceptance, and support as being appropriate in the view of and compliant with social rules, beliefs, and definitions. Thus legitimation involves legitimation strategies as applied by companies and their efforts to gain legitimation in a specific context or to delegitimize from a specific context. To further delineate the domain of scholarly research on legitimation, several research streams are identified in the legitimation literature. One research stream focuses on the creation and legitimation of new firms, and on the maintenance of legitimacy in already established firms (Johnson, Dowd, & Ridgeway, 2006). The other research stream distinguishes between new firms that emerge within an established sector or industry and those that emerge within emerging industries (Aldrich & Fiol, 1994).

By cross-tabulating the above-mentioned research streams, namely the state of the firm (emergent vs. established) and the state of the industry (emergent vs. established), a typology of legitimation is suggested (Figure 1).

*Insert Figure 1 about here*

Researchers conducting research in quadrant I and II may delve into how a newly established firm, be it an independent start-up or intrapreneurship venture, or a firm based upon a new form

of organizing, a new product, technology, business idea, or innovation, which we may collectively refer to as new ventures, create and legitimate in an attempt to reach a legitimacy threshold "...below which the new venture struggles for existence and probably will perish and above which the new venture can achieve further gains in legitimacy and resources" (Zimmerman & Zeitz, 2002, p.427). The difference between these two streams of research is in the nature of decision-making settings: uncertainty vs. risk. Uncertain decision-making settings (quadrant I) characterize an emergent market, where decisions are made under conditions of technology and market uncertainty, as well as goal ambiguity. In the international business research, emergent markets would not only be related to products/services that are new, but also to new locations, i.e., geographically emerging markets. In these kinds of uncertain decision-making settings, the possible outcomes of decisions to pursue a new venture and the probability of those outcomes are unknown (Alvarez & Barney, 2005).

Research in quadrant III is concerned with how established organizations maintain their legitimacy (Zelditch & Walker, 1984) or defend it (Bitektine, 2008) in an established market or market that has reached stability (Klepper & Graddy, 1990). For example, well-established organizations may build legitimacy-based barriers to entry into their domain by changing the relative importance of legitimacy dimensions, raising the legitimacy threshold, and altering perceptions of competitors' performance.

In quadrant IV, researchers inquire into how established organizations defend their legitimacy when the market they operate in is in a state of emergence, for example, when it is disrupted by the introduction of radical innovation, new organizational forms, or new social order. In the face of such opportunities or threats, the organizations have the option of trying to defend their status quo (Bitektine, 2008) or de-legitimize (Oliver, 1992) their existing practices



to conform to new realities. Researchers here may also study how established organizations create and legitimate their products or services in international (emergent) markets, or even how new industries or sectors of an economy are created. Here, new entrants, or status quo challengers, may survive at the expense of incumbents who can not (un)learn fast enough to keep up with new realities.

## METHODS

Initially, the review was thought to be positioned at the interface of international business and legitimization strategies. However, the initial keyword search in the ProQuest database using the following search strings: ‘legitimation strategy and international’ and ‘legitimation strategy and internationalization’ with the scope ‘citation and document text’ and data range ‘all dates’ yielded 36 and 0 hits respectively (the search was limited to ‘scholarly journals, including peer-reviewed’). Of these hits, as later we discovered, none was positioned at the international business and legitimization intersection. This led us to conclude that the research at this intersection is in an embryonic stage and thus there is a need to learn more from other research streams that had legitimization as the focus of the enquiry and subsequently apply this knowledge to the international business field.

Since the extant research at the legitimization-international business intersection is scarce, the present review focuses on *empirical* papers that integrate theory and concepts related to legitimization (strategies), being driven by the typology of legitimization (Figure 1). Hence, the review centered only on empirical papers published in peer-reviewed scholarly journals, while conceptual and review papers, conference papers, and book chapters were excluded from the

review. Moreover, here the primary focus of the review was not on cognitive and sociopolitical legitimacy (Aldrich & Fiol, 1994) as antecedents to or as targets of legitimation, but on legitimation strategies adopted to mitigate these liabilities.

Such scarcity of research at the legitimation-international business intersection, as well as the four types of legitimation as per the legitimation typology (Figure 1) suggest that one might expect a considerable diversity and a wide range of extant empirical research on legitimation. Following these pointers, we employed the systematic review as the review method (Munir, Denyer, & Neely, 2004; Pittaway Robertson, Petticrew, & Roberts, 2006; Tranfield, Denyer, & Smart, 2003). According to Petticrew and Roberts (2006, p.21), a systematic review is valuable “when a general overall picture of the evidence in a topic area is needed to direct future research efforts”. The aim of a systematic review is to produce a scientific summary of the evidence in a field (Petticrew & Roberts, 2006) by identifying its key scientific contributions (Tranfield, Denyer, & Smart, 2003).

We followed the process of the systematic review as outlined by Petticrew and Roberts (2006) and Tranfield, Denyer, and Smart (2003).<sup>1</sup> The first step was to develop the review protocol. Through several brainstorming sessions, the review team, based on their experience as well as guided by the defined legitimacy typology, identified the following keywords: (i) legitimacy, legitimization, legitimation, de-legitimization, de-legitimation; and (ii) new, emerging, established and existing as applied to venture, product, industry, market, and sector. We used search strings that were constructed on the basis of the keywords identified above and the search scope assigned by the review team in the ProQuest database. Here is an example of

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<sup>1</sup> For examples of systematic reviews, please refer to Pittaway et al. (2004), Thorpe et al. (2005), Macpherson and Holt (2007), and Jones et al. (2011).

the search string: (legitimation) AND (new venture) AND (citation and document text) AND (multiple databases) AND (all dates) AND (scholarly journals, including peer-reviewed).

The second step was to conduct the review. It includes selecting the studies, assessing their fit, extracting data and data synthesis (Tranfield, Denyer, & Smart, 2003). A total number of 30 search strings generated 311 hits, of which we screened out 184 papers based on title and abstract. These papers were screened by employing the four types of the legitimation typology (Figure 1). We then manually scanned through these papers in order to identify empirical ones that support the aim of the review. These papers were screened by employing, (i) as initial criteria, the types of legitimation strategies defined by institutional scholars (e.g., DiMaggio & Powell, 1983; Kostova & Zaheer, 1999; Lawrence, Winn, & Jennings, 2001; Oliver, 1991, 1992; Suchman, 1995; Zaheer, 1995; Zimmerman & Zeitz, 2002), and, given the expected considerable diversity of legitimation strategies, (ii) inductive methods of thematic analysis (Braun & Clarke, 2006).

In relation to the latter, the review team acted as interpretive agents (Weed, 2008) sampling theoretically relevant data, data being defined as the studies under review (Braun & Clarke, 2006; Weed, 2008), to identify conceptual boundaries and point out the fit and relevance of the criteria (Charmaz, 2000). Such an inductive approach to understanding the reviewed studies is driven primarily by the embryonic status of the field.

During this process, 72 studies were identified for inclusion in the synthesis, and a corresponding data-extraction form was generated. The review team had several iterative, fine-grained discussions to agree upon and solve the differences in relation to inductively derived themes. This resulted in 37 studies for the final review. The summary of reviewed papers by

journal and year of publication is presented in Table 1, while the data-extraction form presented in the Appendix summarizes the review papers.

*Insert Table 1 about here*

Data synthesis started as soon as the data-extraction form was finalized. As the aim of the present review was to learn about both the theories and theoretical frameworks used in the empirical papers on legitimation strategies, the research methodologies employed, as well as the contributions made, data synthesis was structured under the following headings: theory and context, methodology and methods, and contributions. The next section will present the results of the review, followed by a discussion of the implications to the international business field.

## **RESULTS**

The typology of legitimation (Figure 1) will aid the process of data presentation. The results will be grouped and presented as per the types of legitimation. Out of thirty-seven papers reviewed (Appendix), nine papers fall into quadrant I of the typology that pertains to the legitimation of an emergent new venture and/or an emergent market; thirteen papers fall into quadrant II that concerns the legitimation of a new venture in an established market; nine papers are part of quadrant III that relates to maintaining and/or defending the legitimacy of an established venture and/or established market; and the remaining six papers fall into quadrant IV that pertains to the creation or defense of legitimacy, or de-institutionalization of an established venture in an

emerging market. Theories and theoretical frameworks will be presented first, followed by the methodologies employed, with the papers' contributions concluding this section.

### *Theories*

As mentioned earlier, the scope of *quadrant I* of the legitimacy typology is defined by the emergent nature of a new venture and/or a new market, and associated with uncertain decision-making settings, where decisions are made under conditions of technology and market uncertainty, as well as goal ambiguity. Four out of nine reviewed papers (Burr, 2006; Dejean, Gond, & Leca, 2004; Lippman, 2007; Munir & Philips, 2005) examined the emergence of new industries (markets) around new technologies and/or the ways in which new institutions and new organizational forms were created, employing institutional theory and the theory of fields (Fligstein, 2001) to understand the phenomenon under study.

The focus of the remainder of the papers was on the legitimation of new ventures, more specifically, on how new ventures acquire legitimacy and by which legitimation strategies. Overall, legitimation theory is employed in these papers to provide a conceptual understanding of the studied phenomenon (e.g., Rutherford & Buller, 2007; Turcan, 2012). Along with legitimation theory, organizational symbols (Glynn & Marquis, 2004), organizational scripts and life-cycle theory (Drori, Honig, & Sheaffer, 2009), and symbolic management (Zott & Huy, 2007) are also used as theoretical foundations/backgrounds.

Drawing on Storey's (1994) estimates of small firm survival after three years, it is not surprising that half of the papers address the issues of survival and failure of new ventures (Drori, Honing, & Sheaffer, 2009; Glynn & Marquis, 2004; Rutherford & Buller, 2007; Turcan,

2012). These papers emphasize the path-dependent nature of legitimation, attempting also to shed light on the process of de-legitimation (de-institutionalization) (Glynn & Marquis, 2004; Turcan, 2012), and on the legitimacy threshold (Rutherford & Buller, 2007).

From the international business perspective, one paper (Turcan, 2012) is explicitly positioned within the international entrepreneurship field (Oviatt & McDougall, 1994), whereas another two (Drori, Honing, & Sheaffer, 2009; Glynn & Marquis, 2004) could be implicitly positioned within the same field since they study legitimation of dot.com and Internet ventures respectively.

Risk decision-making settings of an established market and the emerging nature of a new venture define the scope of *quadrant II*. Out of thirteen reviewed papers, only 4 papers (Hargadon & Douglas, 2001; Kim & Pennings, 2009; McKendrick & Carroll, 2001; Reay, Golden-Biddle, & Germann, 2006) explore how legitimation of new ventures effects the transformation of an industry and institutionalization, legitimation and de-institutionalization of an organizational form or a new practice. Alongside institutional theory, these papers also draw from evolutionary theory (Anderson & Tushman, 1990; Romanelli, 1991; Tushman & Anderson, 1986), and the theory of institutional change (Bush, 1987).

The remaining nine papers study the processes and mechanisms of legitimation by new ventures within an established market or industry. Apart from legitimation theory and institutional theory, these papers also draw from impression management theory (Tedeschi & Reiss, 1981), marketing theory (Coviello, Brodie, & Munro, 1997); entrepreneurship theory (Carter & Jones-Evans, 2000), strategic reference point theory (Fiegenbaum, Hart, & Schendel, 1996), multilateral network theory (Human & Provan, 1997), and internationalization perspective (Bilkey & Tesar, 1977; Johanson & Vahlne, 1977).

Similar to the data presentation in quadrant I, two papers within quadrant II (Delmar & Shane, 2004; Human & Provan, 2000) address the issues of the survival and demise of new ventures, and one paper by Elsbach and Sutton (1992) explores how organizational legitimacy is acquired through illegitimate actions. Out of the thirteen papers reviewed within quadrant II, three have an international business dimension, namely Goldberg, Cohen, and Fiegenbaum, (2003), Lu and Xu (2006), and Cheng and Yu (2008) who study Israeli software companies, Japanese international joint ventures, and Taiwanese new ventures respectively.

The scope of quadrant III is defined by the legitimation-related activities of established ventures in established markets or entering established markets. Four out of ten papers (Du, Ren, Chen, & Zhang, 2010; Garcia-Pont & Nohria, 2002; Haveman, 1993; Yeniyurt, Townsend, Cavusgil, & Ghauri, 2009) examine the process of legitimation with a specific focus on mimetic isomorphism (DiMaggio & Powell, 1983). The paper by Lounsbury and Crumley (2007) examines how innovation in activities may lead to the establishment of a new practice via institutionalization (Scott, 2001). The papers by Erkama and Vaara (2010) and Vaara Tienari (2008) and explore legitimation strategies MNCs employ to legitimize de-legitimization (Oliver, 1992).

Greenwood, Suddaby, and Hinings, (2002) focus their research on institutional change, drawing from the theories of institutional entrepreneurship (DiMaggio, 1988) and organizational fields (DiMaggio & Powell, 1983) in an attempt to understand the transformation of institutionalized fields and the role of institutional entrepreneurs in this process. Of special interest is the paper by Bitektine (2008) that, drawing from the legitimacy theory, explores strategies that established organizations use to build legitimacy-based barriers to entry into their domain. An international business dimension could be observed in the four out of ten papers

reviewed within this quadrant (Erkama & Vaara, 2010; Garcia-Pont & Nohria, 2002; Vaara & Tienari, 2008; Yeniyurt et al., 2009) that focus on MNCs in the automobile, marine engine, and pharmaceutical industries.

The scope of *quadrant IV* is defined by the way in which established organizations defend their legitimacy when the market they operate in is either in a state of emergence, or disrupted by the introduction of radical innovation, new organizational forms, or new social order, or the way they create and legitimate and/or de-legitimate new fields, practices, or institutional forms. Four out of six papers reviewed herein study how new institutional fields emerge and/or are legitimized by incumbent or established organizations (Delmestri & Wezel, 2011; Lawrence & Phillips, 2004; Maguire, Hardy, & Lawrence, 2004; Vermeulen, Büch, & Greenwood, 2007). Alongside institutional theory, these papers draw from organization ecology (Hannan & Freeman, 1977), theory of fields, and institutional entrepreneurship.

The remaining two papers (Davis, Diekmann, & Tinsley, 1994; Maguire & Hardy, 2009) focus on the de-institutionalization (Oliver, 1992) of dominant corporate forms and taken-for-granted practices respectively. The reviewed papers by Davis et al. (1994) and Delmestri and Wezel (2011) have an international business dimension by exploring the decline and fall of the conglomerate firm and the diffusion of multiplex cinemas in Europe respectively.

### *Methodology*

Out of the 37 papers reviewed, 11 papers employed quantitative methods of data collection and analysis, 25 qualitative, and one paper used mixed methods. The quantitative papers are distributed as follows: six in quadrant II, four in quadrant III, and one in quadrant IV. Seventeen



of the 37 papers employ event-history analysis. Seventeen of thirty-seven papers study the legitimation and de-legitimation of new ventures and established organizations (micro level), whereas the remaining 20 study the legitimation and de-legitimation of new and established markets (meso level). The process and strategy of legitimation are the focus of six reviewed papers; 12 papers focus on the process and change of legitimation; and the remaining 19 papers focus on the strategy of legitimation.

The dominant methodology employed by the qualitative studies is the case study; 17 papers are single-case studies, and eight papers are multiple-case studies. Data in the qualitative papers are collected via in-depth (unstructured and semi-structured) interviews, participant observations, historical and organizational sources. These papers use a variety of data analysis methods, such as (critical) discourse analysis, narrative analysis, critical incident technique, and event history analysis.

Of the 11 quantitative papers, six papers focus on legitimation strategies. These papers distinguish between conforming and strategic legitimation strategies on the one hand, and internal and external legitimation strategies on the other. Conforming legitimacy is operationalized along three dimensions: (i) human capital, defined as industry experience, prior start-up experience, managerial experience, or education; (ii) organizational capital, defined as the existence of a legal entity, existence of a start-up team, start-up size, and collective industry and start-up experiences; and (iii) market attractiveness, defined as the expected level of competition, and degree of innovativeness.

Strategic legitimacy is operationalized also along three dimensions: (i) improvising, defined as having a prepared business plan, already-started marketing or promotional efforts, having applied for ISO, patent, copyright or trademark, having projected financial statements,

opened a bank account, and getting listed in the phone book; (ii) resource combination, defined as having developed a model/prototype, purchased raw materials, and purchased/rented facilities and equipment; and (iii) networking, defined as having asked for funds, established credit with suppliers, and received outside assistance.

External legitimacy is operationalized as the existence and the number of alliances formed, whereas internal legitimacy is operationalized along four dimensions: (i) market legitimacy, defined as the ratio of former or current executives of established firms in the industry sitting on a firm's board to the total size of the board; (ii) locational legitimacy, defined as the location of firm in a cluster, especially in a well-known cluster, and the ratio of firms in the cluster to the total number of firms in a country; (iii) scientific legitimacy, defined as the ratio of academic scientists on a firm's board to the total size of the board; and (iv) historical legitimacy, defined as number of products launched or entrepreneurship history of top managers of the firm.

The remaining five of the 11 quantitative papers focus on the effects of isomorphic pressures (coercive, mimetic, and normative) on firms' behavior and on de-institutionalization of organizational forms. Coercive pressure is defined as pressures from suppliers, current customers, potential customers, home government, and stakeholders. Mimetic pressure is defined as uncertainty in the home country, imitating successful peers, and pressure to act in response to competitors. At the industry level, mimetism is also defined as the total density of alliances formed in a given period. Normative pressure is defined as pressures from the union, interpersonal contacts with other CEOs, suggestions from board members, CEOs' international experience, and CEOs' international educational experience.

### *Contributions*

The research findings in *quadrant I* of the legitimacy typology pertain chiefly to the legitimization strategies of new ventures, be these newly formed organizations (e.g., Drori et al., 2009; Glynn & Marquis, 2004; Rutherford & Buller, 2007; Turcan, 2011; Zott & Huy, 2007), new products (Burr, 2006; Lippman, 2007), new technologies (Munir & Philips, 2005) or legitimization of new industries (Dejean et al., 2004). Largely, legitimization is viewed herein as a process; although some suggest conceptualizing it as a process and a state (e.g., Glynn & Marquis, 2004). During this process, new ventures are trying to achieve the legitimacy threshold by pursuing what Rutherford and Buller (2007) call pre-threshold legitimization strategies and post-threshold legitimization strategies.

Legitimation strategies of newly formed organizations could be grouped into the following four symbolic legitimization strategies: (i) credibility, defined as personal capability and personal commitment to the venture; (ii) professional organizing, defined as professional structures and processes; (iii) organizational achievement, defined as partially-working products and technologies, venture age, and number of employees; and (iv) quality of stakeholder relationships, defined as prestigious stakeholders, and personal attention (Zott & Huy, 2007).

Uncertainty (in decision-making settings) is suggested to moderate the legitimization process, that is, the higher the uncertainty, the more important symbolic management is likely to be for attracting resources (Zott & Huy, 2007). At the same time, persistence in symbolism through institutional isomorphism, inertia, and lack of adaptation may de-legitimize (Glynn and Marquis, 2004) or lead to an erosion of both internal and external (Drori et al., 2009) previously gained legitimacy.

As to the latter legitimation strategy, Turcan (2011) put forward a typology of captivity whereby firms have no feasible alternative but to sell their products via a single enterprise player, or there are a limited number of customers in the identified niche market. Three types of captivity emerged: captive industry supplier, captive dyadic partner, and captive market leader.

As to the legitimation of new fields or markets around new technologies, a typology of strategies has been put forward (Munir & Philips, 2005). One: to embed new technology in existing practices with the aim of naturalizing and legitimizing the new technology. Two: to create new roles, making it legitimate for new users to adopt existing technology. Three: to create new institutions within the field, aiming for new technologies to become institutionalized. And four: to modify existing institutions within the field, so that existing technologies become understood differently.

Given the uncertainty of a new venture and a new market, the research suggests that organizational conformity to norms and practices will legitimate only to the extent that those norms and practices are themselves legitimate, credible, and valued (Glynn & Marquis, 2004). Moreover, since the pragmatic and social legitimacy of the product is low in the early stages of new product/new sector introduction/creation, producers invoked pragmatic legitimacy by differentiation and introduction of new designs, whereas consumers invoked to social legitimacy through claims of social exclusivity and through contemporary club practices (Burr, 2006). Overall, legitimate organizational forms and industry boundaries are often the result of social negotiation, consequently they are socially-negotiated outcomes (Lippmann, 2007).

The findings in *quadrant II* relate both to theoretical development of legitimation strategies of new ventures and new organizational forms, and testing the effects of such strategies on new venture legitimation. As to the legitimation of new ventures, a set of legitimation strategies

emerged. Human and Provan (2000) distinguish between inside-out and outside-in legitimation strategies that multilateral established networks employ. Such networks build legitimacy along three key dimensions: (i) network as form, suggesting an acceptable form of organizing, (ii) the network as entity, aiming to develop a recognizable identity, and (iii) network as interaction, e.g., learning cooperative interaction.

Goldberg, Cohen, and Fiegenbaum (2003) suggest four strategies to build the company reputation, namely (i) dynamic exploitation of existing assets, (ii) development of core competencies, (iii) image management, and (iv) strategic alliances, and they further maintain that corporate success depends on the extent to which managers develop an integrated package of legitimacy-building strategies. Goldberg et al. (2003) also emphasize that, in order for a company policy to be successful, it has to combine three strategy elements, namely strengthening internal core competences, extending external relationships, and creating a positive corporate image. In the pursuit of pragmatic and cognitive legitimacy, Wilson and Stokes (2004) suggest the most appropriate legitimation strategy available to new ventures is the manipulation strategy. At the same time, while these authors found that ‘following the rules’ represents the path of least resistance, it appeared to raise barriers to successful marketing.

To the above, Hargadon and Douglas (2001) introduce the notion of robust design that mediates between institutionalized design and technical innovation. It reduces the uncertainty linked to the new activity, and ensures that the main stakeholders would consider the new activity legitimate. They further argue that the challenge ultimately lies in finding familiar cues that locate and describe new ideas without binding users too closely to the old ways of doing things. That is, as new technologies emerge, entrepreneurs and innovators must find the balance between novelty and familiarity, between impact and acceptance.

As to the legitimation of new organizational forms or new practices, Reay et al. (2006) suggest three interdependent, recursive, situated “micro-processes”: (i) cultivating opportunities for change that incorporate the idea of ‘windows of opportunity’; (ii) fitting a new role into prevailing systems that constitutes efforts to represent and classify the new role; and (iii) proving the value of the new role that relates to actors’ attempts to get others, especially professional colleagues, to recognize the value of the new role.

Somewhat contradictory results emerged from the research by McKendrick and Carroll (2001). These authors found out that association-building and standard-setting have not led to the legitimation of a new organizational form, and that diversity of origins, and other activities of organizations operating in a market, work against institutionalization of the new organizational form. McKendrick and Carroll (2001) conclude that heterogeneity makes self-identification, regulation, and solidarity more problematic, and it also makes enforcement of the code via sanctioning more difficult. They further propose that a legitimated organizational form emanates from the density of focused producers in a market rather than total density.

Interesting findings also emerged from the research by Elsbach and Sutton (1992), albeit contradictory to Glynn and Marquis (2004) above who argue that legitimacy is a buffer against illegitimacy. Elsbach and Sutton (1992) found that organizations use illegitimate actions to acquire legitimacy and that institutional conformity and decoupling illegitimate actions from legitimate structures facilitates organizations’ efforts to use impression-management tactics to obtain endorsement and support from their stakeholders.

To the above, the extant research within quadrant II further suggests a positive effect of external and internal legitimacy on new ventures’ growth and survival (Delmar & Shane, 2004; Kim & Pennings, 2009; Lu & Xu, 2006; Rao, Chandy, & Prabhu, 2008). It also points to the fact

that external and internal legitimacy are interdependent, rather than independent (Lu & Xu, 2006). Lu and Xu (2006) further maintain that local parent age and local parent size, as two sources of external legitimacy, have a positive effect on international joint venture growth and survival, respectively. Similarly, foreign parent vis-à-vis international joint venture relatedness and local parent vis-à-vis international joint venture relatedness, as two sources of internal legitimacy, enhance the chances of international joint venture growth and survival. Taken together, Lu and Xu (2006) suggest that it is important to consider legitimacy consequences when firms choose partnering and product-diversification strategies in overseas markets.

In addition, regarding internationalization, the findings suggest that coercive pressure has the strongest impact on the character of a firm's internationalization, that is on how radically or incrementally a firm plans for internationalization, whereas cognition of mimetic pressure affects the commitment of new international ventures to their foreign subsidiaries, with normative pressure on the ventures' initial modes of internationalization being insignificant (Cheng & Yu, 2008). Cheng and Yu (2008) further argue that, under greater institutional pressures, organizations tend not only to expand abroad earlier but also to adopt their initial international activities in a more radical and aggressive style.

Results that are somewhat contradictory to the above (see also Du et al., 2010, quadrant III) emerged in the research by Tornikoski and Newbert (2007). These authors found that individual (human capital), organizational (organizational capital), and environmental (market attractiveness) characteristics (as part of the conforming legitimacy) do not confer legitimacy to new organizations seeking to establish themselves. On the other hand, some of the indicators of strategic legitimacy are positively related to the organizational emergence. For example, four of the six improvising activities (beginning marketing efforts, projecting financial statements,

opening a bank account, and listing the organization in the phone book) are positively related to the emergence of the venture, whereas neither the preparing of a business plan nor applying for a patent, copyright, or trademark is significant. At the same time, resource combination behavior appears to confer substantial legitimacy to a new venture, while networking behavior on organizational emergence is limited. Tornikoski and Newbert (2007) conclude that strategic legitimacy may be more important than conforming legitimacy in explaining organizational emergence.

The findings in *quadrant III* pertain mainly to the legitimation of a new entry in an established market, the introduction of institutional change or new organizational form, and to de-legitimation. As to the former facet, one set of findings suggests that new entrants pay attention to the actions of successful organizations and will imitate their behavior (Haveman, 1993), and that new entrants follow their competitors during the early stages of industry-level internationalization, utilizing marketing alliances as a mode of entry (Yeniyurt et al., 2009). The cultural-distance experience effect is substantially stronger in the case of engaging in international alliances with companies from culturally distant countries, but not significant in the case of establishing alliances with partners that are culturally close (Yeniyurt et al., 2009).

Another set of results offers little support for the generalized industry-wide or global mimetism, and suggests that firms most closely observe and imitate the strategic behavior of firms who occupy the same strategic niche (local mimetism) rather than the behavior of firms in their industry as defined more broadly (Garcia-Pont & Nohria, 2002). Garcia-Pont and Nohria's results further suggest that, because firms cannot change their membership in a strategic group or organizational niche at will, they can at least maintain parity with their closest competitors by closely watching and matching the moves of others in their own strategic group.



Further to the above, the findings also suggest that mimetic effects, although positive, diminish at an increasing rate and that the competitive effect will swamp the legitimation effect, making entry less attractive to other organizations as the number of successful incumbents in a new market grows (Haveman, 1993). Once a critical mass of alliances is attained in the industry, the propensity to seek new alliances declines, and in an industry environment with a finite number of potential partners and partnering synergies, the industry as a whole reaches the limits of new alliance creation (Yeniyurt et al., 2009).

As to the legitimation strategies related to the introduction of an institutional change or the creation of a new organizational form or practice, the findings herein suggest that, in order for a new form or activity to become more of a taken-for-granted practice, or for an institutional change to be instilled, they have to be theorized (Greenwood et al., 2002; Lounsbury & Crumley, 2007). The key steps of the process of theorization, during which normative and moral legitimacy is attained, are the specification, by framing, of the problem and the justification by invoking professionals' values (Greenwood et al., 2002). As argued by Lounsbury and Crumley (2007), if the irregularities are not problematized, then extant theory will not be challenged and rogue activities will wane or persist in a marginalized fashion. Theorizing is thus not a momentary act but one that requires sustained repetition to elicit a shared understanding of the problem (Greenwood et al., 2002).

The next set of findings deals with the process of shutdown (divestment) of a unit of production, more specifically, with legitimation strategies aimed to legitimize de-legitimation. For example, Vaara and Tienari (2008) employ four (discursive) legitimation strategies: authorization, as provided by CEO; rationalization, which might include, e.g., profitability, futurological prediction, overcapacity cut back as a source for future success (framed as being a

multinational enterprise); moralization, defined as opportunity loss; and mythopoeia, used to camouflage, through use of euphemism, the real intentions (restricting as euphemism for layoffs) for exploring a production unit shutdown. In the same vein, Erkama and Vaara (2010) distinguish between five types of rhetorical legitimation strategies: logos (rational arguments), pathos (emotional moral arguments), ethos (authority-based arguments), autopoiesis (autopoietic narratives), and cosmos (cosmological constructions). Erkama and Vaara (2010) argue that these legitimation strategies may be used in different ways for legitimation, de-legitimation or re-legitimation purposes.

Further interesting findings emerged in the research by Bitektine (2008) who puts forward a typology of legitimacy-manipulation strategies along the following types: changing the relative importance of legitimacy dimensions, raising the legitimacy threshold, and altering perceptions of competitors' performance. Through these strategies companies aim to achieve the following outcomes: eradication, that is challenging the legitimacy of the new entrants' existence; prevention, that is creating legitimacy barriers to entry; palliation (an action or an instance of disguising), that is constraining the operational efficiency of new entrants.

The findings that emerged in *quadrant IV* relate to legitimation of new fields and de-institutionalization of a dominant form or practice. As to the legitimation of new fields, the findings echo to a large extent the ones presented earlier. For example, Maguire et al. (2004) suggest three sets of critical legitimation strategies: bridging diverse stakeholders; theorization of new practices (framing problems and justifying new practices and political negotiations); and institutionalization of new practices (by attaching them to preexisting organizational routines and reaffirming their alignment with stakeholder values on an ongoing basis). In the same vein, Delmestri and Wezel (2011) advance a process model of legitimation, consisting of four stages:

pre-entry, early diffusion, first slowdown, and legitimation, and their related legitimation strategies: theorization, robust design, camouflage, lobbying, repeal of restrictive laws, and community campaigning.

A further set of interesting findings pertains to a failed state-driven attempt at market creation (Vermeulen et al., 2007). Vermeulen et al. (2007) found that forces in a field may obstruct or impede the impact of governmental policies, implying that government agencies influence, but do not determine, institutional change directed at market construction. They further suggest that inconsistencies of governmental policies and the complexity of governmental institutions may provide not simply multiple veto points, but multiple ambiguity points, which could be exploited to sustain the status quo.

As to the de-institutionalization of a dominant form or practice, Davis et al. (1994) suggest that de-institutionalization is affected by aggregate changes in the corporate form and changes in business rhetoric; it is an abrupt change, effected through voluntary and involuntary processes at political, economic, and cognitive levels. They argue that what has been de-institutionalized is not just the firm-as-portfolio model, but also the very idea of the dominant form (of a corporation) as a bounded social entity analogous to a sovereign body. Davis et al. (1994) further argue that legitimacy implies the ability of an institutionalized practice or structure to withstand challenges based on purely instrumental grounds.

Maguire and Hardy (2009) distinguish between outsider- and insider-driven de-institutionalization. Their study suggests that, in outsider driven de-institutionalization, disruptive institutional work highlights the negative impacts of existing practices and, in so doing, increases the costs of continuing them, especially in relation to social costs. It also suggests that outsider-driven de-institutionalization requires the emergence of both new subject

positions and new bodies of knowledge in a discourse about practices, whereas in the case of insider-driven de-institutionalization, new bodies of knowledge about existing practices will be required.

## **IMPLICATIONS FOR INTERNATIONAL BUSINESS RESEARCH**

International business research has been theoretically addressing aspects of legitimation strategies; although, empirically, legitimation has not formed the central line of enquiry in international business research. Drawing on the research findings from the review we conducted, we reflect on how these findings could inform international business research. The research findings, using the typology of legitimation, refer to the challenges that new or established multinationals and new international ventures face in pursuing legitimation strategies in new or established markets. As the role of the geographically distant market that is different from the home market is pivotal for a firm to be involved in international business activities and thus be considered as internationalized, the typology used in the analysis could also be applied to legitimation strategies used by multinational enterprises. The challenge then to international business scholars is to study not only how new or established firms internationalize into new or established host markets, but how firms can legitimize their activities in those host markets when they serve the host markets with new or existing products (Lippman, 2007), new or existing technologies (Munir and Philips, 2005) or they try to plug into or redefine local industries (Dejean et al., 2004). However, we do not rule out the possibilities of being legitimized in the home context. MNCs' activities and roles to society are often questioned in both the home and

host institutional contexts, and thus they need to build or revise the legitimation strategies for those established markets regardless of the home and the host.

Legitimation strategies in international business should be analyzed as processes that lead to a certain legitimacy state, as suggested by Glynn and Marquis (2004), but, moreover, it is the legitimation mechanisms used by MNCs that deserve greater scholarly attention. Similarly, achieving the legitimation threshold in the domestic market might be comparatively easier as home grown MNCs can more easily tap into the home country specific advantages (Rugman, 1981). The same firms when going to foreign markets will face more challenges in achieving the legitimacy threshold as country specific advantages are held by the host country institutions and the bargaining power of the incoming firm will be very much dependent on the firm-specific advantages it possesses and controls, and the disadvantages it wants to compensate for (Marinova et al., 2011, Hennart, 2011) by acquiring access to new resources, be they natural, knowledge, technology, or market-based.

The pre- and post-threshold legitimation strategies (Rutherford & Buller, 2007) also call for more focused research by international business scholars, as the contextual similarities or differences between the home and host countries, most often referred to as an institutional distance or a psychic distance in the international business literature, may have different implications for the scope and range of legitimation strategies that companies could pursue. For example, if a company from a context with a strong institutional system internationalizes into a new market with a weak institutional system, it could face high cultural-cognitive barriers to achieving the legitimation threshold in the new market and therefore will adopt different pre-threshold legitimation strategies compared to a situation in which the same firm internationalizes

to a new market with a strong institutional system that might exhibit more similarities with its home country conditions.

In that regard, Cuervo-Cazzura and Genc (2008) argue that firms from emerging markets can overcome institutional barriers in other emerging markets having a weak institutional system than MNCs from developed market economies and hence have a shorter route to achieving the legitimization threshold by employing legitimization strategies that have been experienced and tested in the home country environment. Along the same lines, Yeniyurt et al. 2009 suggest that cultural experience is less important in the case of engaging in international activities in culturally-similar markets, yet extremely significant when engaging in activities with partners from culturally-distant countries.

Apart from the 'isomorphic' view of legitimization, we also need to highlight the 'efficiency'-based legitimization view in which MNCs need to change the institutions / practices in the business systems or co-evolve a new institution that generates new ways of doing things in a certain market, and thus enhance the efficiency of doing business in that international context (Cantwell, Dunning, & Lundan, 2010; Jackson & Deeg, 2008). In addition to institutional differences between markets, the institutional diversity within a market is also important in that it underpins the extent to which legitimization strategies need to be pursued.

We may also suggest that international business research should explore in more detail the pre-threshold legitimization strategies in the home country, which could also be aligned with and supported by the legitimization strategies of firms in their foreign markets. This is highly relevant in the case of consumer markets when firms are seeking consumer-based legitimacy leading to brand or product recognition, which can subsequently enhance the position of the firm in its

home market and increase its access to home-country based country-specific advantages (Delmar & Shane, 2004).

Uncertainty in decision-making settings has been suggested to moderate the legitimation process. Thus the importance of symbolic management for attracting resources is greater in a host market with a higher degree of uncertainty than in a host market with a lower degree of uncertainty. Consequently, the legitimation strategies of newcomers into international markets could be explored in terms of credibility, professional organizing, organizational achievement and quality of host-home country stakeholder relationships, as suggested by Zott and Huy (2007). When it comes to maintaining legitimacy, the growth of foreign market operations should be seen as reliant on external and internal legitimacy (Kim & Pennings, 2009), which are mutually dependent, as found out by Lu and Xu (2006). To further international business knowledge in this research domain, coercive pressure defining the pattern and speed of a firm's internationalization, mimetic pressure affecting a firm's commitment to foreign subsidiaries, and normative pressures influencing modes of internationalization, should be explored in their interaction.

We tentatively suggest that the four legitimacy-building strategies identified by Goldberg et al. (2003), referring to dynamic exploitation of existing assets, development of core competencies, image management and strategic alliances, could be seen as parts of an integrated effort by managers to develop a package of complementary legitimacy-building strategies in the foreign markets served by a firm. While strategic alliances have been in the focus of international business research with reference to gaining pragmatic and cognitive legitimacy, the linkages and interdependencies between these four legitimation strategies in firm internationalization have been hardly reconnoitered.

Wilson and Stokes (2004) suggest that, while ‘following the rules’ to gain legitimacy may seem the most feasible path for newly-established firms entering foreign markets, the lack of differentiation from entrenched competitors may also be detrimental to the strategy of successful foreign market positioning. Consequently, the most appropriate legitimation strategy in a new foreign market could be the manipulation strategy that uses appeal, innovativeness, originality, social organization and responsiveness, but is also sensitive to socio-cultural embeddedness. Furthermore, Bitektine’s (2008) typology of legitimacy-manipulation strategies, including altering the comparative importance of legitimacy dimensions, raising the legitimacy threshold and changing the perceptions of competitors’ performance, might enhance the international business enquiry in terms of outcomes that relate to challenging the legitimacy of new foreign market entrants in overseas markets, raising legitimacy barriers to new entry, or restraining the operational efficiency of new entrants.

The use of different market entry modes as a means of gaining legitimacy and ensuring a firm’s success in a new or an established foreign market deserves more concerted research effort. This might involve the speed of entry and gaining legitimacy, the performance indicators of the firm’s operations in the foreign market, and, moreover, the resources that the company should employ in the legitimation process, be they part of the social, financial, or human capital of the firm. In this sense, relating the market entry mode to the process model of legitimation suggested by Delmestri and Wezel (2011) could potentially offer insights into how the legitimation strategies defined by the authors could be used when implementing different market entry modes and subsequent combination of foreign market servicing modes. For example, our findings suggest that latecomer firms follow their immediate competitors, occupying the same strategic niche, when moving into highly-competitive, mature, host-country markets using local mimetism



(Haveman, 1993) and utilizing marketing alliances as a mode of entry (Yeniyurt et al., 2009) in order to reduce the cost of entry and the transaction costs they encounter in foreign markets.

An important angle that should be considered in international business research on legitimation is the co-evolutionary perspective (Koza and Lewin, 1998; Rodrigues and Child, 2003) in legitimation processes in which both the actors such as firms and the legitimating actors within firms, industry, associations and institutions, jointly shape, drive and evolve the legitimation process. This perspective is very important in international business because firms face a relatively higher level of uncertainty in a host country context than in their domestic context. This is also associated with co-evolutionary dynamics within different host and home country institutional systems, ranging from those in heavily constrained environments to those in liberal, free market systems, and how changes in the degree of institutionalization are relevant to opportunities for exercising strategic choice at the level of the firm in so far as the firm's internationalization is concerned. Thus the dynamic confluence and interaction over time of forces coming from the environment in which international firms operate, and the capabilities of company management to respond and to some extent impact the environment, could offer new insights into how different organizational forms used in firm internationalization can affect the legitimation strategies available to firms.

International business studies exploring foreign market withdrawal, divestment or failure and de-internationalization could study the role of persistence of symbolism through institutional isomorphism, inertia and lack of adaptation that may lead to de-legitimation or could undermine the previously-gained internal and external legitimacy, as argued by Drori et al. (2009). In the context of MNCs' global positioning, however, the pursuit of de-legitimation strategies in some host countries may be part of a firm's global re-positioning strategy. Along the same lines,

international business academics might study fluxes in the dominant organizational form as a bounded social entity analogous to a sovereign body that is used by MNCs in foreign markets and is affected by voluntary and involuntary processes at political, economic and cognitive levels or challenges based on purely instrumental grounds, as suggested by Davis et al. (1994).

Furthermore, de-legitimation strategies call for a clearer differentiation between outsider- and insider-driven processes that may be caused by the negative impact of prevailing practices and thus increase the transaction and social costs associated with continuing them. In that respect, the argument of Maguire and Hardy (2009), that outsider-driven de-legitimation requires the emergence of both new subject positions and new forms of knowledge in a discourse about practices, whereas, in the case of insider-driven de-legitimation, novel knowledge about existing practices is necessary, may inform the research inquiry. More applied research should be undertaken to investigate the strategies assumed to legitimize de-legitimation in foreign markets that were proposed by Vaara and Tienar (2008), i.e., authorization, rationalization, moralization, and mythopoeia, which could have diverse manifestations in terms of format and content depending on the host country context and the strategic objectives of the MNCs.

## **CONCLUSION**

Given the level of maturity the international business field has reached over the years, it is somewhat surprising that the empirical research on legitimation has not formed a central line of enquiry in the international business research. In an attempt to address this gap, we have conducted a systematic review of empirical studies on legitimation and legitimation strategies that exist in diverse areas of studies and which have been developed from various theoretical

perspectives. By exploring and comparing these studies' theoretical lenses, methods and contributions, we have outlined potential new directions for research into legitimation that offer new avenues for research to international business scholars. It is our hope that this paper will encourage more empirical and theory-building research at the intersection between legitimation and international business.

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Figure 1. Typology of legitimation

		<b>State of the market</b>	
		<b>Emergent</b>	<b>Established</b>
<b>State of the venture</b>	<b>Emergent (New venture)</b>	<b>I</b>  <b>Create and legitimate</b> (uncertain decision making settings)	<b>II</b>  <b>Create and legitimate</b> (risk decision making settings)
	<b>Established</b>	<b>IV</b>  <b>Defend legitimacy</b> <b>Create &amp; legitimate</b> <b>De-legitimize</b> (de-institutionalize)	<b>III</b>  <b>Maintain legitimacy</b>

*Source:* Turcan (2011)

Table 1. Summary of reviewed articles by source and year

Year	International Business		General Management					Organization Studies				Entrepreneurship				Social Science				Marketing		Str. Mang	Bus. Ethics	Other	Total
	JIBS	IBR	AMJ	AMR	ASQ	JMI	JM	OSc	OSt	Org	HR	JBV	ETP	JSBM	IJESB	ASR	SER	SF	RSO	JMkt	QMR	SMJ	CRR	FBRC	
2011	1														1										2
2010									1															1	2
2009	1		1					1																	3
2008		1		1																1			1		4
2007					1	1			2			1	1					1							7
2006			1				1										1								3
2005									1	1															2
2004			1								1	1							1		1				5
2003														1											1
2002			1																			1			2
2001					1			1																	2
2000					1																				1
1994																1									1
1993					1																				1
1992			1																						1
<b>Total</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>37</b>

Note:

The classification of journals is derived from the Association of Business Schools ([www.associationofbusinessschools.org](http://www.associationofbusinessschools.org)).

JIBS – Journal of International Business Studies; IBR – International Business Review; AMJ – Academy of Management Journal; AMR – Academy of Management Review; ASQ – Administrative Science Quarterly; JMI – Journal of Management Inquiry; JM – Journal of Management; OSc – Organization Science; OSt – Organization Studies; Org – Organization; HR – Human Relations; JBV – Journal of Business Venturing; ETP – Entrepreneurship Theory and Practice; JSBM – Journal of Small Business Management; IJESB – International Journal of Entrepreneurship and Small Business; ASR – American Sociological Review; SER – Socio-Economic Review; SF – Social Forces; RSO – Research in the Sociology of Organizations; JMkt – Journal of Marketing; QMR – Qualitative Market Research: An International Journal; SMJ – Strategic Management Journal; CRR – Corporate Reputation Review; FBRC – Frontiers of Business Research in China.



## Appendix. Data-extraction form

Author(s)	Year	Question	Method	Findings
Turcan [QI]	2012	Explore how international new ventures acquire external legitimacy in an emerging industry.	Longitudinal case studies of five software companies (critical incident technique)	Typology of captivity and respective four types are put forward: captive industry supplier, captive dyadic partner, captive market leader, and free market leader.
Delmestri and Wezel [QIV]	2011	Explore legitimation of multiplex cinemas across various European countries during 1980-2005.	Quantitative and qualitative evidence (yearly information published by MEDIA Salles concerning all EU countries) formed the study dataset.	A process model of legitimation is advanced consisting of four stages: pre-entry, early diffusion, first slowdown, and legitimation. Related legitimation strategies proposed, e.g., theorization, robust design, camouflage, lobbying, repeal of restrictive laws, and community campaigning.
Du et al. [QIII]	2010	Examine the roles of ISO certification as a strategy for seeking legitimacy of SMEs.	Survey of 632 firms collected from a nationwide survey on Chinese SMEs.	ISO certification partially mediates the relationship between pro-activeness and firm growth, suggesting that proactive firms tend to use legitimation via ISO certification to enhance firm growth.
Erkama and Vaara [QIII]	2010	Examine the rhetorical (legitimation) strategies and dynamics in organizational negotiations around globalization-driven shutdown decisions.	Longitudinal case study of the shutdown negotiations in real time; the case of the bus body unit of the Sweden-based Volvo Bus Corporation in Finland.	Five types of rhetorical legitimation strategies are identified: logos (rational arguments), pathos (emotional moral arguments), ethos (authority-based arguments), autopoiesis (autopoietic narratives), and cosmos (cosmological constructions).
Drori et al. [QI]	2009	Study the construction of legitimacy and identity during the life cycle of an entrepreneurial Internet firm utilizing organizational scripts.	Longitudinal, ethnographic field research (1999-2003); participant observation, in-depth interviews, documentation and publication (146 interviews; 44 members).	Five scripts emerged (nascent, multimedia, internet search, internet conflicts, decline and death) as identity and legitimation strategies that enable actors to construct and promote strategies of action that expose them to both opportunities and risk.
Kim and Pennings [QII]	2009	Explore industry transformation through strategic actions of innovative firms and subsequent competitive contagion related to new product introductions	Content analysis of historical data (in the mature tennis racket industry) between 1980 and 1992 from two tennis journals Tennis and World Tennis.	Strategic renewal efforts (new product launch) via professionals' endorsements and advertising sway the market toward a new de facto standard; through such efforts, some firms emerge as agents of a market's transformation and push that market toward a new era.
Maguire and Hardy [QIV]	2009	Explore outsider-driven de-institutionalization of the abandonment of taken-for-granted practices of DDT (an insecticide).	Single, exploratory case study, constructing an event history (1962-1972) using interviews and secondary sources.	Distinguish between outsider- and insider-driven de-institutionalization. Change discourse that undermines institutional pillars supporting practices through authoring of texts that support problematizations and new bodies of knowledge, which normalize the pillars.
Yeniyurt et al.	2009	Investigate mimetic and	Event history analysis of 792	Mimetic effects, although positive, diminish at an

Author(s)	Year	Question	Method	Findings
[QIII]		experiential effects in international alliance formation.	alliances initiated by 317 firms in the US pharmaceutical industry between 1984 and 2003.	increasing rate. Companies follow their competitors in the early stages of industry-level internationalization, utilizing marketing alliances as a mode of entry.
Bitektine [QIII]	2008	Explore strategies that well-established organizations (WEOs) use to build legitimacy-based barriers to entry into their domain.	42 cases of institutional disputes (social norm manipulations) from Canadian News Stand database, 225 queries; 21 interviews.	Typology of legitimacy manipulation strategies is proposed: changing the relative importance of legitimacy dimensions, raising the legitimacy threshold and altering perceptions of competitors' performance. With these, WEOs seek to prevent, eradicate, or palliate the impact of new entrants.
Cheng and Yu [QII]	2008	Attempt to reveal the institutional isomorphic pressure aspect of SME internationalization.	Hypothesis testing; CEOs of 165 Taiwanese SMEs investing in Southeast Asia and China.	Coercive pressure has the strongest impact on firm's internationalization, i.e., on how radically or incrementally a firm plans for internationalization; cognition of mimetic pressure affects SME's commitment to foreign subsidiaries; normative pressure on SMEs' initial modes of internationalization is insignificant.
Rao et al. [Q II]	2008	Explore the means by which new ventures (NV/new products) can gain legitimacy.	A census of all biotech drugs approved by FDA until 2002, starting with the first approval in 1982 for the insulin drug Novolin.	NVs that acquire external legitimacy (via alliances) gain more from their new products than those NVs that don't. Those NVs that acquire internal legitimacy gain more from their new products than those that do not.
Vaara and Tienari [QIII]	2008	Study textual strategies used to legitimate controversial actions in MNCs (de-legitimization).	Critical discursive analysis of a media text concerned with a production unit shutdown.	Several (discursive) legitimation strategies are identified (to legitimize de-legitimization): authorization, rationalization, moralization, and mythopoetical.
Lippmann [QI]	2007	Examine the emergence and social construction of new industry (radio broadcasting in US)	Life histories of every radio station in the 100 largest U.S. broadcasting markets from 1920-1934.	Legitimate organizational forms and industry boundaries are socially negotiated outcomes: borrowing an increasingly prominent organizational practice and forms that later were treated favorably in the new legislation that inter alia raised hazard of failure among 'old' organizational forms.
Lounsbury and Crumley [QIII]	2007	Examine how may innovation in activities lead to the establishment of a new practice via institutionalization.	Ethnographic study of creation of active money management practice in the US mutual fund industry; archival data, hearing testimonies, media releases.	For a new activity to become more of a taken-for granted practice, it needs to be theorized (normal theorization vs. radical re-theorization), along with performativity and mobilization as key components of new practice creation.
Rutherford and Buller [QI]	2007	Develop a theory base for a concept known as the legitimacy threshold.	Interviews with 11 entrepreneurs within small growing enterprises.	Pre-threshold legitimation strategies emerged such as networking, focusing on a niche, persistent personal selling, hiring good people, and bootstrapping. Post-threshold strategies include: hiring people, move to bigger space, add

Author(s)	Year	Question	Method	Findings
Tornikoski and Newbert [QII]	2007	Examine whether and to what degree conforming legitimacy and strategic legitimacy are significant to organizational emergence.	Pooled time series analysis of 2490 cases (nascent entrepreneurs) generated vi the Panel Study of Entrepreneurial Dynamics.	more formal structures/systems. Individual, organization, and environment characteristics do not confer legitimacy to nascent organizations seeking to emerge; behaviors in which nascent entrepreneurs engage, specifically improvising and resource combination activities may confer substantial legitimacy on nascent organizations, which in turn enable them to emerge. Strategic legitimacy (process) may be more important than conforming legitimacy (the individual, the organization, the environment) in explaining organizational emergence.
Vermeulen et al. [QIV]	2007	Explore the dynamics of market creation in a mature setting by examining a failed state-driven attempt at market creation.	Longitudinal case of the introduction and dissemination of the 'high-grade' use of granular in the Dutch concrete industry; over 200 interviews, plus reports and publications.	There is in-built bias favoring the status quo; fragmented political initiative creates multiple veto points; government agencies influence, but do not determine institutional change directed at market construction.
Zott and Huy [QI]	2007	Explore how entrepreneurs use symbolic management to acquire legitimacy.	Case study of 26 new ventures; interviews with entrepreneurs, founding members; secondary data (1999-2001).	Four symbolic strategies are identified: conveying credibility, professional organizing, organizational achievement, and quality of stakeholder relationships. Structural similarity, intrinsic quality, and uncertainty moderate the relationship between symbolic management and resource acquisition.
Burr [QI]	2006	Understand how producers and consumers work together and separately to organize and to confer legitimacy on product use.	Narrative history of the early US bicycle market, 1876-1884 (cycling and non-cycling press of the time, archival material).	Producers appeal to pragmatic legitimacy by differentiating (bicycles from the velocipede) and by introducing new designs. Consumers i) appeal to social legitimacy through claims of social exclusivity and through contemporary club practices; and ii) worked for regulatory acceptance locally and nationally.
Lu and Xu [QII]	2006	Examine the growth and survival of international joint ventures (IJVs) from a legitimacy perspective.	A sample of 291 Sino-Japanese joint ventures in China was identified via various data basis.	External legitimacy (local parent age and size) has a positive effect on IJV growth and survival; external and internal legitimacy (foreign parent–IJV relatedness and local parent–IJV relatedness) are interdependent, rather than independent.
Reay et al. [QII]	2006	Explore how actors drew on their embeddedness in legitimizing a new institution (the role of nurse practitioner).	Four-year case study of the introduction of a new work role into a well established health care system in Alberta, Canada	Actors legitimize new practices by accomplishing three interdependent, recursive, and situated micro-processes: cultivating opportunities for change; fitting a new role into prevailing systems; and proving the value of the new role.

Author(s)	Year	Question	Method	Findings
Munir and Philips [QI]	2005	Explore the formation of new institutions and new institutional fields around new technologies.	Discourse analysis methodology based on historical data of how Kodak managed to transform photography.	A typology of strategies emerged: embed new technology in existing practices; create new roles; create new institutions; modify existing institutions within the field.
Dejean et al. [QI]	2004	Explore what legitimation strategies entrepreneurs employ to achieve legitimacy in an emerging industry.	A historical case of emerging socially responsible investment industry in France; 87 semi-structured interviews.	Entrepreneurs can employ the development of measurement tools as a strategy to develop its own legitimacy and power, mediated by: adaptation to (financial) community's cognitive framework; alignment with fund managers' professional standards; structuring of fund managers' decision-making processes.
Delmar and Shane [QII]	2004	Explore the effect of legitimizing activities on the hazard of disbanding and the transition to other firm organizing activities.	223 ventures were surveyed over telephone after 6, 12, 18, and 24 months from the date of the initial survey.	Undertaking activities to generate legitimacy (e.g., establish legal entity, and complete a business plan) reduces the hazard of venture disbanding and facilitates the transition to other organizing activities.
Glynn and Marquis [QI]	2004	Examine how legitimate organizational symbols become illegitimate.	Historical (case of Egghead) and comparative studies of firms (58 dot-coms) that appended 'dot-com' to their names during 1998-1999.	Persistence in symbolism through institutional isomorphism, inertia, and lack of adaptation may de-legitimize or de-institutionalize previously gained legitimacy.
Lawrence and Phillips [QIV]	2004	Explore the role of macro-cultural discourse and local actors in the structuration of new institutional fields.	Case study of the development of commercial whale-watching on Canada's west coast; 17 interviews, regulatory and anti-whaling discourses.	Constitution of new fields requires understanding the role of macro-cultural discourses (widely available and highly legitimate discourses), and the role of innovation and isomorphism in institutional action.
Maguire et al. [QIV]	2004	Examine how a new field emerges, the actions that constitute it, and explore how these actions differ in mature fields.	Qualitative study of the emerging field of HIV/AIDS treatment advocacy in Canada; 29 semi-structured interviews.	Three sets of critical legitimation activities emerged: occupation of 'subject position' that has wide legitimacy and bridge diverse stakeholders; theorization of new practices (persuasive argumentation and political negotiation); and their institutionalization (attaching them to preexisting organizational routines and reaffirming their alignment with stakeholder values on an ongoing basis).
Wilson and Stokes [QII]	2004	Investigate how cultural entrepreneurs in the music industry market not to customers, but to networks in order to legitimize.	Case study of access to finance by owner-managers of independent music companies (28 in-depth interviews; 7 illustrative cases).	Marketing strategies are put forward to achieve pragmatic and cognitive legitimacy: for individual businesses, a "selection strategy" using creative clusters or a "manipulation strategy" that manages the cultural environment.
Goldberg et al. [QII]	2003	Investigate how new ventures build reputation in order to receive	Case studies of three newly founded software companies in	Four reputation-building strategies were tested: dynamic exploitation of existing assets; development of core

Author(s)	Year	Question	Method	Findings
		legitimation from different stakeholders.	Israel in 1997-1998.	competencies; image management; and strategic alliances. Corporate success depends on the extent to which managers develop an integrated package of legitimacy-building strategies.
Garcia-Pont and Nohria [QIII]	2002	Explore whether firms mimic the actions of all other firms in their industry equally, or whether they are more strongly influenced by some firms relative to others.	Event history analysis of alliance formation among 35 largest firms in the global automobile industry from 1980 to 1989.	Firms most closely observe and imitate the strategic behavior of firms who occupy the same strategic niche (local mimetism) rather than the behavior of firms in their industry defined more broadly (global mimetism).
Greenwood et al. [QIII]	2002	Examine the role of professional associations in a changing, highly institutionalized organizational field.	A historical case study, primarily based on archival data, supplemented by 25 interviews; accounting professional firms in Canada.	Institutional change is instilled via theorization: problem specification by framing the problem and justification by invoking professionals' values. Theorization is integral to institutional change.
Hargadon and Douglas [QII]	2001	Examine the role of design in mediating between innovations and established institutional fields as entrepreneurs attempt to introduce change.	Historical case study of Edison's introduction of electric light.	Notion of robust design is introduced that mediates between the institutionalized design and the technical innovation, thus reducing the uncertainty linked to the new technology, and allowing the company to gain acceptance for an innovation, and at the same time to displace existing institutions.
McKendrick and Carroll [QII]	2001	Understand when and where will a new organizational form (OF) emerge.	A historical case study of disk drive arrays, for which there is a large market but which may or may not spawn an institutionalized OF.	Association building and standard setting have not led to an OF; diversity of origins and other activities of organizations operating in a market work against institutionalization of the OF; a legitimated OF emanates from the density of focused producers in a market rather than total density.
Human and Provan [QII]	2000	Examine how two SMEs multilateral networks built legitimacy over the course of their early evolution.	Case studies of 2 SME networks (interviews and structured survey of network participants in 42 firms).	Multilateral networks build legitimacy along three key dimensions: network as form, the network as entity, and network as interaction by adopting two alternative legitimacy building strategies: inside-out and outside-in.
Davis et al. [QIV]	1994	Understand how a dominant corporate form in the US was de-institutionalized.	Event-history analysis of large US corporations in Fortune 500 from January 1, 1980 to December 31, 1990.	De-institutionalization was effected by aggregate changes in the corporate form and changes in business rhetoric. It was an abrupt change, effected through voluntary and involuntary processes at political, economic, and cognitive levels.
Haveman [QIII]	1993	Assess the link between entry into new market (diversification) and two mimetic processes.	Event-history analysis of discrete change events, using data from June 1977 to March 1987; 165 entries	Potential entrants imitate successful organizations' behavior. The presence of successful incumbents in a new market will legitimate that market. As the number of

Author(s)	Year	Question	Method	Findings
			(thrifts) were observed.	successful incumbents in a new market grows, a competitive effect will swamp the legitimation effect.
Elsbach and Sutton [QII]	1992	Explore how organizational legitimacy is acquired through illegitimate actions.	Case studies of eight illegible actions attributed to members of two social movement organizations.	Institutional conformity (via isomorphism) and decoupling illegitimate actions from legitimate structures facilitated spokespersons' efforts to use impression management tactics to obtain endorsement and support from the constituencies.