Review of Organizational Legitimacy Research

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Abstract: As an important concept in institutional theory, legitimacy has been studied more and more, and it is necessary to systematically comb the existing research of legitimacy to understand the current situation of legitimacy in the process of seeking to understand the creation, survival and development of enterprise organizations. This paper will comb through the relevant research literature of legitimacy, clarify the concept of legitimacy, the existing research perspective, and the important role of legitimacy in the organization's survival and the process of creation of legitimacy, and explore the future research direction of legitimacy.

1. Introduction

Legitimacy can be understood as being consistent with social norms, values and expectations. It is subjective lying to the behavior or institution constructed by society. Legitimacy is essential to the survival of the organization, as it is a prerequisite for the continued flow of resources and the continued support of the members of the organization [1]. It is difficult for persons or organizations that have lost legitimacy to enter the social exchange process because their partners will perceive them as not following the rules of society, thereby eliminating the resources they cooperate with and invest in, and ultimately illegal enterprises will not survive.

In recent years, many companies have been mired in a variety of scandals and conflicts, and their legitimacy has been challenged. The exposure of a series of problems, such as financial scandals, financial fraud, human rights violations, pollution of the environment, not only threatens the reputation of the companies concerned, but also seriously affects the survival and development of enterprises, once the enterprises lose the necessary legitimacy for survival, it seems to trigger the domino effect, and enterprises will face a death crisis in an instant. Therefore, in today's information age, the rapid dissemination of information, public opinion will be infinitely enlarged, it is necessary for enterprises to manage their own legitimacy, so that enterprises can maintain legitimacy, so as to survive and sustainable development.

2. Concept and Classification of Legitimacy

The first scholar to come up with the concept of legitimacy was Weber, a famous sociologist. After that, with the development of the institution theory school, the concept of legitimacy was applied to organizational research. Parsons used legitimacy in the study of the organizational power system and put forward the concept of legitimacy [2]. He considers legitimacy to be "the expectation and evaluation of organizational activities within a particular social system, and the general assumption and understanding of the organization in society". Suchman proposed the widely accepted concept of legitimacy in the academic community, that " legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions"[3]. This definition makes a clearer definition of the connotation of legitimacy, and scholars have put forward other definitions of Legitimacy, but they are based on the extension and refinement of this concept.

With the deepening of the study of legitimacy, scholars have made many different classifications of legitimacy. Singh first proposed the binary division of legitimacy, which divided it into internal legitimacy and external legitimacy [4]. Aldrich and Fiol put forward different points, dividing legitimacy into socio-political legitimacy and cognitive legitimacy, and pointing out that socio-political legitimacy refers to the recognition of corporate behavior and values by key stakeholders, the public and government officials. Cognitive legitimacy refers to the degree to which new enterprises are well known and accepted as natural [5].

Scott put forward the three-dimensional division of Legitimacy, which divides Legitimacy into regulatory legitimacy, normative legitimacy and cognitive legitimacy [6], in which regulatory legitimacy mainly refers to the mandatory factors at the political and legal level, and the normative legitimacy mainly refers to the consistency of values and social norms. Cognitive legitimacy comes from the recognition and acceptance of people's logic and thinking habits. Suchman proposed another method of division, which divided legitimacy into practical legitimacy, moral legitimacy and cognitive legitimacy based on the perspective of organizational objectives [3].

In addition to the mainstream dimidiate and tripartite, other scholars have also proposed some other multi-dimensional division. Dacin divides legitimacy into social legitimacy, relationship legitimacy, investment legitimacy, market legitimacy and alliance legitimacy [7].

In short, based on different perspectives and objects of concern, scholars have made different definitions and classifications of legitimacy, but one thing is common, legitimacy is essential to the survival of the organization, can help the organization to obtain other resources, access to stakeholders and acceptance.

3. Legitimacy Research Perspective

The study of the legitimacy of enterprises at domestic and abroad is based on three perspectives: one is the institutional theory perspective, the other is the view of resource-based perspective, and the third is the strategic and behavior perspective [8]. The research of different perspectives is not only significantly different, but at the same time, it penetrates each other.

The institutional theoretical perspective is the earliest theoretical perspective in the study of enterprise legitimacy. The previous study of legitimacy is aimed at the field of socio-political science, and with the rise of institutional theory school, the legitimacy of enterprises is applied to the field of management. The institutional theory point of view holds that the organization is embedded in the environment of a certain period, and even penetrated and constructed by the environment. Therefore, organizational legitimacy is only a mapping of the organization in a particular environment, it is a perceived objective existence. In this view, scholars often look at the formation of organizational legitimacy and the resulting pressure from a medium-view industrial perspective or a more macro-environmental perspective. Under the pressure of the system, enterprises generally adopt the submissive environmental strategy in order to obtain legitimacy.

The view of resource base perspective is that legitimacy is also a kind of resource of enterprises, and obtaining legitimacy can play an instrumental role and help enterprises to obtain other resources more conveniently. Legitimacy can explain why enterprises can obtain the approval of stakeholders and provide resource support in the face of institutional pressure and resource constraints, legitimacy can be regarded as an intangible social resource, can help enterprises to obtain the necessary tangible resources, and achieve the survival and growth of enterprises. The legitimation of resource perspectives emphasizes the critical role of resource owners in the environment in the organization, and the purpose of enterprises gain legitimacy is to gain the approval of resource owners, thereby acquiring resources and growing.

The perspective of strategy and behavior focuses on enterprises and legitimation behavior from a strategic level. The study of legitimacy under this perspective emphasizes that enterprises are not only the recipients of the institutional environment, but also the participants in the environmental composition. Enterprises can influence and control the process of legalization through proactive strategic design and behavior, and can use the design of the strategic level to influence the external

environment and the audience's cognition through the organization behavior. The legitimation strategy of strategic behavior perspective gives full play to the subjective initiative of enterprises, so that enterprises gradually get rid of the constraints of the environment, pay attention to the impact of enterprises on the external environment and transformation.

4. The Strategy of Legitimation

Suchman proposed two main approaches to "management legitimacy": strategy and institution [3]. According to the institutional method, the legitimacy of the organization stems from the cultural embedding of the organization, which is reflected in the generally accepted norms, values and beliefs of society. The institutional approach describes organizational legitimacy as a continuous, often unconscious, process of adaptation in which the organization reacts to external expectations. Therefore, through the institutional approach, the potential of real "management" legitimacy is limited, only under certain conditions, the organization can resist adaptation, and in most cases, the organization to the external environment is a passive adaptation process. In contrast, the strategic approach treats legitimacy as an "operational resource" that can be directly managed by the company. From this perspective, legitimacy is based on the company's ability to "manipulate and deploy tools for social support". However, these strategic efforts are often merely a symbolic response to the pressure of legitimacy. These organizations consider it important to be consistent with the normative requirements in their social context. They try to establish symbolic connections with other values, symbols, or highly respected people to create some reputational recognition.

With the deepening of the study of legitimacy, more and more scholars believe that organizations can change the type and quantity of legitimacy they possess by strategic choice. Zimmerman refers to the organization's proactive approach to gaining legitimacy as a "legitimation strategy" and, from a management perspective, defines a corporate legitimation strategy as "a way for an organization to manipulate and deploy its strategic actions on the tools to gain social support"[9].

Zimmerman, who focuses on new enterprise organizations, argues that new businesses should take a goal-oriented approach to gain legitimacy, and he proposes four basic legalization strategies for new businesses, namely compliance, selection, manipulation, and creation [9]. These four strategies differ in terms of changes in external factors in the organization, with the least external change involved in compliance strategies, and the creation strategies involving the most external changes.

Specifically, compliance strategies involve seeking legitimacy by achieving consistency with the requirements and expectations of the existing social structure in which the organization is currently located. Compliance organizations do not challenge, alter, or violate social structures, and they gain legitimacy by "following the rules". The choice strategy involves some degree of compliance with the environment, but allows organizations to choose their business environment. For new businesses, the choice strategy allows you to choose the environment that is consistent with the new business and is most advantageous.

Manipulation strategies involve making changes to the environment to achieve consistency with their environment. Manipulation involves pre-emptive intervention to develop its support base, specifically for the unique needs of the organization. Manipulation involves more environmental change than compliance and selection. Creation strategies involve things that do not yet exist in the development environment. New firms, especially those in emerging industries, often find new areas of business that lack existing rules, norms, values and models. A creative start-up can act as a pioneer and establish a basis for legitimacy for its followers. New businesses can sometimes even develop government rules and regulations that can influence legislation through lobbying and other non-market strategies. In addition, new businesses can create norms, values, and models. So, of these four strategies, the creation strategy involves the biggest changes to the external environment for new businesses.

In short, enterprises should combine their own circumstances, flexible application of the above-mentioned legitimation strategy. Combing the choice, manipulation strategy with the creation and compliance strategy, goal-oriented, to create the necessary legitimacy for survival.

5. The Future Research Direction

This paper summarizes the main points of view on the concept and classification of legitimacy, combs the main perspective of the study of legitimacy, and explains the mainstream view points of the basis and source of legitimacy. Based on the existing research, this paper collates the legitimacy acquisition strategy that enterprises can take, and gives a detailed description and introduction. As for the study of the legitimacy of organization, there are still the following research directions in the future.

First, legitimacy is very important for the survival and development of enterprises, but how to measure legitimacy, the academic community has not yet formed a unified consensus. In the future, we can integrate existing research and develop a legitimacy measurement scale with high level of reliability and validity to quantify the concept of legitimacy and promote empirical research of legitimacy.

Second, legitimacy is the audience's evaluation of the organization, is essential for enterprises to obtain other resources, but legitimacy has a variety of sources and bases, and the various sources of legitimacy have an equally important impact on the acquisition of organizational resources? The issue has not yet been resolved, and it will be necessary to study in the future the specific impact of legitimacy from different sources on the acquisition of corporate resources and whether there is a interaction between different legitimacy.

Third, companies can gain legitimacy through a variety of strategies, but each strategy has its best context. The future requires an in-depth study of the most effective conditions for various legitimacy acquisition strategies and how to combine them organically to establish legitimacy.

Fourth, legitimacy is the evaluation of enterprises in the eyes of the audience, which is of great significance to the survival and development of enterprises, but can entrepreneurs realize the significance of obtaining legitimacy? Will entrepreneurs include legitimacy in their day-to-day operations? In view of the important role of entrepreneurs in the successful operation of enterprises, these issues are worthy of researchers' attention and in-depth study.

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